Delivering Essential Services to Remote Aboriginal Communities

Context and Audit Scope

There has been vigorous public debate in recent times about the future of small remote Aboriginal communities. The debate has covered Commonwealth-State responsibilities as well as the economic and social sustainability of communities and the cultural security of community members. These are all difficult and challenging policy decisions.

However, the debate has generally recognised that remote communities will always exist and that some will always need support and service delivery from some part of government. The Remote Area Essential Services Program, which is the subject of this audit, is designed specifically to repair and maintain essential services to selected remote communities. Housing manages the Program through a contracted Program Manager and Regional Service Providers.

State and Commonwealth governments also provide many other services to communities, including often smaller communities outside the Program. For instance, Housing builds and maintains the houses in 120 communities, including those in the Program, and the Commonwealth has also separately funded capital works and municipal services. The provision of these services and the sustainability of smaller communities is not in the scope of this audit.

The focus of our audit was to assess how well the Department of Housing delivers essential services to remote Aboriginal communities through the Remote Area Essential Services Program. We focused on three lines of inquiry:

- Does the Program provide effective essential services to remote communities in accordance with relevant requirements, standards and guidelines?

- Does Housing actively manage essential services maintenance and repairs in those communities?

- Does Housing integrate its services well and coordinate them with other relevant agencies?

Audit Conclusion

The Remote Area Essential Services Program delivers reliable power and water supplies to selected remote Aboriginal communities, but the quality of drinking water often falls short of Australian standards. Testing of wastewater systems was irregular or incomplete between January 2012 and 2014, so Housing could not be sure if they were working effectively.

Housing's current arrangements for managing the Program limit its effectiveness and efficiency. In particular, they restrict the Program Manager's effectiveness. The condition of key assets and associated future costs is not well understood, and weaknesses in coordinating services to communities means there are missed opportunities to reduce costs.

The criteria to determine eligibility for the Program have not been applied since 2008. This means that Housing does not know if the right communities are in the Program. Some communities may be receiving services they are no longer entitled to while others may have become eligible but are receiving no services.

Key Findings

The supply of water and power to communities is generally reliable. On average, interruptions to community power and water services have occurred twice a year since July 2011, which is similar to services provided in cities and towns. Service Providers respond to around 90 per cent of service disruptions within 24 hours, exceeding their minimum contract targets of 75 per cent.

Drinking water quality often does not meet Australian standards:

- Tests detected either E. coli or Naegleria microbes in at least one community in every month in the two years to June 2014. Both of these can cause serious illness and are potentially fatal. The microbes were found at least once in sixty-eight communities in the last two years, and more than eight times in four communities. The presence of these microbes means that the drinking water is non-compliant with the Australian guideline.

- In the same period, four communities exceeded safe levels of uranium in their water by up to double the level allowed for under the Australian guideline.

- Fourteen communities recorded nitrates above the safe level for bottle-fed babies under three months old in 2014.

Testing of waste water systems between January 2012 and June 2014 to establish if they were working effectively was irregular or incomplete and failed to meet contractual requirements. The lack of testing means that Housing could not always know if waste water systems were effective. Ineffective systems can result in blockages and even sewage overflows, which can directly impact on community health.

Poor contracting means Housing is not getting full value from the Program Manager and its $1 million a year fee. The Program Manager is contracted and paid to supervise the Service Providers. However, at times this has not happened and instead the Service Providers deal directly with Housing.

Poor oversight means there is a risk that Housing may have overpaid for services. Self-reporting by Service Providers, a lack of inspections by the Program Manager, and inconsistency in invoice and job order descriptions have created this risk. In 2013-14, invoices for all unplanned maintenance and repairs in the Program totalled $14.7 million.

Housing does not know if the right communities are in the Program as it has not applied the eligibility criteria since 2008. However, its data show that 24 of 84 communities receiving services no longer meet the population criteria of 50 people. Although it is Cabinet's decision as to which communities should receive services, Housing has a clear role in assessing eligibility to support these decisions. We note that Housing has suspended services to seven of the 91 communities in the Program.

Housing does not have an up-to-date view of the condition of Program assets which have an estimated value of $765 million. This severely limits its ability to plan effectively for asset maintenance and replacement. In March 2014, Housing began to collect all asset data using its Essential Services Asset Management System (ESAMS) as a means of ensuring consistency. At January 2015, ESAMS included key information for 28 per cent of major assets.

The remoteness of communities directly affects the cost of supporting them but better coordination of maintenance and repair for Program assets and public housing could reduce these costs. Improved planning, information sharing and coordinating by the various service delivery entities would improve efficiency in travel and on site costs, as well as reduce downtime.