

The Auditor-General
Audit Report No.21 2010-11
Performance Audit

Indigenous Housing Initiatives: the Fixing Houses for Better Health program

**Department of Families, Housing, Community Services
and Indigenous Affairs**

Australian National Audit Office

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Canberra ACT
15 December 2010

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit in the *Department of Families, Housing, Community Services and Indigenous Affairs* in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to *Senate Standing Order 166* relating to the presentation of documents when the Senate is not sitting, I present the report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Indigenous Housing Initiatives: the Fixing Houses for Better Health program*.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee'.

Ian McPhee
Auditor-General

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

AUDITING FOR AUSTRALIA

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

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Abbreviations

CDEP	Community Development Employment Projects
CHIP	Community Housing and Infrastructure Program
COAG	Council of Australian Governments
FaCS	Former Department of Family and Community Services
FaCSIA	Former Department of Families, Community Services and Indigenous Affairs
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FHBH	Fixing Houses for Better Health
HfH	Housing for Health
ICHO	Indigenous Community Housing Organisation
PFA	Program Funding Agreement
PLH	Project Licence Holder
SF1	Survey Fix 1
SF2	Survey Fix 2

Glossary

Community	The identified body of local residents who will benefit from the Fixing Houses for Better Health (FHBH) program. Participating communities range in population from approximately 50 to over 1 500. Communities also contribute labour to the FHBH project in their community.
Community Development Employment Projects	The Community Development Employment Projects (CDEP) program is administered by FaHCSIA. The FHBH program uses CDEP as the primary source of community workers for each FHBH project. Participants are paid for their involvement on an FHBH project in addition to their CDEP payment.
Environmental Health	Environmental health is a public health approach that seeks to address the physical, chemical, and biological factors external to a person, and all the related factors, that can potentially affect health. It is targeted towards preventing disease and creating health-supportive environments.
Functionality	Functionality is used within FHBH to describe how well items of health hardware (see below) perform their intended function. Assessments are aggregated to determine the overall functionality of a house.

Healthy Living Practices	The Healthy Living Practices describe nine key actions which, if followed, can improve the living environment in Indigenous communities. In summary, these are: washing people; washing clothes and bedding; removing waste safely from houses; improving nutrition; reducing overcrowding; reducing negative contact with animals, vermin and insects; reducing the negative impact of dust; controlling temperature within a house; and reducing trauma and minor injury around the house. The aim of the repairs made under the FHBH program is to equip houses so that residents can follow the Healthy Living Practices.
Critical Healthy Living Practices	The Critical Healthy Living Practices are drawn from the Healthy Living Practices and are the basis for prioritising work in houses under FHBH. The Critical Healthy Living Practices focus on electrical safety and the first four Healthy Living Practices.
Health hardware	Health hardware is a term used to describe the physical equipment necessary for healthy, hygienic living. Correctly functioning health hardware enables residents to follow the Healthy Living Practices so as to reduce the risk and incidence of diseases. Examples of health hardware items are taps, hot water systems, toilets, showers, kitchens and drains.
National Indigenous Housing Guide	The National Indigenous Housing Guide is published by FaHCSIA and is “a resource to assist the design, construction and maintenance of housing for Aboriginal and Torres Strait Islander peoples.” It has a specific focus on the use of health hardware to promote a safe and healthy living environment and the importance of the Healthy Living Practices. Data for the guide is generated by FHBH projects. The guide has been adopted in the quality assurance framework for the National Partnership Agreement on Remote Indigenous Housing.

Summary and Recommendations

Summary

Indigenous housing and health

1. The Fixing Houses for Better Health (FHBH) program aims to contribute to improved health in Indigenous communities. It is a small program that is targeted at the individual household level in selected Indigenous communities (or groups of communities). To promote a healthier living environment, the program assesses and makes repairs to houses following a standardised methodology that gives priority to making a house safe to live in, and then to improving water supplies, sanitation equipment, and food preparation areas. By making these improvements to houses in a community, the program is expected to contribute to improved health outcomes for that community.
2. Providing adequate housing for Indigenous Australians in remote communities has been a major challenge for successive governments at both the federal and state levels. Remote Indigenous communities continue to be affected by high levels of overcrowding, homelessness, poor housing conditions and severe housing shortages.¹ These factors combine to create a living environment that can adversely affect health.
3. The importance of environmental health to public health outcomes is well established.² The World Health Organisation notes that an environmental health approach involves assessing and controlling the “environmental factors that can potentially affect health. It is targeted towards preventing disease and creating healthy supportive environments.”³ With regard to applying such an approach to Indigenous health, a key development was the preparation in 1987 of a report for the South Australian Government on environmental and public health. This report developed the concept of the Healthy Living Practices which went on to become a feature of policy approaches to Indigenous housing.

¹ Australian Government 2009, *Closing the Gap on Indigenous Disadvantage: The Challenge for Australia*, p. 21.

² *National Indigenous Housing Guide*, third edition 2007, p. 11.

³ <http://www.who.int/topics/environmental_health/en/> [accessed 10 August 2010].

4. Since the late 1990s, Indigenous housing policy has generally been consistent in recognising the linkages between a healthy living environment and a person's health, with flow-on effects into educational achievement, community safety and economic participation. In 1997, Commonwealth, State and Territory Housing Ministers jointly agreed a new policy direction for Indigenous housing. This policy emphasised the need for housing to be safe, healthy and sustainable, and to ultimately result in improved environmental health outcomes for Indigenous people. The National Framework for the Design, Construction and Maintenance of Indigenous Housing (the national framework) was also developed as a result of this policy.

5. The four key principles of the national framework were that:

- houses will be designed, constructed and maintained for safety;
- houses will be designed, constructed and maintained to support Healthy Living Practices;
- quality control measures will be adopted in the design and construction of houses; and
- houses will be designed and constructed for long term function and ease and economy of maintenance.

6. Improving Indigenous housing continues to be a major policy and implementation priority for governments. Housing programs have been given a central role in the current efforts to reduce Indigenous disadvantage through the 'Closing the Gap' strategy. Significant financial commitments to improving the supply and quality of housing stock in Indigenous communities have been made by Commonwealth and state/territory governments under the National Partnership Agreement on Remote Indigenous Housing (the National Partnership Agreement). The National Partnership Agreement, which commenced in January 2009, subsumes previous Commonwealth and jurisdictional arrangements related to the delivery of Indigenous housing programs. Over 10 years, \$5.5 billion will be invested in housing to:

- significantly reduce severe overcrowding in remote Indigenous communities;
- increase the supply of new houses and improve the condition of existing houses in remote Indigenous communities; and
- ensure that rental houses are well maintained and managed in remote Indigenous communities.

7. In continuing the policy focus on the development of healthier living conditions, the Council of Australian Governments (COAG) has identified that the maintenance and repair of existing housing under the National Partnership Agreement should 'contribute to improving environmental health'.⁴ In this respect, key elements of the National Partnership Agreement have adopted the use of the Healthy Living Practices, which were also used by the FHBH program.

The Fixing Houses for Better Health program

8. FHBH commenced in 1999. It was initially administered by the Aboriginal and Torres Strait Islander Commission (ATSIC) until the program was transferred in 2001 to the then Department of Family and Community Services (FaCS). It is currently administered by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) where it forms part of Program 7.2: Indigenous Housing and Infrastructure.

9. The development in 1999 of the national framework emphasised the importance of the Healthy Living Practices. These are nine environmental health elements that are relevant to improving health in Indigenous communities. In order of priority, these are:

- the ability to wash people, particularly children;
- the ability to wash clothes and bedding;
- removing waste safely from the house and immediate living environment;
- improving nutrition and the ability to store, prepare and cook food;
- reducing the negative effects of crowding;
- reducing the negative contact between people and animals, insects and vermin;
- reducing dust;
- controlling the temperature of the living environment; and
- reducing trauma, or minor injury, by removing hazards.

10. To improve the ability of a house to support the Healthy Living Practices, attention needs to be given to improving the physical equipment necessary for healthy, hygienic living. Known as health hardware, this

⁴ National Indigenous Reform Agreement, p. A 37.

equipment generally relates to the water supply, sanitation and food preparation areas of a house. The FHBH program was established as one of the key mechanisms to contribute to safe and healthy housing in Indigenous communities by implementing a housing repair and maintenance system based on the application of the Healthy Living Practices. FHBH was supported by the publication of the *National Indigenous Housing Guide* (the housing guide), a resource to assist in the design, construction and maintenance of Indigenous housing. The housing guide, like FHBH, emphasises the importance of health hardware and the Healthy Living Practices.

11. There have been four phases of FHBH since 1999, with the current phase scheduled to end in June 2011. The program has been delivered across Australia, except in Tasmania and the Australian Capital Territory. Since the inception of FHBH, the Australian Government has directly invested \$40 million in the FHBH program, as well as other indirect contributions through the use of labour from the Community Development Employment Projects (CDEP) program. Financial contributions are also made by the state and Northern Territory governments. No decision has been made in relation to funding FHBH beyond 2011.

12. The FHBH program is delivered through a contract between FaHCSIA and a national service provider (the Service Provider). Until 2009, the contract arrangement was supported by funding agreements between FaHCSIA and relevant state and Northern Territory government agencies to deliver FHBH projects in communities. In some cases, FaHCSIA also entered into funding agreements with Indigenous Community Housing Organisations for project delivery services. Since 2009, all project delivery has been managed through a single contract with the national Service Provider, with state and territory governments being supported to integrate the principles of the FHBH approach into their own jurisdictions.

13. The delivery of an FHBH project in a community involves seven stages, outlined in Table S 1 below.

Table S 1

Delivery stages

Stage	Activity
Stage 1	National Planning
Stage 2	Community selection and feasibility, preliminary budget
Stage 3	Preparing to implement Survey/Fix 1 (SF1)
Stage 4	Survey/Fix 1, budget finalisation
Stage 5	All major/remaining fix works
Stage 6	Survey/Fix 2 (SF2)
Stage 7	Reporting

Source: FaCS contract 45218535

14. The National Planning stage involves consultation between FaHCSIA and the Service Provider to establish resourcing and focus areas for the year and to discuss emerging priorities. This stage is important as it ensures consistent project processes are established across jurisdictions. Communities are selected by FaHCSIA in consultation with the relevant government agency in the jurisdiction.

15. After communities are selected to receive an FHBH project, a planning process is undertaken to survey and make necessary repairs to all houses, where possible, within a community. Project teams, which include tradespeople and community members who have been trained in the process, first survey each house and make minor repairs as they go. This process is called survey/fix 1 or SF1. In the following six months, major repairs identified in the survey are completed. Once this work has been done, a second 'survey and fix' (SF2) is conducted to complete any outstanding minor maintenance issues. The second survey also measures the level of improvement in health hardware achieved between the first and second surveys. This provides a 'before and after' approach to measuring the effects of the program's activities in relation to individual houses. The reporting stage involves the Service Provider reviewing and analysing the data from all stages, before providing individual community reports and an amalgamated final report.

16. In agreeing to provide funding for FHBH, successive governments have set targets for the numbers of houses to be surveyed and fixed. These are presented in Table S 2 below.

Table S 2

Housing targets per phase

Phase	Survey/fix target (number of houses)
1999–2000	1 000
2001–2005	1 500
2005–2009	2 050
2009–2011	600

Source: FaHCSIA documentation

In the 2005–09 phase of the program, some 2 089 houses across 34 communities had repairs undertaken by FHBH, exceeding the target of 2 050 houses. Appendix 2 provides a list of these communities.

Objective and scope

17. The objective of the audit was to assess the effectiveness of FaHCSIA’s management of the Fixing Houses for Better Health program since 2005.

18. The audit reviewed the two elements of the program for which FaHCSIA is responsible: management of the service delivery arrangements and overall performance monitoring and reporting. Following the development of the National Partnership Agreement on Remote Indigenous Housing, which introduced new approaches to the delivery of Indigenous programs, FaHCSIA made changes to FHBH for the 2009–11 phase. The audit has focused on both the 2005–09 and the 2009–11 phases. This provided coverage of the program’s normal operations as well enabling the audit to consider the modifications made to the program for the 2009–11 phase.

19. Against this background, the audit considered whether:

- program management arrangements had been established that were suitable for the size, nature and objectives of the FHBH program;
- service delivery arrangements were designed to support the achievement of the program’s objectives and FaHCSIA’s management of the program; and
- FaHCSIA used robust systems to monitor achievement of the program objectives.

20. The ANAO also considered whether there was any experience from the department's management of FHBH that could be broadly applied to FaHCSIA's management of the National Partnership Agreement.

Overall conclusion

21. Delivery of Indigenous housing programs is challenging. Housing needs tend to vary from community to community and also between houses within communities. Solutions must often be tailored to specific communities to be effective. In remote areas, construction and maintenance services face additional hurdles created by distance and limitations in local resources and capacity. The FHBH program sought to address these challenges by deliberately involving community members in repair and maintenance projects, and by focusing efforts at a household level. At the same time, the program was designed to allow a level of consistency to be achieved across communities through the use of a standardised assessment and work prioritisation model.

22. On a modest resource base, the FHBH program was able to make key health-related improvements, as planned, to over 2 000 houses in 34 communities between July 2005 and June 2009. These communities were geographically dispersed in mainly remote areas of five states and the Northern Territory. Through its targeted activities, the program has been able to improve the extent to which health hardware in houses has functioned.

23. The program sought to improve health hardware in as many community houses as possible. This level of coverage is important as the underlying public health rationale is that '... to achieve health outcomes, most houses in a community must have health hardware that functions most of the time.'⁵ Performance information indicated that, while the extent of improvement in individual houses was subject to some variation, as was the extent of improvement in individual Healthy Living Practices, there was an overall improvement across the program in the way houses performed in their ability to support the Healthy Living Practices.

24. FaHCSIA's program management arrangements did not cater for the collection of data that provided a means of linking the improvements made to houses in communities under this program with changes in health indicators

⁵ *National Indigenous Housing Guide*, 2007, p.281.

in those same communities. Because of this gap, it is not possible to draw relationships between the implementation of the FHBH program's activities and its overall purpose of improving Indigenous health.

25. While the overall linkage between environmental health and public health is well established, it cannot necessarily be assumed that all approaches and programs are equally efficient and effective in making contributions to improved health. Some specific assessment of FHBH's relative effectiveness would have been useful for FaHCSIA to increase its knowledge of how different programs and interventions can contribute to the desired outcomes. This will be an increasingly important matter for FaHCSIA given the significantly increased funding being provided for Indigenous housing under the National Partnership Agreement on Remote Indigenous Housing and the contribution that it is expected by the Council of Australian Governments to make to improve environmental health in communities.

26. The ANAO has identified several areas of improvement that could be made in the current phase of the program that would benefit the future management of the program. Primarily, these focus on improving the approach to monitoring the program and evaluating its contribution to environmental health. Building the department's capacity to assess improvements to Indigenous health arising from its housing activities will also support its management of the National Partnership Agreement.

Key findings by chapter

Program management arrangements (Chapter 2)

27. There are inherent tensions in developing an appropriate management framework, commensurate with the size of a program, that can assist agencies to target resources to have maximum impact and to complement other programs. The FHBH program has a strongly defined methodology and approach, which is provided by the Service Provider. FaHCSIA has developed relatively elementary program management arrangements for FHBH. These have focused on the development and management of a contract with the Service Provider and funding agreements with, mainly, state and territory government agencies. As the Service Provider's methodology has provided a detailed approach to the program's strategy and implementation, there has been little incentive for FaHCSIA to develop detailed strategies to guide implementation.

28. This has not necessarily impaired the performance of the program in meeting the specific output targets set by government for house repairs. There were, however, inconsistencies in the way program objectives have been publicly reported and described in different funding agreements, and weaknesses in the ability of FaHCSIA to consistently monitor and report on program performance. Overall, these point to a situation where the program has not been tightly linked to broader policy goals; further, there are opportunities for FaHCSIA to consider ways of consolidating the management of small programs to provide a more strategic outlook.

Service delivery mechanisms (Chapter 3)

29. Well designed and effectively managed contracts are central to effective program management and the delivery of expected outcomes. The design of the 2005–09 and 2009–11 contracts with the Service Provider is based upon, and closely aligns with, the Service Provider’s methodology. While this has the advantage of providing clarity about the targets, outputs and activities the Service Provider is obliged to deliver, it has served to limit FaHCSIA’s active management of the contract. Payments under the contracts generally were not clearly linked to the achievement of specific deliverables, and the structure of the contract worked against the timely provision of relevant analytical information. To better position itself to make informed programming decisions, FaHCSIA could improve the management and monitoring of the contracts and agreements developed for the FHBH program.

Program performance measurement (Chapter 4)

30. Performance measurement arrangements for the program have mainly been designed to report on changes in the condition and functioning of houses. The inclusion in the program’s design of the “before and after” approach of assessing houses at two separate stages enabled information to be collected in relation to the improvements achieved. This data was also useful in providing a broader understanding of the condition of housing stock in the communities where FHBH had operated. The performance data collected at this level was effectively used in the preparation and revision of the housing guide.

31. The design of the program’s performance framework, however, did not allow for ongoing assessment of performance in the area of integrating the FHBH approach into state and territory systems, as limited data was collected. The performance framework also did not include the capacity to collect and

assess performance information in relation to the overall purpose of the program, which was to contribute to better health in Indigenous communities.

32. Without this performance information, it is difficult for FaHCSIA to advise government on the effectiveness and efficiency of the approach taken through FHBH and to compare this to possible alternatives. For small programs, there are constraints on the level of comprehensiveness that can be included in the performance framework. Nevertheless, there are opportunities for FaHCSIA to undertake more work in this area, with a view to strengthening its understanding of the linkages between specific ways of supporting the Healthy Living Practices and improved health.

Considerations for the National Partnership Agreement on Remote Indigenous Housing (Chapter 5)

33. The National Partnership Agreement is designed to ultimately lead to improvements in Indigenous health by providing healthier living environments.⁶ While it operates with a significantly larger budget than FHBH, and is a separate program with a different methodology, the National Partnership Agreement shares with FHBH an approach based on seeking improvements through a focus on supporting the Healthy Living Practices.

34. There is value in FaHCSIA considering its experience of managing the FHBH program, in particular, the challenges of assessing linkages between program activities and improved health, to inform the development of effective monitoring and evaluation arrangements for the National Partnership Agreement.

Summary of agency response

35. Thank you for the opportunity to comment on the ANAO's Section 19 Report: Indigenous Housing Initiatives: the Fixing Houses for Better Health (FHBH) program. A summary of the Department's response is outlined below.

36. FaHCSIA agrees with the overall findings and recommendations of the ANAO's Section 19 report but notes that observations relating to the National Partnership on Remote Indigenous Housing require further consideration.

⁶ National Indigenous Reform Agreement, Healthy Homes building block description, p. 7.

37. The other area FaHCSIA wishes to remark on is the ANAO's commentary relating to the lack of health indicators within the program which forms the basis for ANAO's Recommendation 2. FaHCSIA wishes to highlight the fact that FHBH is a relatively small scale repair and maintenance program that does not have the scope to develop health indicators and measure improvements to community health over the long term. FHBH does, however, improve and measure the functionality of the critical house hardware, thereby increasing a community's ability to adhere to the nine healthy living practices.

ANAO comments on agency response

38. The ANAO appreciates FaHCSIA's agreement with the overall findings and recommendations of the report and the department's comments concerning the National Partnership Agreement on Remote Indigenous Housing. The ANAO also acknowledges that there may be constraints in developing cost-effective ways of measuring the impact of small programs. Nevertheless, given the explicit aim of the program to contribute to better health, and the length of time that the program has operated, it is reasonable to expect that consideration would have been given to developing ways to provide the Australian Government, the Parliament and other stakeholders some assessment of the FHBH program's contributions to improved health in Indigenous communities.

39. This recommendation has also been made with a view to FaHCSIA taking the opportunity of the remaining FHBH program activities to help position the department to be able to make informed assessments of the contribution to improved environmental health by the housing investments made under the National Partnership Agreement on Remote Indigenous Housing.

Recommendations

Recommendation No.1

Paragraph 3.31

To improve its understanding of the operation and achievements of the program in communities, the ANAO recommends FaHCSIA review its current approach to monitoring, including the role of field visits.

FaHCSIA's response: Agreed.

Recommendation No.2

Paragraph 4.9

With a view to strengthening its understanding of the linkages between housing repairs and community health, the ANAO recommends that FaHCSIA commence developing and trialling approaches to the identification of appropriate health indicators in a community that could be assessed on a 'before and after' basis. This could also inform the performance measurement approach developed for the National Partnership Agreement on Remote Indigenous Housing.

FaHCSIA's response: Agree with qualification.

Audit Findings and Conclusions

1. Introduction

This chapter discusses the policy context of Indigenous housing, within which the Fixing Houses for Better Health program was developed and implemented. This chapter also provides background on the Fixing Houses for Better Health program and describes the audit objective and scope.

Background

Indigenous housing policy and initiatives

1.1 The Fixing Houses for Better Health (FHBH) program aims to contribute to improved health in Indigenous communities. It is a small program that is targeted at the individual household level in selected Indigenous communities (or groups of communities). To promote a healthier living environment, the program assesses and makes repairs to houses following a standardised methodology that gives priority to making a house safe to live in, and then to improving water supplies, sanitation equipment and food preparation areas. By making these improvements to houses in a community, the program is expected to contribute to improved health outcomes for that community.

1.2 Providing adequate housing for Indigenous Australians in remote communities has been a major challenge for successive governments at both the federal and state levels. Remote Indigenous communities continue to be affected by high levels of overcrowding, homelessness, poor housing conditions and severe housing shortages.⁷ These factors combine to create a living environment that can adversely affect health.

1.3 The importance of environmental health to public health outcomes is well established.⁸ The World Health Organisation notes that an environmental health approach involves assessing and controlling the “environmental factors that can potentially affect health. It is targeted towards preventing disease and creating healthy supportive environments.”⁹ With regard to Indigenous health,

⁷ Australian Government 2009, *Closing the Gap on Indigenous Disadvantage: The Challenge for Australia*, p. 21.

⁸ *National Indigenous Housing Guide*, third edition 2007, p. 11.

⁹ <http://www.who.int/topics/environmental_health/en/> [accessed 10 August 2010].

a key development was the preparation in 1987 of a report for the South Australian Government on environmental and public health. This report developed the concept of the Healthy Living Practices.

1.4 The provision of social housing and related maintenance services is generally a state/territory government responsibility. Indigenous housing, however, has also been a Commonwealth government responsibility, and governments have invested in Indigenous housing and infrastructure through different policies and programs. While the Commonwealth funds these investments, programs have been delivered variously through the states and territories, Indigenous Community Housing Organisations (ICHO) and contracts with service providers.

1.5 Prior to January 2009, the overarching vehicle for the delivery of social housing was the Commonwealth State Housing Agreement, which has been in operation in one form or another since 1945. Within this agreement, there were two elements focused on Indigenous housing: the Aboriginal Rental Housing Program, introduced in 1979; and the Community Housing and Infrastructure Program (CHIP), which brought together two previously separate housing and infrastructure programs in 1991–92.

1.6 CHIP sought to address the housing and infrastructure needs of Australia's Indigenous population. Its objective was to increase the number of Aboriginal and Torres Strait Islander people with access to adequate housing, infrastructure facilities and essential municipal services consistent with, and appropriate to, their expressed needs.¹⁰

1.7 Since the late 1990s, Indigenous housing policy has generally been consistent in recognising the linkages between a healthy living environment and a person's health, with flow-on effects into educational achievement, community safety and economic participation. In 1997, Commonwealth, State and Territory Housing Ministers jointly agreed on a new policy direction for Indigenous housing. This policy emphasised the need for housing to be safe, healthy and sustainable, and to ultimately result in improved environmental health outcomes for Indigenous people. The National Framework for the Design, Construction and Maintenance of Indigenous Housing (the national framework) was also developed as a result of this policy.

¹⁰ ATSIIC Community Housing and Infrastructure Program Policy document 2002–2005, p. 14.

1.8 The four key principles of the national framework were that:

- houses will be designed, constructed and maintained for safety;
- houses will be designed, constructed and maintained to support the Healthy Living Practices;
- quality control measures will be adopted in the design and construction of houses; and
- houses will be designed and constructed for long term function, and ease and economy of maintenance.

1.9 In 2001, the Commonwealth, State and Territory Housing Ministers issued a joint policy statement titled Building a Better Future: Indigenous Housing to 2010. This policy reinforced the focus on safe, healthy and sustainable housing as a way to improve environmental health outcomes for Indigenous people. The Housing Ministers identified four key strategies for Indigenous housing:

- identifying and addressing unmet housing needs;
- improving the capacity of Indigenous community housing organisations;
- achieving safe, healthy and sustainable housing; and
- improving program coordination by taking a whole-of-government approach.

1.10 As the main program delivery mechanism for housing policy, CHIP operated through two streams: Community Housing and Infrastructure, and Municipal Services. CHIP was supported through various sub-programs, including the National Aboriginal Health Strategy, the Army Aboriginal Community Assistance Program and FHBH. While the Army Aboriginal Community Assistance Program and FHBH continue to receive funding, the National Aboriginal Health Strategy funding has ceased. The Army Aboriginal Community Assistance Program is the subject of a separate audit by the ANAO tabled in December 2010.

1.11 Reform of Indigenous housing programs commenced in 2006 following a review of CHIP. This review led to the abolition of the program and its replacement by the Australian Remote Indigenous Accommodation program (ARIA). The purpose of ARIA was to 'reform Indigenous housing and infrastructure delivery arrangements through bilateral agreements with state

and territory governments.¹¹ ARIA appeared in the 2008–09 Portfolio Budget Statements but was replaced by the National Partnership Agreement on Remote Indigenous Housing (the National Partnership Agreement) from January 2009. The review of CHIP did not examine FHBH in detail, and did not explore any potential future role for the program.

1.12 Improving Indigenous housing continues to be a major policy and implementation priority for governments. Housing programs have been given a central role in the current efforts to reduce Indigenous disadvantage through the 'Closing the Gap' strategy. Significant financial commitments to improving the supply and quality of housing stock in Indigenous communities have been made by Commonwealth and state/territory governments under the National Partnership Agreement, which subsumes previous Commonwealth and jurisdictional arrangements related to the delivery of Indigenous housing programs. Over 10 years, \$5.5 billion will be invested in housing to:

- significantly reduce severe overcrowding in remote Indigenous communities;
- increase the supply of new houses and improve the condition of existing houses in remote Indigenous communities; and
- ensure that rental houses are well maintained and managed in remote Indigenous communities.

1.13 In continuing the policy focus on the development of healthier living conditions, the Council of Australian Governments (COAG) has identified that the maintenance and repair of existing housing under the National Partnership Agreement should 'contribute to improving environmental health'.¹² In this respect, key elements of the National Partnership Agreement have adopted the use of the Healthy Living Practices, which were also used by the FHBH program.

The Fixing Houses for Better Health program

1.14 FHBH is a targeted program that undertakes projects to deliver small-scale repairs in selected Indigenous communities or groups of communities. Each community project takes approximately 12 months and

¹¹ FaHCSIA, *Annual Report 2007–08*, Performance Reporting, Output Group 1.2, Services for Indigenous Australians

¹² National Indigenous Reform Agreement, p. A 37.

involves making repairs to houses following a standardised methodology. These focus on improving the performance of houses in relation to the Healthy Living Practices. The methodology ensures that priority is given to fixing items that pose an immediate danger, such as electrical connections, after which attention is given to the health hardware that supports the ability to wash people and clothes, the ability to remove waste safely from houses and improving nutrition by improving food preparation areas.

1.15 Functionality is a key concept in the FHBH program. It refers to the extent to which specific items of health hardware perform effectively and as designed. Individual items of health hardware are assessed and given a score. These scores are aggregated to provide an overall score for a house. Correctly functioning health hardware enables residents to follow the Healthy Living Practices, reducing the risk and incidence of diseases. As the housing guide explains, public health research has shown that health can be improved if most houses in a community have health hardware that functions for most of the time. The repairs also contribute to reducing overcrowding, as people will often move to another house if there are problems such as plumbing and sanitation in their normal residence. Repairing health hardware allows those non-functioning houses to be reoccupied.

1.16 FHBH repairs generally cost between \$3 000 to \$10 000 per house. Typically, these involve repairing items such as electricity switches, drains, water supply, cooking surfaces, and food storage areas. An FHBH repair will not usually involve aesthetic repairs, such as painting or tiling, except where these would improve health functionality.

1.17 In addition to the repairs and maintenance element, the FHBH program includes a research and development component. Activities in this component are designed to complement the repairs and maintenance element of the program. Activities undertaken range from technical design research, organisational capacity building, data collection, database development, revisions to the housing guide and stakeholder engagement.

1.18 FHBH started in 1999 as a one-off targeted project to improve 1 000 homes in remote Indigenous communities and was funded under CHIP for a two-year-period as a pilot. The initial FHBH submission developed by the Aboriginal and Torres Strait Islander Commission (ATSIC) proposed the establishment of a national safety and health assessment and immediate fix program for Indigenous housing. The concept of 'immediate fix' meant that the

assessment of housing and its repair were combined into a single process and a single interaction with the household wherever possible.

1.19 The methodology was designed to address the nine Healthy Living Practices, as detailed in the national framework. FHBH received additional funding in 2001–02 in the context of the release of the Building a Better Future policy. The government also decided to transfer FHBH to the Department of Family and Community Services (FaCS), thus taking it out of CHIP, which was subsequently transferred to FaCS in 2004. In making this decision, a clear emphasis was given to the expected outcomes of improving Indigenous health in remote areas. Subsidiary goals of building community capacity and self-reliance in relation to maintenance and housing were also identified. Emphasis was given to collaboration between FaCS and the Department of Health and Aged Care to highlight the connection between housing repair and health outcomes.

1.20 The decisions reached by government in 1999 and 2001 shaped the key features of the program's design in that a specific methodology, the Housing for Health (HfH) methodology, and annual targets for the numbers of houses to be involved, were established. Further phases of FHBH were conducted for the periods 2001–05, 2005–09 and for 2009–11. These phases have been based on the use of the HfH methodology to address the Healthy Living Practices. Overall, the government has directly invested \$40 million since the establishment of FHBH. Indirect investments have also been made through the use of labour funded under the Community Development Employment Projects (CDEP) program and co-contributions by state governments in different FHBH projects.

1.21 A summary of the FHBH phases is presented in Table 1.1 below.

Table 1.1

FHBH total direct expenditure

Period	Managing agency	Value (\$m)	Number of houses
1999–00	ATSIC	3.5	1 000
2001–05	FaCS	9.0	1 500
2005–09	FaCSIA / FaHCSIA	17.3	2 050
2009–11	FaHCSIA	10.0	600
Total		39.8	5 150

Source: FaHCSIA

1.22 Since its inception, FHBH has operated in New South Wales, Queensland, Western Australia, South Australia, Victoria, and the Northern Territory. The areas where it operated are predominately remote and very remote areas, with some activity in outer regional areas. For broad contextual illustration, Table 1.2 below shows the Indigenous population and total numbers of Indigenous dwellings nationally in 2006, broken down into categories of remoteness.

Table 1.2

Indigenous population and housing by remoteness area, 2006¹³

Remoteness Area ¹⁴	Population	Number of dwellings
Major Cities	147 295	49 553
Inner Regional	99 312	34 738
Outer Regional	98 654	29 276
Remote	39 409	9 089
Very Remote	68 752	11 959
Total	453 422	134 615

Source: Australian Bureau of Statistics, 2001 and 2006 Census: Population Characteristics, Aboriginal and Torres Strait Islander Australians (4713.0).

¹³ Population figures are from Census counts. Housing figures are where dwelling is defined as a separate house as per the Census: Population Characteristics, Aboriginal and Torres Strait Islanders (4713.0) publication from the Australian Bureau of Statistics.

¹⁴ See Australian Standard Geographical Classification Remoteness Area, Australian Bureau of Statistics.

1.23 There are limited data in relation to the actual numbers of houses in these categories that require repair. The most recently identified need for housing repair is in the National Partnership Agreement, which has a target to repair approximately 4 800 houses over a ten-year period. The National Partnership Agreement identifies that this figure is based on 2006 data from the Australian Bureau of Statistics' Community Housing and Infrastructure Needs Survey (CHINS). This survey examined the 15 655 houses that were managed at that time by Indigenous housing organisations and identified that of these, 10 319 (66 per cent) were reported as needing minor or no repair, 3 911 (25 per cent) required major repair and 1 425 (9 per cent) required replacement.¹⁵

FHBH methodology

1.24 The methodology used in FHBH was developed in remote Anangu Pitjantjatjara communities in northern South Australia in the 1980s when Indigenous communities were individually responsible for managing their housing stock using labour from CDEP. The availability of CDEP labour and the assumption that communities are responsible for managing house repairs continued to feature in the FHBH approach over subsequent phases.

1.25 The methodology is summarised in the housing guide, and entails:

- assessment of selected house items in a standardised manner;
- immediate fixing of urgent items at the time of the survey;
- accurate recording of housing data;
- the provision of assembled data to governments and agencies for policy, evaluation and program development;
- participation of community members in selected survey and fix work;
- training of local Indigenous people in housing assessment and basic repairs; and
- raising community awareness of housing and health issues.

¹⁵ CHINS 2006 (4710.0), Australian Bureau of Statistics, p. 26.

1.26 FHBH is based on the approach that houses need to be equipped with correctly functioning health hardware to support the nine Healthy Living Practices. These are:

- the ability to wash people, particularly children;
- the ability to wash clothes and bedding;
- removing waste safely from the house and immediate living environment;
- improving nutrition: the ability to store, prepare and cook food;
- reducing the negative effects of crowding;
- reducing negative contact between people and animals, insects and vermin;
- reducing dust;
- controlling the temperature of the living environment; and
- reducing trauma, or minor injury, by removing hazards.

1.27 At an operational level, the FHBH program has concentrated on what are known as the Critical Healthy Living Practices. These include the first four Healthy Living Practices, relating to water supply, sanitation and food preparation, with the addition of a priority focus on electrical safety.

1.28 The program uses project teams, which include tradespeople and community members who have been trained in the process, to first survey each house wherever possible in selected communities and make minor repairs as they go. This process is called Survey/Fix 1 or SF1. In the following six months, major repairs identified in the survey are completed. Once this work has been done, a second 'survey and fix' or SF2 is conducted to complete any outstanding minor maintenance issues. The second survey also measures the level of improvement achieved between the first and second surveys. This provides a 'before and after' approach to measuring the effect of the program's activities in relation to individual houses.

1.29 The delivery of the methodology involves seven stages in total, outlined in Table 1.3 below. Stages 4 and 6 are the Survey/Fix process, during which a repeatable 250-point checklist is completed. This checklist provides a report on the current status of each individual house.

Table 1.3**Delivery stages**

Stage	Activity
Stage 1	National Planning
Stage 2	Community selection and feasibility, preliminary budget
Stage 3	Preparing to implement Survey/Fix 1 (SF1)
Stage 4	Survey/Fix 1 (SF1), budget finalisation
Stage 5	All major/remaining fix works
Stage 6	Survey/Fix 2 (SF2)
Stage 7	Reporting

Source: *FaCS contract 45218535*.

FHBH program and service delivery arrangements

1.30 FHBH has been part of several different programs since it was first funded. Between 1999 and 2001, FHBH was implemented as a sub-program of CHIP and managed through those program arrangements. Following the transfer of FHBH to FaCS it was managed as a stand-alone program until 2004, when CHIP was transferred to FaCS. Following the subsequent abolition of CHIP, FHBH was briefly brought within the ARIA program's arrangements before that program was abolished in 2008. Since then, FHBH has not been managed under any broader housing program framework. It is currently managed as a stand-alone program outside the National Partnership Agreement arrangements, along with several other environmental health-related programs. FHBH funding has been agreed by government until June 2011. No decisions have been made on funding beyond that point.

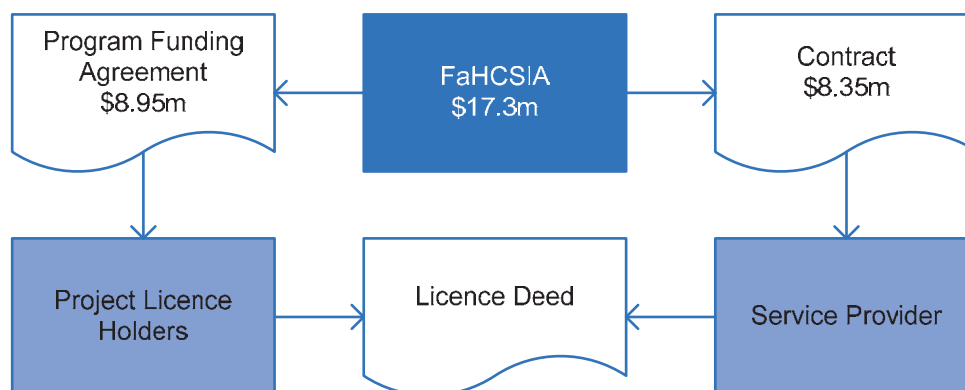
1.31 The service delivery arrangements to deliver FHBH have involved a direct contract between the Australian Government and a single service provider (the Service Provider). Until 2009, complementary program funding arrangements were in place between the Australian Government and ICHO or state and Northern Territory government agencies. Collectively, these organisations and agencies were known as Project Licence Holders (PLH) as they delivered aspects of FHBH under a licensing arrangement with the Service Provider.

1.32 The Australian Government's contract with the Service Provider covered the planning and delivery of the national repairs and maintenance program and the research and development program, training for FHBH

managers employed by the PLH, data collection, software and licensing fees and administrative costs. In parallel to this contract, FaHCSIA funded the PLH in each state and territory where FHBH operated to meet the costs of materials, trade labour and employment of community members. Contract arrangements for 2005–09 are illustrated in Figure 1.1 below.

Figure 1.1

FHBH contract arrangements 2005–09



Source: Adapted from FaHCSIA's document FHBH project specifications – May 2009.

1.33 The operational arrangements underlying Figure 1.1 involve:

- the Service Provider overseeing the national program and performing quality assurance, training, and reporting functions for FaHCSIA;
- FHBH project managers being funded by either the Service Provider or PLH, who oversee the community projects;
- state agencies jointly agreeing the selection of housing projects with FaHCSIA and managing the costs for FaHCSIA; and
- FaHCSIA acting as funding provider, contract manager and having responsibility for overall performance assessment.

1.34 The Service Provider was also responsible for conducting seven research and development projects, as outlined in Table 1.4 below.

Table 1.4

Research and development activities

Number	Activity
R&D 1	Working Group: stakeholder forum and research monitoring
R&D 2	Management and Staff Development: staff training and education
R&D 3	Data Utilisation, Application and Communication: database development
R&D 4	Health Hardware Research Projects: design and develop housing hardware covering wet areas, lighting and temperature control
R&D 5	Maintaining Houses for Better Health: ongoing maintenance program
R&D 6	Infrastructure Assessment and Improvement: review of community mains services
R&D 7	<i>National Indigenous Housing Guide</i> ; support revision to guide

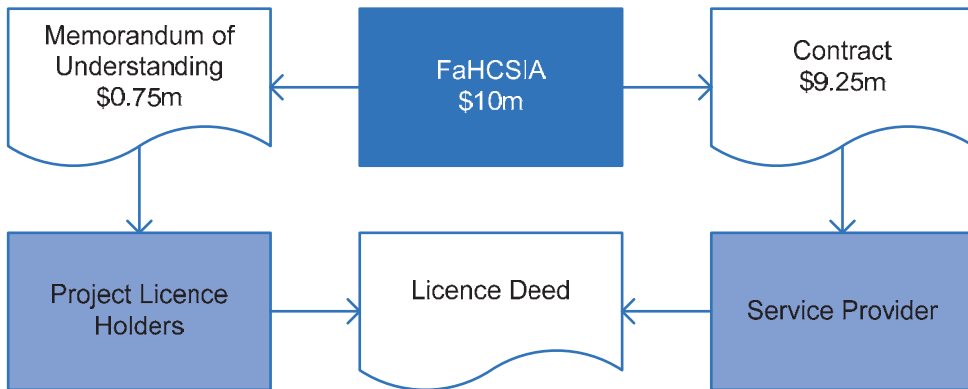
Source: Service Provider contract

FHBH arrangements for 2009–11

1.35 Following the development of the National Partnership Agreement in January 2009, the Government made changes to FHBH. Funding was extended for two years, and a specific objective was developed to have the Northern Territory and state governments adopt the principles of FHBH into their own maintenance arrangements under the National Partnership Agreement. The integration of the FHBH methodology into state and territory systems had been a strategy of the program prior to 2009, but the latest change made this a more explicit objective. The government also modified the strategy to focus on the integration of the broader principles rather than the specific emphasis on the actual methodology. The service delivery arrangements for 2009–11 are illustrated in Figure 1.2.

Figure 1.2

FHBH contract arrangements 2009–11



Source: ANAO analysis based on information from Service Provider contract.

1.36 Under the 2009–11 arrangements, FaHCSIA’s formal role remains largely the same and focuses on funding provision, contract management and performance assessment. The Service Provider is now responsible for all aspects of project delivery, having taken on the project management roles previously undertaken by the PLH. In place of the project management role, the PLH are now funded to employ staff to promote FHBH integration into local maintenance systems, assist with site selection and data gathering, and report on progress within their jurisdiction.

The audit

Audit objective and scope

1.37 The objective of the audit was to assess the effectiveness of FaHCSIA’s management of the Fixing Houses for Better Health program since 2005.

1.38 The audit reviewed the two elements of the program for which FaHCSIA is responsible: management of the service delivery arrangements, and overall performance monitoring and reporting. Following the development of the National Partnership Agreement on Remote Indigenous Housing, which introduced new approaches to the delivery of Indigenous programs, FaHCSIA made changes to FHBH for the 2009–11 phase. The audit has focused on the 2005–09 and the 2009–11 phases. This provided coverage of

the program's normal operations, as well enabling the audit to consider the modifications made to the program for the 2009–11 phase.

1.39 Against this background, the audit considered whether:

- program management arrangements had been established that were suitable for the size, nature and objectives of the FHBH program;
- service delivery arrangements were designed to support the achievement of the program's objectives and FaHCSIA's management of the program; and
- FaHCSIA used robust systems to monitor achievement of the program's objectives.

1.40 The ANAO also considered whether there were lessons learned from FHBH that could be broadly applied to FaHCSIA's management of the National Partnership Agreement.

Methodology

1.41 The audit was commenced by the Office of Evaluation and Audit (Indigenous Programs) (OEA) in the Department of Finance and Deregulation under the authority of the *Aboriginal and Torres Strait Islander Act 2005*. Following the transfer of OEA's functions to the ANAO pursuant to a machinery of government change in December 2009, the audit was designated under the *Auditor-General Act 1997*. The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of approximately \$285 000.

1.42 The methodology included structured interviews with FaHCSIA and Service Provider staff, and an examination of program and contract documents obtained from FaHCSIA, the Service Provider and other relevant stakeholders.

1.43 Project Licence Holders, community organisations and project managers were interviewed in NSW, Queensland and South Australia. These included the SA Department of Housing, the NSW Department of Health and the Department of Housing Queensland. In NSW, contact was also made with the NSW Aboriginal Housing Office. The NSW Aboriginal Housing Office, like other state Indigenous housing authorities, is responsible for the state's public Indigenous housing and for building Indigenous housing organisations' capacity. It was formerly a Project Licence Holder in the initial phases of FHBH.

1.44 Community site visits were made to Kowanyama on Cape York in Queensland, and to Umuwa and Mimili in South Australia.

Structure of report

1.45 The report is structured as follows:

- **Chapter Two** presents the program management arrangements used by FaHCSIA for the program.
- **Chapter Three** examines the service delivery arrangements and FaHCSIA's management of the contract with the Service Provider and the funding agreements with Project Licence Holders.
- **Chapter Four** examines FaHCSIA's approach to measuring and reporting program performance.
- **Chapter Five** presents considerations that are relevant to FaHCSIA's future management of the National Partnership Agreement on Remote Indigenous Housing.

2. Program Management Arrangements

This chapter describes the program management arrangements used by the Department of Families, Housing, Community Services and Indigenous Affairs for the Fixing Houses for Better Health program.

Introduction

2.1 Program management arrangements should reflect the size, risk level and complexity of the program they are intended to support. Large, risky and complex programs would generally be supported by relatively sophisticated management arrangements. It can be challenging for an agency to develop cost-effective arrangements that enable it to manage programs with small budgets, such as FHBH, especially where the program operates in remote and widely dispersed locations.

2.2 While it is important to develop pragmatic program arrangements for the management of small programs, it is also important that a clear strategic direction is provided to explain the expected outcomes of the program, as well as its alignment with, and contribution to, broader policy goals. This direction would generally need to be supported by clear and realistic objectives, an understanding of the role that different parts of the program play in contributing to these objectives, and a focus on the potential risks to the program's success. Program management arrangements should also provide for performance reporting, a systematic approach to monitoring progress of the program, and periodic evaluation of its effectiveness. This chapter considers the broad program management arrangements used by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) for the Fixing Houses for Better Health (FHBH) program. Monitoring arrangements are discussed in Chapter 3, while Chapter 4 discusses the approach taken to overall evaluation of outcomes.

2.3 FaHCSIA has developed elementary program arrangements for its management of FHBH. This can be explained by reference to the size of the program, its initial development under the administration of another agency, and its implementation within an existing, broader housing program framework for several periods. A further relevant consideration is that the policy decision by government to fund FHBH established the specific methodology to be used and the program's targets. These have remained

unchanged since the program was first established and are primarily outlined in the Service Provider's contract.

Strategic orientation

2.4 There was a clear policy context for the establishment of the FHBH program. New policy directions agreed by Commonwealth, State and Territory Housing Ministers in 1997 to make Indigenous housing safe, healthy and sustainable were followed in 1999 by the establishment of a national framework, which specified as a key principle that houses were to be designed, constructed and maintained to support the Healthy Living Practices. At this time, the *National Indigenous Housing Guide* was developed and the FHBH program commenced implementation. The policy goal of focussing on safe, healthy and sustainable Indigenous housing was reaffirmed in the 2001 release of the Building a Better Future policy statement, which was to provide a housing strategy through to 2010. Accordingly, the FHBH program was well aligned with broader policy goals and located in a clear strategic context in the early years of its implementation.

2.5 FHBH was initially managed between 1999 and 2001, and again from 2004 to 2008, as part of the broader Community Housing and Infrastructure Program (CHIP) program. This arrangement assisted to provide strategic direction for FHBH. Following a review, CHIP was abolished in 2008 and replaced with the Australian Remote Indigenous Accommodation (ARIA) program. In turn, ARIA was replaced by the National Partnership Agreement on Remote Indigenous Housing (the National Partnership Agreement) in January 2009.

2.6 While National Partnership Agreement documentation indicates that it has subsumed all pre-existing Commonwealth Indigenous housing programs, FHBH is delivered outside the National Partnership Agreement and will continue to be so until at least June 2011. The National Partnership Agreement shares with FHBH an approach that draws on the use of the Critical Healthy Living Practices, but it does not provide, and is not designed to provide, a strategic management framework for FHBH.

2.7 After the government announced these latest changes in Indigenous housing policy, FaHCSIA staff undertook a review of how FHBH was aligned with the broader context of the National Partnership Agreement. Various program management matters such as risk, stakeholder responsibilities and program direction were considered, with a particular focus on transitional

arrangements. The results of those reviews remained informal considerations and were not consolidated to formally guide program implementation over the two critical transition years. As a result, it is not clear how specific outcomes from remaining FHBH projects in communities contribute to the objectives of the National Partnership Agreement.

Program objectives

2.8 A department's annual reports are an important element in departments' accountability to the Parliament and to the public about the objectives of their programs, their intended impact and the results that have been achieved. The way FHBH objectives have been described in public documents has varied.

2.9 In the 2005–06 FaHCSIA annual report, FHBH was described as a 'project building Indigenous capacity to assess and maintain housing stock in rural and remote locations.' In 2005 the department commissioned an evaluation of the program, which was published in 2006. That evaluation found there was a lack of clarity about the objectives of the program, and it was forced to construct its own interpretation of the objectives based on its observations of how FHBH operated.

2.10 The evaluation identified four objectives:

- i. improve the safety and functioning of housing within the Indigenous communities where FHBH has been implemented, and in a cost-effective way;
- ii. transfer housing maintenance systems, skills and employment to the Indigenous communities (and ICHOs) in which FHBH has operated;
- iii. encourage states and territories to adopt housing assessment and maintenance programs in their asset management systems; and
- iv. provide a point-in-time analysis of the quality of housing stock in Indigenous communities.¹⁶

Of these, (i) and (iv) were identified as the primary objectives.

¹⁶ Occasional Paper number 14: Evaluation of Fixing Houses for Better Health Projects 2, 3 and 4, pp. 184–187 for statement of objectives and pp. 90–91 for ranking of objectives.

2.11 These objectives were not closely aligned with the way the program had been earlier described,¹⁷ but subsequently influenced the way the objectives were publicly reported from 2006–07 onwards. FaHCSIA’s annual reports for 2006–07 and 2007–08 describe FHBH as a program ‘aimed at improving Indigenous health by fixing health and safety systems in Indigenous housing, and increasing the skills of local people to maintain their own houses in the long-term.’¹⁸

2.12 To achieve a consistent approach to the management of the program, service delivery contracts and the agreements that have been put in place should reflect a degree of alignment to the overall program objectives. The audit reviewed the contracts with the Service Provider, and the Program Funding Agreements (PFA) with Project Licence Holders (PLH), to determine the extent to which program objectives were consistently articulated.

2.13 The Service Provider’s contracts for the two phases conducted since 2005 make no explicit reference to FHBH program objectives, and instead present the aim of the contract as being the provision of services relating to the methodology. By contrast, the funding agreement used by FaHCSIA with the PLH did contain a set of objectives, although these were not consistent with the program as delivered.

¹⁷ For example, the department advised the formal evaluation in 2005 that, in 2003, FHBH was a ‘practical research activity that delivers practical results...people get their houses fixed and FaCS obtains information about the condition of Indigenous houses.’

¹⁸ FaCSIA Annual Report 2006–2007 and FaHCSIA Annual Report 2007–2008.

2.14 Six of the agreements described that the funding was being provided under the FHBH program, the objectives of which were stated to be to:

- improve access by Indigenous people to adequate, appropriate and sustainable rental housing and housing-related infrastructure and municipal services;
- implement needs-based planning for all housing and infrastructure funding to ensure proper targeting of resources;
- increase the quantity and quality of housing through construction and upgrade projects which are undertaken in a coordinated, efficient and effective manner;
- target funding to reduce the backlog of maintenance and therefore provide safe and healthy housing;
- streamline an effective and efficient Indigenous housing sector;
- improve the quality of housing and infrastructure;
- ensure that the housing and infrastructure provided is designed to an appropriate and sustainable standard;
- increase access by Indigenous people to mainstream and private market rental housing; and
- provide leverage to increase state and territory government housing and infrastructure funding and related services for Indigenous communities.¹⁹

2.15 These objectives, with one exception that refers to safe and healthy housing, did not match the way the program was described elsewhere and do not provide an accurate reflection of what the program can actually achieve. The objectives are consistent with some, but not all, of the objectives from the broader CHIP, as detailed in its 2002–05 policy guidelines.

¹⁹ FaHCSIA Program Funding Agreement

2.16 The remaining five agreements listed a more refined set of objectives, which indicated that the FHBH program aimed to:

- increase the quantity and quality of Indigenous housing through housing assessment and maintenance projects which are undertaken in a coordinated, efficient and effective manner;
- target funding to reduce the backlog of maintenance and therefore provide safe and healthy housing;
- improve the quality of housing and the frequency of cyclical maintenance based on the Critical Healthy Living Practices; and
- ensure that housing and infrastructure provided is designed, constructed and maintained to a sustainable standard with reference to the *National Indigenous Housing Guide*.²⁰

2.17 At the time the audit was concluding, FaHCSIA was negotiating draft Memoranda of Understanding (MoU) with the state and Northern Territory governments. A copy of the draft generic MoU specifies the objectives of the program as being to:

- assist with the integration of FHBH practices and principles and those of the *National Indigenous Housing Guide* into wider Indigenous housing programs;
- increase the quality of Indigenous housing through housing assessment and maintenance projects which are undertaken in a coordinated, efficient and effective manner;
- improve the quality of housing and cyclical maintenance based on the Critical Healthy Living Practices; and
- ensure that housing and infrastructure provided is designed, constructed and maintained to a sustainable standard with reference to the *National Indigenous Housing Guide*.

2.18 Clarifying and consistently presenting the intended objectives for the program, and the strategies to deliver the planned activities, is an important foundation for ongoing reporting, monitoring, evaluation and public accountability. The relatively inconsistent way that this has been undertaken for FHBH has not placed the department in a strong position to assess the achievement of the FHBH program's objectives.

²⁰ FaHCSIA Program Funding Agreements

Risk management

2.19 It is important for program staff to identify relevant risks and to implement appropriate treatments that will reduce the likelihood of risks occurring and mitigate their impact. This should be undertaken in a manner and at a level that is proportionate to the size and complexity of the program.

2.20 No systematic or formal risk assessments have been undertaken for the program as a whole. Some analysis of the contract risks had occasionally occurred, but this was generally informal, incomplete and not undertaken within a planned framework. For instance, FaHCSIA staff undertook an informal risk assessment as part of developing the 2009–11 program. Measures were taken to reduce risk in the 2009–11 Service Provider contract by tightening financial and activity reporting requirements, along with better definition of roles and responsibilities.

2.21 While the risk analysis conducted for the 2009–11 Service Provider contract should improve contract control, it was not comprehensive. There were significant changes in the 2009–11 contract, including increased roles of the Service Provider and the intention to increase take-up by the states and territories of the FHBH principles to underpin elements of the National Partnership Agreement. FaHCSIA had limited success in encouraging broader adoption of the FHBH methodology during the 2005–09 phase. Given the intention to use the 2009–11 phase to have states and territories adopt the FHBH principles, a comprehensive risk analysis would have considered this risk and developed an appropriate mitigation plan.

Conclusion

2.22 FHBH has a strongly defined methodology and approach that were provided by the Service Provider. FaHCSIA has developed elementary program management arrangements for FHBH and has largely relied on the Service Provider and its methodology for the development of implementation guidance. This has resulted in a relatively comprehensive understanding about how FHBH operates to improve houses and how they function in relation to the Healthy Living Practices. In the earlier years of FHBH's implementation, there was strong and specific alignment to broader policy goals and it was generally managed as part of a broader program, which assisted to provide strategic direction. This clarity has lessened in recent times, and while the outcomes of FHBH are consistent with the expected outcomes of the National

Partnership Agreement, there is no longer a direct linkage between FHBH and the overarching Indigenous housing program.

2.23 Pragmatic approaches to developing program management arrangements are important to consider for small programs. There may be benefit in FaHCSIA reviewing whether small programs like FHBH should continue to be managed on a standalone basis or brought under broader arrangements. This may be a cost effective approach to enabling small programs to operate within strategic management framework and help to better capture the contribution that their outcomes can make to overall policy goals.

3. Service Delivery Mechanisms

This chapter examines the Department of Families, Housing, Community Services and Indigenous Affairs' design and management of its contracts and agreements with the Service Provider and the Project Licence Holders.

Introduction

3.1 The two key service delivery mechanisms for the Fixing Houses for Better Health (FHBH) program are the contract between the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and the Service Provider, and the Program Funding Agreements (PFA) between FaHCSIA and the Project Licence Holders (PLH). These arrangements were in place from the commencement of the program until the end of the 2005–09 phase. The PLH were mainly state and Northern Territory government agencies. However, five Indigenous Community Housing Organisations (ICHO) also received direct funding during the 2005–09 phase. These arrangements were modified for the 2009–11 phase, during which some responsibilities of the PLH were transferred to the Service Provider.

3.2 The Service Provider is responsible for the delivery of each FHBH project within communities, delivery of various research and development tasks, and coordinating subcontractors. The PLH were responsible for coordination within communities and the supply and monitoring of materials. The state and Northern Territory government agencies also had responsibility to assist FaHCSIA with site selection, and to coordinate state and federal program alignment where relevant.

3.3 Funding for the 2005–09 phase totalled \$17.3 million. The Service Provider contract element was \$8.3 million, comprising a \$4.4 million fee component and \$3.9 million for research and development. Fees covered the management of survey and fix work, and expenses attributable to subcontracted managers responsible for applying the Service Provider's methodology. The remaining funding of \$9 million was directed through Program Funding Agreements (PFA) to state and Northern Territory government agencies and in some cases to ICHO.

3.4 The 2009–11 phase of FHBH was developed following the Council of Australian Governments' (COAG) announcement of the National Partnership Agreement on Remote Indigenous Housing (the National Partnership Agreement) in November 2008. Funding of \$10 million was committed in this

phase to assist with the transition of responsibility for 'healthy housing hardware' checks to state and territory-managed housing repairs and maintenance systems.

3.5 For the 2009–11 phase, FaHCSIA engaged the Service Provider for all project activities rather than maintaining parallel agreements with states. This contract is worth \$9.25 million. Under this arrangement, the role of the five state and territory governments involved with the program has changed, so that they receive funding to assist in the integration of FHBH and the *National Indigenous Housing Guide* principles into their existing housing programs. The ICHO are no longer funded under the FHBH program.

Service Provider contract design and management

3.6 Contractual arrangements with service providers should be designed and administered in a way that supports the overall management of the program by a department. Effective contract management is supported where contracts clearly specify the expected outputs, and the expected quality and timeframes for their achievement, and link performance to payments. A further key element is the extent to which the contract reporting arrangements provide timely information about performance. This enables adjustments to be made to the contract and, where appropriate, action to be taken on unsatisfactory performance.

3.7 The 2005–09 contract conditions required the Service Provider to submit detailed activity and financial reports to FaHCSIA. According to the contract, these reports were to provide information indicating that the following outputs had been achieved:

- up to 2 050 houses over the period of the contract received repairs and maintenance using the repeatable assessment technique whereby there is a before and after research methodology that incorporates a 'no survey without service' principle;
- Healthy Living Practices had been followed, with priority repairs given to safety, water supply and waste removal;
- local Indigenous people had been trained and employed during the fix works, and continue to assess and repair basic components in safety and health facilities;
- the technical knowledge gained during the research and development is applied to the FHBH projects; and

- data analysis and research expertise has been used to improve Indigenous housing design, construction and maintenance processes in a range of locations and under a variety of conditions.²¹

3.8 The 2009–11 contract conditions specified a target of providing FHBH services for up to 600 houses and that quarterly activity reports be provided indicating that:

- a research methodology is used that delivers detailed evidence of improved utility based on repeatable assessment techniques that integrate the ‘no survey without service’ principle;
- repairs have been prioritised according to the Critical Healthy Living Practices as outlined in the *National Indigenous Housing Guide*;
- local Indigenous people have been trained and employed to assess and undertake basic repairs to safety and health facilities as part of the projects;
- each FHBH project database is populated with survey results to enable reporting on all projects concurrent with repairs to health hardware and provide aggregated reports on national data from all FHBH projects;
- technical knowledge gained in coordinating the research and development projects is applied through the FHBH projects; and
- data analysis and research expertise has been used to improve Indigenous housing design, construction and maintenance.²²

3.9 The two contracts examined describe a clear and detailed set of activities to be undertaken. Some activities are sufficiently defined to enable relatively easy assessment of achievement, such as the numbers of houses, the use of the methodology and the application of the Healthy Living Practices as a means of determining priorities. Others, such as the extent to which data analysis and research has been used to improve housing design and construction, are less straightforward to assess.

3.10 Neither contract included any payment milestones that were clearly linked to the achievement of particular outputs. The only specified criterion for payment under the 2005–09 contract was the submission of a correctly

²¹ FaCS contract 45218535 p. 23–24.

²² FaHCSIA contract 45357939 p. 38–39.

rendered monthly tax invoice, which would be paid upon the department's acceptance that the services had been performed satisfactorily. In the following contract, this arrangement was revised so that payment could be made once specified reporting requirements had been met. While reports were required quarterly, payments continued to be made on a monthly basis.

Invoicing and payment

3.11 Invoices were received on a monthly basis and were paid by FaHCSIA following consultations between FaHCSIA, the Service Provider and the relevant PLH. These consultations were an informal mechanism to assist FaHCSIA to determine whether services had been satisfactorily performed. In two of the three jurisdictions visited in this audit, officers undertook an active role in checking that services related to the fix work were completed before agreeing to payment. This process did not, however, give regard to the possibility that state contributory funds had also been paid for in the work being invoiced.

3.12 Compounding FaHCSIA's challenges in linking its payments with satisfactory performance was style of the monthly invoices required to be presented by the Service Provider. The invoices listed the charges by activity performed rather than providing a breakdown of the charges attributable against individual projects. As a result, FaHCSIA was unable to reconcile the invoices to the progress being achieved against individual projects, and an assessment of the satisfactory performance of services undertaken could only be made by FaHCSIA at a broad level.

3.13 Project budgets were initially established at the feasibility stage. Project costs were set after the completion of the first Survey/Fix, based on housing condition. As the project progressed, no regular financial reporting occurred, and it was therefore difficult to accurately monitor expenditure and relate this to the completion of work.

3.14 Recognising these shortcomings, in May 2008 FaHCSIA changed the format of the invoicing so that it would require the Service Provider to better reflect individual project costs. This new invoicing practice better aligned with payments made by FaHCSIA to the PLH, and enabled FaHCSIA to establish a better assessment of the overall cost for each project.

Frequency of reporting

3.15 Contract reporting arrangements should be designed to enable the contract manager to receive timely information about the performance of activities under the contract. Under the 2005–09 contract, the Service Provider was required to provide regular activity and financial reports. While the contract detailed the type of information to be included in these reports, it did not specify when the activity reports on each project were to be submitted. During the audit, FaHCSIA could not provide any evidence that reports had been received.

3.16 One contractual output under the research and development component was to convene regular Working Group meetings to discuss project issues. However, these meetings were suspended early in the 2005–09 contract and were replaced by briefings by the Service Provider to senior FaHCSIA managers. No formal records of these briefings were kept by FaHCSIA. FaHCSIA also advised that during the 2005–09 phase, informal discussions occurred from time to time with the contractor on progress and issues. While such informal discussions are useful, they would not offer the consistency or detail of timely formal reports.

3.17 Under the 2009–11 contract, FaHCSIA has strengthened the activity reporting requirements. Activity reports are now required to be submitted on a quarterly basis, providing information on progress during each of the seven project stages.

3.18 In addition to the activity reports, the two contracts included a requirement to provide completion reports on projects. This corresponded directly to Stage 7 of the FHBH methodology. The contract required the Service Provider to analyse project data and prepare draft and final reports for FaHCSIA at the project and jurisdiction (or region) levels, and an aggregate report across all projects. These reports were expected to provide relevant information to the department for management purposes. However, the contract only required that this analysis and report be provided at the end of the contract period. As a result, FaHCSIA was not in a position to either review or to take 2005–09 outcomes into account when formulating the 2009–11 contract.

Reviews of activities

3.19 Active contract management would generally involve periodic review of arrangements and some level of field visits by FaHCSIA staff. The 2005–09

and 2009–11 contracts did not specify any formal requirement that there be any regular reviews of the program at set intervals. However, some reviews have been undertaken.

3.20 In January 2005, FaCS commissioned a review of the 2001–05 FHBH program. The evaluation made 16 recommendations around the following issues:

- introducing flexibility in budget setting;
- enhancing the ability to continue to collect information about elements of critical health hardware;
- enabling project-by-project financial reporting;
- making FHBH project data more publicly accessible; and
- ensuring data collected is used to update national FHBH project database figures.²³

3.21 These issues were relevant to contractual arrangements at the time of the evaluation, and to some extent remain relevant now. Five recommendations, which focused on data collection, data dissemination and financial reporting, were accepted by FaHCSIA.²⁴

3.22 Following the COAG agreement to develop the National Partnership Agreement, FaHCSIA undertook a further informal review of the 2005–09 contract, including the identification of risks. The results of this review led to tighter controls and reporting requirements being included in the 2009–11 contract.

Monitoring of the contract

3.23 Periodic field visits by program staff can assist to develop a practical understanding of the issues faced in program implementation, help to gauge community and stakeholder support for the program, and provide information that can assist the department to assess overall contractor performance. More generally, periodic field visits assist the department by improving understanding of such areas as the various operating environments, community involvement and interaction, and performance reporting

²³ Occasional Paper number 14: Evaluation of Fixing Houses for Better Health Projects 2, 3 and 4.

²⁴ The recommendations implemented were 6, 9, 10, 11 and 15, pp. xv-xvii.

processes. Between 2005 and 2007 program staff were more actively involved in undertaking site visits. This continued a level of engagement that had been a feature of the earlier phases.

3.24 During 2008 the Service Provider indicated to FaHCSIA that any of their staff undertaking field visits should ideally participate in housing maintenance activities as this would be more consistent with the FHBH methodology and its 'no survey without service' principle. FaHCSIA staff sought internal Occupational Health and Safety advice and field visits were then discontinued. This situation impacted on FaHCSIA's ability to actively monitor the program, as the field visits provided valuable first-hand knowledge and understanding of the program, the Service Provider's performance and community engagement.

Funding agreements between FaHCSIA and Project Licence Holders

3.25 As well as the contract with the Service Provider, FaHCSIA maintained PFA with state and Northern Territory agencies, and in some cases Indigenous organisations, to deliver FHBH projects in communities. The PLH were primarily responsible for the initial identification of the houses in which the projects would be conducted and providing this information to FaHCSIA and the Service Provider. Following this, the PLH were responsible for implementation and monitoring of projects under the direction of the Service Provider.

3.26 The funding agreements between FaHCSIA and the PLH were an important part of FaHCSIA's overall management of the program, as they accounted for approximately half of all program expenditure. However, the design of these agreements did not strongly support FaHCSIA's management role. They generally contained limited reporting requirements, and little specification of desired report content or frequency. Key performance indicators were not clearly defined for the purpose of assessing progress and achievement against milestones, despite monitoring being a key part of the agreed PLH role.

3.27 This lack of detail meant that, among the jurisdictions visited by the ANAO, there were considerable differences in the acquittal of funds expended. These gaps also led to informal arrangements being entered into by FaHCSIA staff and the PLH in relation to the forms and frequency of reporting. For the jurisdictions examined in this audit, required progress reports were irregularly

submitted to FaHCSIA, if at all, and the PLH were often slow in finalising reports and providing acquittal information on the funds expended under the PFA.

3.28 During the 2009–11 phase, the PFA funding mechanism has been removed, and all program funding is now provided directly to the Service Provider. At the time of the audit, the department was entering into Memoranda of Understanding with the states and the Northern Territory whereby, instead of delivering FHBH projects, funding would be provided to assist the integration of the FHBH practices and principles into housing maintenance systems. These arrangements had not been finalised at the time of audit fieldwork and have not been assessed as part of the audit.

Conclusion

3.29 Delivery of the FHBH program was complicated by the fact that, until 2009, the service delivery arrangements involved multiple parties. For a program of this size, these arrangements added a level of complexity and administrative burden for FaHCSIA in undertaking its program management role. Overall, there was a lack of consistency in the way objectives were expressed between the two funding mechanisms. The changes made to the overall structure of service delivery mechanisms in 2009 clarified roles and enabled FaHCSIA to better focus its administrative efforts.

3.30 The 2005–09 and 2009–11 contracts reflected the requirements of the Service Provider’s methodology and provided clear specification of the desired activities and outputs. However, there were some aspects of the contracts’ design that did not support FaHCSIA in its overall management of the contracts and, by extension, the program. Better linking of contract performance with payment milestones, more frequent monitoring, and more timely reporting would assist FaHCSIA manage the program more effectively.

Recommendation No.1

3.31 To improve its understanding of the operation and achievements of the program in communities, the ANAO recommends FaHCSIA review its current approach to monitoring, including the role of field visits.

FaHCSIA's response

3.32 *FaHCSIA agrees with this recommendation.*

3.33 *The Department will continue to liaise with the service provider regarding project site visits. The first visit was completed by the Indigenous Housing Programs and Services Branch Manager to Katherine NT in June 2010. In addition to the on site visits by FaHCSIA program staff, the FHBH project officers provide FaHCSIA with ongoing on-site information from the FHBH communities.*

3.34 *The Department will also continue with various monitoring activities which provide valuable information for ascertaining program achievements and general operation. These include attending the service provider's Manager's Meeting; coordinating and participating in the FHBH quarterly Stakeholder's Meeting; continuing with fortnightly teleconferences with the service provider; continuing with regular liaison with the FHBH project officers; and analysis of the quarterly reports of both service provider and FHBH project officers where details of project achievements, status, financial position, threats, and objectives for the following quarter are clearly outlined.*

4. Program Performance Measurement

This chapter examines the Department of Families, Housing, Community Services and Indigenous Affairs' monitoring, measurement and reporting arrangements for the Fixing Houses for Better Health program.

Introduction

4.1 A key element of program management is the development of a performance framework that enables a department to collect and assess relevant performance information about progress toward intended outcomes. A performance framework can also guide public reporting and identify the approach for the ongoing monitoring and evaluation of the program's key strategies and activities. The ability to measure progress allows an agency to assess the merits of the program relative to other programs or approaches that could be adopted, and assist in providing advice to government.

4.2 The purpose of the Fixing Houses for Better Health (FHBH) program is to contribute to improvements in Indigenous health in remote areas and to build community capacity and self-reliance in housing maintenance. This chapter considers the extent to which the Department of Families, Housing, Community Services and Indigenous Affairs' (FaHCSIA) performance framework allows progress against that purpose to be measured.

Measuring the Indigenous health objective

4.3 Performance information collected by FaHCSIA for FHBH focuses on measuring changes in the extent to which health hardware functions in a house. This is an important aspect of measuring the performance of the program. However, no indicators have been developed that relate more broadly to measuring changes in Indigenous health. FaHCSIA has not formally reviewed the contribution FHBH makes to improved health outcomes since taking on responsibility for its administration.

4.4 Links between environmental health initiatives and improved public health are well established, but it cannot be automatically assumed that every environmental health approach is equally effective. Without information that draws connections between FHBH activities and health outcomes, FaHCSIA is not in a position to advise government whether the FHBH program, as it is currently implemented, provides the most effective approach.

4.5 FaHCSIA advises that FHBH work is improving Indigenous health. This advice rests on an evaluation completed in 2009 by the NSW Department of Health on its Housing for Health (HfH) program, which uses the same methodology as FHBH. The evaluation examined projects undertaken during a ten year period, and found that after a project was implemented in a community, the incidence of infectious diseases dropped by some 40 per cent.²⁵ While this research indicates positive results for the use of the methodology, comparative studies with other methodologies would be required to establish the efficiency of this approach over alternatives.

4.6 In assessing the outcomes achieved by the HfH methodology, consideration needs to be given to the fact that the NSW HfH program combines FHBH funds with NSW funding, so some caution is needed in extrapolating these results to FHBH.²⁶ As FaHCSIA's performance framework does not record other agency inputs, measuring the effectiveness of the specific FHBH contribution rather than the combined state/FHBH contribution is not possible. Further, while the HfH research has demonstrated improvement in health outcomes, it does not establish the level of dollar efficiency in achieving those outcomes.

4.7 FHBH operates at the level of a single community or a group of communities. The communities involved are generally small. Had there been a monitoring and evaluation framework in place, it may have been possible to have observed movements in health indicators in those communities targeted by FHBH. The program methodology has a clear 'before and after' approach in relation to assessing improvements to individual houses, but a similar approach was not adopted at the program level to consider potential health impacts at a community level.

4.8 Acknowledging that there are multiple factors that can influence improved health, it is reasonable to expect that FaHCSIA would have implemented arrangements to consider the extent to which FHBH is contributing to improved Indigenous health. Without these arrangements, it is difficult for the department to form a view about the effectiveness of FHBH compared to potential alternative interventions. Given that the program had

²⁵ The report was published on 17 February 2010.
<http://www.health.nsw.gov.au/pubs/2010/housing_health.html>

²⁶ FHBH financial summaries for FHBH 2005–09 show the FHBH investment for NSW was \$869 691 while the NSW Department State contribution was \$872 861.

specific objectives relating to the adoption of the FHBH approach by state and Northern Territory agencies, the ability to demonstrate that the specific FHBH model is an efficient and effective delivery approach to improving Indigenous health would have been particularly important in encouraging these jurisdictions to use the FHBH methodology.

Recommendation No.2

4.9 With a view to strengthening its understanding of the linkages between housing repairs and community health, the ANAO recommends that FaHCSIA commence developing and trialling approaches to the identification of appropriate health indicators in a community that could be assessed on a 'before and after' basis. This could also inform the performance measurement approach developed for the National Partnership Agreement on Remote Indigenous Housing.

FaHCSIA's response

4.10 *FaHCSIA agrees with qualification the Auditor's Recommendation No.2.*

4.11 *The FHBH program improves and measures the functionality of critical house hardware, thereby increasing people's capacity to adhere to the nine healthy living practices. This supports the Government's objective of Closing the Gap through the 'Healthy Homes' building block as set out in the National Indigenous Reform Agreement (NIRA).*

Qualifications:

4.12 *The Department considers it to be ineffective for the relatively small scale FHBH program to attempt to measure overall health improvements within Indigenous communities, as community health improvements are impacted by many external factors outside of the FHBH program.*

ANAO comments on agency response

4.13 The ANAO acknowledges that there may be constraints in developing cost-effective ways of measuring the impact of small programs. Nevertheless, given the explicit aim of the program to contribute to better health, and the length of time that the program has operated, it is reasonable to expect that consideration would have been given to developing ways to provide the Australian Government, the Parliament and other stakeholders some assessment of the FHBH program's contributions to improved health in Indigenous communities.

4.14 This recommendation has also been made with a view to FaHCSIA taking the opportunity of the remaining FHBH program activities to help position the Department to be able to make informed assessments of the contribution to improved environmental health by the housing investments made under the National Partnership Agreement on Remote Indigenous Housing.

Remote area targets

4.15 Another key characteristic of the FHBH program was its targeting of remote and very remote areas. The principal output for FHBH's 2005–09 program phase was that it surveyed and fixed 2 089 houses. Table 4.1 below breaks down this figure by the Australian Bureau of Statistics' remoteness categories. The 2009–11 phase of the program targets 600 houses. However, at the time of the audit, only two sites had progressed to the feasibility stage, and a breakdown by remoteness was not available for the current phase.

Table 4.1

Houses fixed, categorised by remoteness 2005–09

Remoteness Area	Number of houses fixed	Per cent
Outer Regional	181	9
Remote	271	13
Very Remote	1 637	78
Total	2 089	100

Source: ABS, 2006 Census: Population Characteristics, Aboriginal and Torres Strait Islanders (4713.0), p. 138 and FaHCSIA internal document.

4.16 Table 4.1 shows that, under the 2005–09 contract, over 90 per cent of houses fixed under FHBH were in remote or very remote areas.

Program performance reporting

4.17 Departments are required to include performance information on programs in their annual reports to Parliament. The detail on FHBH that has been reported by FaHCSIA has varied in each year since 2005–06. Table 4.2 details the performance indicators used for program reporting in FaHCSIA's annual reports between 2005–06 and 2008–09. Overall, Table 4.2 demonstrates

a reduction in the performance indicators publicly reported by FaHCSIA for FHBH.

4.18 For 2005–06, FHBH was in operation for only six months, and FaHCSIA’s annual report provided data for each achievement. No targets were provided to indicate whether these achievements reflected reasonable or desired progress. Further, the performance figure given for the second criterion, ‘integration of methodology’, is questionable given the finding of the evaluation conducted by FaHCSIA in 2006 (and of this audit) that methodology take-up by states had been limited.

4.19 The 2006–07 information for FHBH was more detailed, and provided data for estimated and actual achievement, although it had one less indicator. Compared to the previous year, there was a decline in performance against the first measure, and the achievement target for integration showed a significant shortfall. Reported performance at the level of functionality at the community level was ambiguous as it was reported as ‘various’.

4.20 FaHCSIA’s 2007–08 annual report specified only one performance indicator. The performance indicator was ‘Improvement in the functionality of remote Indigenous housing as indicated by Fixing Houses for Better Health (FHBH)’. Performance of the broader program strategies such as the integration of the methodology was not reported.

Table 4.2

FHBH Annual Report performance indicators

Year	Indicator	Reported outcome
2005–06	<p>Percentage of Indigenous housing providers participating in Fixing Houses for Better Health that support housing managers and housing maintenance teams to assess the need for maintenance, organise repairs to safety and health hardware and to maintain their houses to a safe, healthy and sustainable standard by having a cyclical maintenance system such as Maintaining Houses for Better Health</p> <p>Percentage of Indigenous housing authorities that integrate Fixing Houses for Better Health methodology (or similar methodology) within the housing maintenance and upgrade programs of state and territory Indigenous housing authorities</p> <p>Improvement in the functionality of housing health hardware between survey/fix 1 and survey/fix 2 in all communities participating in Fixing Houses for Better Health</p> <p>The number of Indigenous community housing managers who are trained in housing maintenance through Maintaining Houses for Better Health</p>	<p>63 per cent</p> <p>100 per cent</p> <p>25 per cent</p> <p>7</p>
2006–07	<p>Percentage of Indigenous housing providers participating in FHBH that have a cyclical maintenance system such as Maintaining Houses for Better Health at the conclusion of their FHBH project</p> <p>Percentage of Indigenous housing authorities that integrate FHBH methodology (or similar methodology) within the housing maintenance and upgrade programs of state and territory Indigenous housing authorities</p> <p>Improvement in the functionality of housing health hardware between survey/fix 1 and survey/fix 2 in all communities participating in Fixing Houses for Better Health</p>	<p>Estimated: 75 per cent, actual 50 per cent</p> <p>Estimated: 100 per cent, actual 20 per cent</p> <p>Estimated: at least 20 per cent; actual, various)²⁷</p>
2007–08	Improvement in the functionality of remote Indigenous housing as indicated by Fixing Houses for Better Health	60 per cent
2008–09	None attributable to FHBH	

Source: FaHCSIA Annual Reports 2005–09.

²⁷ Defined as at least 20 per cent improvement in house functionality at community level in FaCSIA Annual Report 2006–2007, Performance Reporting Output Group 1.2.

4.21 The 2007–08 annual report noted an estimated result of 60 per cent against the functionality indicator but provided no actual result, noting instead that ‘Final assessments will be completed once all projects are complete. A final program report incorporating these indicators will be delivered shortly after 30 June 2009.’²⁸ This was a result of the structure of the contract, which only required this analysis at the end of the contract period. Due to the changes in annual reporting requirements relating to program size, the 2007–08 and 2008–09 performance data will now not be publicly reported.

4.22 Taken together, the suite of performance indicators that have been presented in FaHCSIA’s annual reports do not allow for comprehensive analysis of overall performance. The regular reduction in reported indicators also prevents any analysis of performance trends over time.

4.23 To provide point-in-time information on the quality of housing stock, the Service Provider was required to provide reports that demonstrated that a total of up to 2 050 houses would show ‘improved utility and sustainability of safety and health facilities’²⁹ over the period of the contract. Table 4.3 below provides an overview of contract targets and actual performance.

Table 4.3

FHBH performance

Year	Target number of houses	Actual number of houses
2005–06	250	187
2006–07	600	330
2007–08	600	1 453
2008–09	600	119
Total	2 050	2 089

Source: FaCS contract 45218535 and FaHCSIA documents

4.24 The data indicates that the Service Provider has exceeded its target by 49 houses. However, to comply with the contractual requirements of ‘improved utility and sustainability of safety and health facilities’³⁰, two consecutive surveys of the same premises are required, that is, Survey/Fix 1

²⁸ FaHCSIA Annual Report 2007–2008, Performance Reporting.

²⁹ FaCS contract number 45218535, p. 23.

³⁰ Ibid.

(SF1) and Survey/Fix 2 (SF2). This means that the number of houses reported as completed should be recorded after the Survey/Fix 2 stage is completed. Due to access and timing factors it was not possible to include all houses in both surveys, and the actual number of houses that received both Survey/Fix 1 and Survey/Fix 2 was 1 835, or 215 houses short of the total target.

4.25 Data provided by the Service Provider in the end of contract report indicates that the ability of houses to support the Critical Healthy Living Practices has improved. The five Critical Healthy Living Practices and their subcomponents are illustrated in Table 4.4 below.

Table 4.4

Critical Healthy Living Practices and their subcomponents

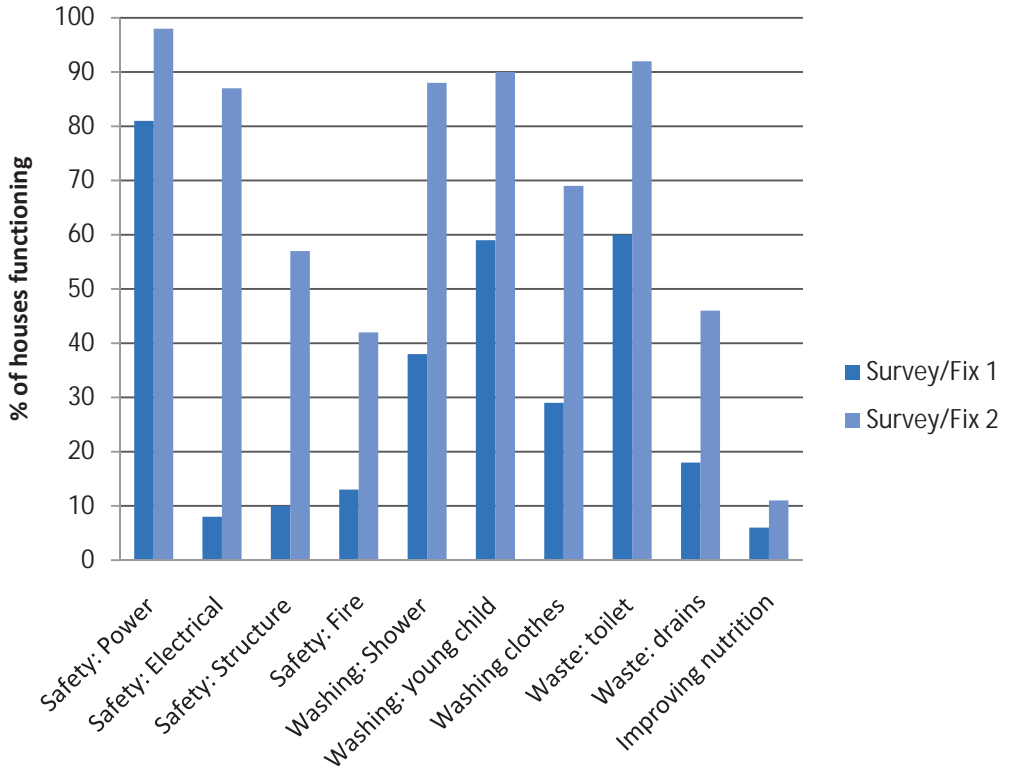
Critical Healthy Living Practices	Subcomponent
Safety	Power, water and waste connected Electrical system Structure and access Fire
Washing people	Shower working Young child in basin, bath or tub
Washing clothes & bedding	Laundry services with or without a washing machine
Removing waste safely	Flush toilet working All drains working
Improving nutrition	Ability to store, prepare and cook food

Source: Summary FHBH 5-8 report, p.16.

4.26 Figure 4.1 presents the average scores of all houses in all years against their ability to support the Critical Healthy Living Practices. Scores are presented at Survey/Fix 1 and Survey/Fix 2 stages to indicate the ‘before and after’ situation. The data indicate that there was significant variation in functionality prior to the commencement of FHBH activities. Following repair works, functionality increased in each Critical Healthy Living Practice, although not uniformly. The actual increases that could be achieved were influenced by the condition of items at the first survey and the extent to which they could be remedied within the approach and budget of FHBH.

Figure 4.1

Improvements in Critical Healthy Living Practices



Source: Summary FHBH 5-8 report.

Conclusion

4.27 The performance framework used by FaHCSIA for FHBH is primarily based on the Service Provider's methodology and outputs of this methodology. As a result, less focus has been given to measuring other key desired outcomes of the program. The structuring of the contract around the methodology also resulted in a situation where FaHCSIA was only able to receive comprehensive analysis of overall performance at the end of the multi-year contracts, providing little opportunity for management to use the performance framework to make decisions about adjustments to the program.

4.28 While the performance framework currently in place for FHBH is able to provide a reflection of work undertaken in communities, it is not able to provide an assessment of performance in relation to improving Indigenous health. Evaluation work conducted in NSW indicates that it would be feasible, over time, to conduct some assessment of FHBH's performance against its health objective in at least some critical sites.

5. Considerations for the National Partnership Agreement on Remote Indigenous Housing

This chapter discusses issues arising from the Fixing Houses for Better Health (FHBH) program that are relevant for the National Partnership Agreement on Remote Indigenous Housing. These are presented for broader consideration by the Department of Families, Housing, Community Services and Indigenous Affairs beyond the FHBH program.

5.1 In December 2007, the Council of Australian Governments (COAG) agreed to a series of six targets to address the gap between Indigenous and non-Indigenous Australians in a range of socio-economic indicators. The six targets are:

- to close the life-expectancy gap between Aboriginal and Torres Strait Islander people and other Australians within a generation;
- to halve the mortality gap between Aboriginal and Torres Strait Islander children and other children under age 5 within a decade;
- to halve the gap in literacy and numeracy achievement between Aboriginal and Torres Strait Islander students and other students within a decade;
- to halve the gap in employment outcomes for Aboriginal and Torres Strait Islander people within a decade;
- to at least halve the gap in attainment at Year 12 schooling (or equivalent level) by 2020; and
- to provide all Aboriginal and Torres Strait Islander four year olds in remote communities with access to a quality preschool program within five years.

5.2 In 2008, these targets were incorporated into the National Indigenous Reform Agreement (NIRA) which now provides the overarching framework for the delivery of the Closing the Gap strategy.

5.3 Underpinning these targets are the seven COAG-agreed Building Blocks—Early Childhood, Schooling, Health, Economic Participation, Healthy Homes, Safe Communities, and Governance and Leadership—which form the strategic areas for action by governments. In turn, a series of National

Partnership Agreements provide the funding and management mechanisms to implement programs that contribute to achievements in these building blocks. In relation to remote areas of Australia, the National Partnership on Remote Indigenous Housing (the National Partnership Agreement) is the key funding arrangement that contributes to the “Healthy Homes” building block. According to the NIRA, COAG expects the National Partnership Agreement to contribute to improved environmental health.

5.4 While it operates with a significantly larger budget than FHBH, and is a separate program with a different methodology, the National Partnership Agreement draws on the same housing principles contained in the *National Indigenous Housing Guide* (the housing guide) that are used by FHBH. Each state and territory has its own implementation plan under the Agreement to enable a degree of flexibility in delivering commitments made under the National Partnership Agreement, but the use of the housing guide and a focus on the Healthy Living Practices is common across the jurisdictions, in particular as a focus for quality assurance. In the Northern Territory, the Critical Healthy Living Practices have been adopted as a means to prioritise refurbishment work, and also form part of the Northern Territory government’s Property and Tenancy Management Framework.

5.5 FaHCSIA’s program management arrangements are currently unable to describe the FHBH program’s specific contributions to improvements in Indigenous health. Given that the National Partnership Agreement is identified by COAG as one of the most important contributing programs to the “Healthy Homes” building block, and through that to closing the gap on Indigenous disadvantage, being able to demonstrate these linkages is a matter that will become increasingly significant for FaHCSIA.

5.6 This factor, and the size of the overall investment in the National Partnership Agreement, suggests that it is timely for FaHCSIA to use the FHBH experience to develop a more robust approach to considering the ultimate outcomes of its housing improvement investments. This would assist the future assessment of the contribution of the National Partnership Agreement to improved environmental health.

5.7 As this audit focused on the FHBH program, no recommendations have been made in relation to the National Partnership Agreement. However, Recommendation No. 2, regarding developing approaches to better evaluate the health impacts of improvements to housing functionality, is relevant to the issues raised in this chapter.



Ian McPhee
Auditor General

Canberra ACT
15 December 2010

Appendices

Appendix 1: Formal Comments on the Proposed Report



Australian Government
Department of Families, Housing,
Community Services and Indigenous Affairs

Dr Jeff Harmer AO
Secretary

8
4/11

Mr Ian McPhee
Auditor-General
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr ^{Ian,} McPhee

Thank you for the opportunity to comment on the ANAO's Section 19 Report: Indigenous Housing Initiatives: the Fixing Houses for Better Health (FHBH) program. A summary of the Department's response is outlined below.

FaHCSIA agrees with the overall findings and recommendations of the ANAO's Section 19 report but notes that observations relating to the National Partnership on Remote Indigenous Housing require further consideration.

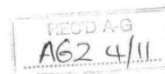
The other area FaHCSIA wishes to remark on is the ANAO's commentary relating to the lack of health indicators within the program which forms the basis for ANAO's Recommendation 2. FaHCSIA wishes to highlight the fact that FHBH is a relatively small scale repair and maintenance program that does not have the scope to develop health indicators and measure improvements to community health over the long term. FHBH does, however, improve and measure the functionality of the critical house hardware, thereby increasing a community's ability to adhere to the nine healthy living practices.

I would like to take this opportunity to express my appreciation for the ANAO's ongoing collaborative approach in its work within the Department.

Yours sincerely


Dr Jeff Harmer AO
Secretary

29 October 2010



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FaHCSIA's response to the Section 19 Report on Indigenous Housing Initiatives: the Fixing Houses for Better Health (FHBH) program

FaHCSIA appreciates the opportunity to respond to the ANAO Section 19 Report for the audit *Indigenous Housing Initiatives: the Fixing Houses for Better Health program*. Each of the Groups and Sections involved in the audit and the resulting recommendations contributed to this response and its summary of actions.

Group:	Office of Remote Indigenous Housing
Branch	Indigenous Housing Programs and Services National Programs Section
Branch	Indigenous Housing Delivery
Branch	Indigenous Housing Policy Information Strategy and Management Section

Department Comments on Recommendations

FaHCSIA has considered each of the recommendations provided in the Section 19 report for Indigenous Housing Initiatives: the Fixing Houses for Better Health program and agrees to both recommendations as shown below. Each of the recommendations, as they appear in the Section 19 Report, has been listed below with a summary of actions that FaHCSIA intends to implement.

Where appropriate, qualifications have been included along with the date in which FaHCSIA anticipates recommended actions will be implemented.

Recommendation 1

FaHCSIA Response: AGREE

Summary of Actions:

The Department will continue to liaise with the service provider regarding project site visits. The first visit was completed by the Indigenous Housing Programs and Services Branch Manager to Katherine NT in June 2010. In addition to the on site visits by FaHCSIA program staff, the FHBH project officers provide FaHCSIA with ongoing on-site information from the FHBH communities.

The Department will also continue with various monitoring activities which provide valuable information for ascertaining program achievements and

general operation. These include attending the service provider's Manager's Meeting; coordinating and participating in the FHBH quarterly Stakeholder's Meeting; continuing with fortnightly teleconferences with the service provider; continuing with regular liaison with the FHBH project officers; and analysis of the quarterly reports of both service provider and FHBH project officers where details of project achievements, status, financial position, threats, and objectives for the following quarter are clearly outlined.

Qualifications: Nil

Implementation Date: Ongoing

Recommendation 2

FaHCSIA Response: AGREES with qualification

Summary of Actions:

The FHBH program improves and measures the functionality of critical house hardware, thereby increasing people's capacity to adhere to the nine healthy living practices. This supports the Government's objective of Closing the Gap through the 'Healthy Homes' building block as set out in the National Indigenous Reform Agreement (NIRA).

Qualifications:

The Department considers it to be ineffective for the relatively small scale FHBH program to attempt to measure overall health improvements within Indigenous communities, as community health improvements are impacted by many external factors outside of the FHBH program.

Implementation Date: Ongoing

Appendix 2: FHBH projects during the 2005–2009 phase

Location	Organisation	Community	Start	Houses	Funding (\$)
QLD	Department of Housing QLD	Kowanyama	2007–08	165	850 398
		Prompturaaw	2007–08	139	653 312
		Boigu Is. and Hammond Is.	2008–09	53	517 841
Subtotal QLD				357	2 021 551
NSW	NSW Health	Condobolin	2006–07	69	315 851
		Wellington	2007–08	73	394 525
		Tenterfield (use of surplus funding)			137 567
Subtotal NSW				142	847 943
NT	Tangentyere Council	Tangentyere	2005–06	187	1 449 023
		Galiwinku	2006–07	146	1 370 275
	Galiwinku Community Council	Ngukurr	2007–08	212	1 162 611
		Nyrippi	2006–07	47	312 266
	Yugul Mangi Community Government Council	Nguiu	2007–08	233	1 699 718
		Groote Eylandt - Milyakburra - Umbukumba - Anurugu	2007–08	208	1 497 237
	Territory Housing				
Subtotal NT				441	7 491 130

Location	Organisation	Community	Start	Houses	Funding (\$)
SA	Office for Aboriginal Housing	Oak Valley	2006–07	15	
		Port Lincoln	2007–08	14	
		Ceduna	2007–08	55	560 542
		APY Lands 1 - Kanpi - Nyapari - Kalka - Pipalyatjara - Watarru - Mimili	2007–08	103	674 789
		APY Lands 2 - Amata - Ernabella - Indulkuna	2007–08	166	1 141 622
Subtotal SA				353	2 376 953
WA	Department of Housing and Works	Kununurra	2007–08	45	509 684
		Kalumburu	2006–07	53	150 211
		Mid-West - Burringurrah - Pia Wadjarri - Kardaloo / Wandanooka - Yulga Jinna	2008–09	66	345 540
		Ngaanyatjarra Lands			4 576
		Subtotal WA			
Vic	Lake Tyers Aboriginal Trust	Lake Tyers	2007–08	39	177 857
TOTAL				2 089	13 925 445

Source: FaHCSIA

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