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REMOTE INDIGENOUS HOUSING REQUIRES  
ONGOING POLICY FOCUS: SUBMISSION TO  
THE REVIEW OF THE NATIONAL HOUSING  
AND HOMELESSNESS AGREEMENT

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# Remote Indigenous housing requires ongoing policy focus: Submission to the Review of the National Housing and Homelessness Agreement

## M. C. Dillon

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### Abstract

This Topical Issues paper identifies remote Indigenous housing as a structural gap in the nation's overarching housing policies. The paper reproduces a submission to the current Productivity Commission review of the National Housing and Homelessness Agreement (NHHA) which argues for a much stronger focus to be placed upon remote Indigenous housing in the renewal of the NHHA scheduled for 2023. The submission outlines the extent and systemic underpinnings of the substantial Indigenous housing shortfall in remote Australia, and assesses the adequacy of current policy frameworks to meet that need and thus mitigate ongoing adverse social, health and economic consequences. In particular, the submission argues that the national housing target in the National Agreement on Closing the Gap is, in its current form, an inadequate mechanism to address remote housing need. The submission makes a number of specific recommendations designed to ensure that remote Indigenous housing needs are effectively addressed going forward.

**Keywords:** Housing, homelessness, national housing policy, National Housing and Homelessness Agreement review, National Agreement on Closing the Gap, remote Indigenous housing needs



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## Acronyms

ABS	Australian Bureau of Statistics
ANU	Australian National University
CAEPR	Centre for Aboriginal Economic Policy Research
COAG	Council of Australian Governments
IA	Infrastructure Australia
NAIF	North Australia Infrastructure Facility
NDIS	National Disability Insurance Scheme
NHHA	National Housing and Homelessness Agreement
NIRA	National Indigenous Reform Agreement
NPA	National Partnership Agreement
NPARIH	National Partnership Agreement on Remote Indigenous Housing

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## Introductory background

The Productivity Commission is currently undertaking a review of the National Housing and Homelessness Agreement (NHHA), established by the former Council of Australian Governments (COAG) under the 2008 Intergovernmental Agreement on Federal Financial Relations. The NHHA, which establishes an overarching policy and funding framework for national housing policy, was established in 2018 and is due to expire in June 2023. The NHHA provides for a review by the Productivity Commission to be completed by June 30, 2022.

The Productivity has commenced that review and released an Issues Paper to outline the scope of the review, and to assist interested parties to make submissions (Productivity Commission, 2021b).

The scope of the review is outlined in the Treasurer's Terms of Reference<sup>1</sup> issued on December 13, 2021:

*The intent of this review is to consider (inter alia):*

- *the effectiveness and appropriateness of the objectives, outcomes and outputs of the NHHA [clauses 14–21] in the context of the respective roles in clauses 23–30, of the Commonwealth, the states and their interaction with local governments, noting they are not parties to the agreement, and operate under state regulations*
- *the extent to which the NHHA is meeting its objectives [clause 14] to improve access to affordable, safe and sustainable housing, prevent and address homelessness and support social and economic participation.*
- *evidence of the NHHA contributing to achieving the NHHA outcomes [clause 15] and options to improve progress towards meeting these outcomes*
- *the adequacy and quality of the data and information reported under the NHHA to provide transparency and accountability in respect of housing and homelessness spending [clause 15(f)] and identify options to improve the adequacy and quality and timeliness of data reported under the NHHA*
- *the effectiveness of the performance monitoring and reporting framework of the NHHA [clauses 36–41] for measuring the outcomes achieved and ensuring transparency and accountability options to maximise the outcomes that can be achieved with the NHHA funding...*
- *the extent to which the NHHA is meeting the obligations of governments under Australia's Disability Strategy.*

In undertaking this review, the Commission should have regard to:

- *the respective roles of the Commonwealth and states with respect to housing and homelessness policy*
- *the impact of social and economic factors, including the coronavirus pandemic on housing and homelessness in Australia...*

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<sup>1</sup> See Appendix A to the NHHA Review Issues Paper (Productivity Commission, 2021b) available at <https://www.pc.gov.au/inquiries/current/housing-homelessness/issues>

The submission below is framed more as a policy paper than an academic article, and addresses the terms of reference above, albeit through the lens of, and with a specific focus on, the extent to which remote Indigenous housing needs will be addressed.

Consideration of the report produced by the Productivity Commission will be a significant policy agenda item for the Commonwealth Government following the expected May election. In particular, the Commission's findings, and perhaps more importantly, the Government response to the findings, will shape the renewal of the NHHA, and perhaps more importantly, will in large measure determine national social housing policy for the rest of the current decade. The response will be particularly important in framing the Commonwealth's approach to Indigenous housing, a key element in the new Closing the Gap policy framework.

Set out below (adjusted where necessary to comply with the CAEPR editorial and formatting requirements) is the submission I provided to the Productivity Commission in early February 2022. While the submission has not been substantively changed, I have added footnotes to incorporate additional material or perspectives, and in one case to record the removal of a minor error.

## Submission to the Productivity Commission review

This submission responds in part to the December 2021 Issues Paper released by the Productivity Commission in relation to this review, and advances some further more general propositions. The focus of the submission is primarily on the continuing deep-seated under-provision of community and social housing for Indigenous citizens, particularly those who reside in remote Australia.

The Issues Paper recounts the history of Commonwealth–State housing agreements, and notes (Productivity Commission, 2021b, p. 3) that from 2008 there were three National Partnership Agreements (NPAs) (on homelessness; on social housing; and on remote Indigenous housing) agreed by the former Council of Australian Governments (COAG). The first two NPAs were rolled into the National Housing and Homelessness Agreement (NHHA) in 2018. The Issues Paper notes that the NHHA provides around \$1.6 billion indexed to the states and territories each year, and is due for renewal in 2023.

The National Partnership Agreement on Remote Indigenous Housing (NPARIH) was established for a number of inter-related reasons. These included the absence of a private rental market across remote Australia; the existence of *sui generis* tenure arrangements linked to land rights and native title; the long-standing under-provision of social and community housing; extremely short life spans for existing social housing assets due to extreme overcrowding, poor repair and maintenance arrangements, poor administrative oversight, and harsh environmental conditions; and poor or non-existent supporting infrastructure (both physical and social). The remote Indigenous housing sector suffers from deep and ongoing complex market failure.

NPARIH, which allocated \$5.5 billion over 10 years, was unilaterally discontinued in 2018 against the wishes of the affected jurisdictions, without any formal public announcement, and without consultation with impacted communities. A remnant amount of \$550 million over five years was continued in the Northern Territory where the Commonwealth directly holds leases from Aboriginal Land Trusts over hundreds of houses which are sub-leased to the Northern Territory Government Housing Authority, thus providing the Northern Territory Government with considerable leverage over the Commonwealth in terms of the provision of ongoing financial assistance.

The salience of this unilateral Commonwealth decision to discontinue NPARIH can be assessed by considering three relevant factors.

**First**, remote Indigenous citizens are amongst the most disadvantaged citizens in the nation. The Productivity Commission's 2015 assessment of the National Indigenous Reform Agreement (NIRA) confirmed that progress in closing the gap had been mixed, and in particular pointed to shortcomings in life expectancy, reading and numeracy, and employment 'despite considerable effort and investment' and went on to point to 'markedly worse' outcomes in more remote areas (Productivity Commission, 2015, p. 2).

Markham and Biddle (2018) show that there is an increasing income inequality gap between urban and remote Indigenous citizens. This extract from the abstract to their analysis makes the key points:

*The findings of this paper show **a growing divergence between the incomes of Indigenous people in urban areas and remote areas**. Although Indigenous incomes are growing steadily in urban areas, where median disposable equivalised household income rose by \$57 per week in real terms between 2011 and 2016, median disposable equivalised household income in very remote areas fell by \$12 per week over the same period. Indigenous cash poverty rates in very remote areas rose from 46.9% in 2011 to 53.4% in 2016. During this period, poverty rates in urban areas continued to fall, reaching 24.4% in 2016. Finally, changes in the difference in the incomes of Indigenous and non-Indigenous Australians followed a similar pattern, with income gaps shrinking in urban areas while growing rapidly in very remote areas. Although the increased incomes in urban and regional areas – where the majority of the Indigenous population lives – should be welcomed, this paper highlights a great divergence in the material circumstances of the Indigenous population across Australia. **Urgent policy action is required to ameliorate the growing prevalence of poverty among Indigenous people in very remote Australia.*** [emphasis added]

Increasing poverty in remote Australia has multiple economic, social and health consequences, and inadequate housing should be seen as both the result of, and a cause of, ongoing, poverty. An earlier Productivity Commission staff research paper (McLachlan et al., 2013, p. 2) notes that:

*People who are more likely to experience deep and persistent disadvantage include: lone parents; Indigenous Australians; people with a long-term health condition or disability; and people with low educational attainment. Many are public housing tenants and are weakly attached to the labour market... **Disadvantage has its roots in a complex interplay of factors. Many of these factors, when combined, can have a compounding effect.** The probability that any one person will experience disadvantage is influenced by...the community where they live (and the opportunities it offers)* [emphasis added].

**The second factor** contributing to the salience of the decision to discontinue NPARIH is that there were no offsetting policy changes to the mainstream NHHA to counteract the consequences of the Commonwealth's unilateral decision. There was no increase in funding allocations to the states, and no change to the terms of the NHHA to require the states to allocate more. When the Commonwealth Minister was questioned about the non-renewal of NPARIH, his response was along the lines that the agreement was time limited and always intended to end<sup>2</sup>, and that social housing provision was a responsibility of the states and territories.

**The third factor** which highlights the significance of the decision to discontinue NPARIH, and which emanates from some deep-seated inability of observers to actually see and understand the consequences of extreme housing shortage, is the size of the disparities which exist. I can best illustrate this by quoting in full a single

<sup>2</sup> This latter assertion was false as there was never any announcement to this effect, and it was always appreciated that NPARIH would need to be renewed to complete the investment required to address outstanding needs for remote housing. See Dillon (2018) for an assessment of the outstanding needs at the completion of NPARIH's term.



paragraph from an earlier article of mine (Dillon, 2020c, p. 11) on evaluation which examined the NPARIH as a case study:

*Recently Infrastructure Australia (IA) released a comprehensive audit of Australia's infrastructure needs (IA, 2019). For the first time, social infrastructure, including social housing, was included in the audit. The section on social housing included a revealing table/graph (IA, 2019, p. 455). Headed 'Homelessness is increasing in major cities and decreasing in outer regional and remote areas', the table presented graphic data indicating that homelessness in very remote Australia had decreased by 225 per 10 000 persons between 2006 and 2016. In contrast, the rate in major cities had increased by 11 per 10 000 persons over the same period. While factually correct, this heading is also potentially misleading. On closer examination, the data disclose huge discrepancies in overcrowding between urban and very remote Australia, with major city rates increasing from 35.4 to 45.5 per 10 000 persons, while very remote rates declined from 819 to 594 per 10 000 persons. The report noted (IA, 2019, p. 455) that the high rates of homelessness in remote areas 'can be linked to challenges in providing adequate housing for these communities'. Apart from being almost comically tautological, the report failed to mention that the significant reductions in homelessness in very remote areas were synchronous with the significant investments by the Australian Government under the former National Partnership Agreement on Remote Indigenous Housing (NPARIH).*

In other words, IA chose to emphasise the trends (urban homelessness increasing, remote decreasing) while ignoring the absolute levels of need, where remote housing needs dropped from 23 times worse to 13 times worse than urban and regional needs. And IA failed to note that this result coincided with the operation of NPARIH, a clear indication of the potential benefits that flowed from the program. Government authorities need to do better than this.

**The inevitable and foreseeable consequence** of discontinuing NPARIH has been, and will continue to be, a worsening of remote Indigenous housing outcomes, which itself plays into more general disadvantage amongst remote residents.

**A further outcome** has been to reduce the overall levels of effective transparency in housing outcomes for remote Indigenous people as any assessment of national efforts will now require a putative assessor to aggregate outcomes from eight jurisdictions. I note that the Productivity Commission has itself noted in its target data specifications for Target 9 (dealing with national housing provision) in its Closing the Gap dashboard that future disaggregation is required for remoteness, but without any indication of when or even if it proposes to move to implement this additional data disaggregation. In the light of the issues raised above, it is clear there would be considerable value in expediting the inclusion of such additional data analysis.

Subsequent to the Commonwealth decision to unilaterally withdraw from NPARIH, the Commonwealth initiated a process to revise and reframe the targets that comprise the national Closing the Gap framework (Dillon, 2021a). Initially established under a COAG agreement, the NIRA, the new targets have been included in the new National Agreement on Closing the Gap, which was negotiated by the Commonwealth, the states and territories and also with Indigenous interests represented by the National Coalition of Peaks. As part of the new agreement, the Coalition of Peaks pushed for a housing target, and subsequently, a new national housing target was included. Clearly, the national target was intended (at least by Indigenous interests) to frame and encourage future policy initiatives to address Indigenous housing challenges. The issue of whether the national housing target will be effective in doing this thus becomes crucially important as if it is conceptually flawed or inadequate, it will undermine the policy objectives it is ostensibly designed to achieve.

## The inadequacy of the Closing the Gap target on housing

The National Agreement on Closing the Gap establishes a series of specific targets theoretically aimed at reducing the gaps in key social indicators between mainstream and Indigenous Australians. The targets are long term, and generally partial in their aspiration. Increasingly, governments, particularly the Commonwealth which has driven the most recent changes to target specification, have shifted the specification of targets away from comparative percentages (the gap) and towards absolute targets. This is the case with **Target 9**, which provides:

*By 2031, increase the proportion of Aboriginal and Torres Strait Islander people living in appropriately sized (not overcrowded) housing to 88 per cent.<sup>3</sup>*

According to the Productivity Commission (2021a) *Closing the gap information repository* (and in particular Table CtG9A.1), in 2016, 78.9% of Indigenous people were living in appropriate (not overcrowded) housing. Accordingly, meeting the target requires an increase of 9 percentage points over the decade to 2031. There are two contextual points that need to be understood in assessing the appropriateness of this target.

**First**, it is apparent from table CtG9A.1 that in 2016, those states and territories without significant remote Indigenous populations had 'plus-85%' outcomes: New South Wales 85.9%; Victoria 87.6%; South Australia 82.5%; Tasmania 89.9%; the Australian Capital Territory 91.6%. States with significant remote populations were sub-80%: Queensland 79.4%; Western Australia 75.2%; and the Northern Territory 38.4%. Clearly, **the critical mass of overcrowding is to be found in remote regions.**<sup>4</sup>

The **second** contextual factor relates to the demographic shifts underway in the Indigenous population nationally. The Australian Bureau of Statistics (ABS) (2019) estimates that the Indigenous population nationally will grow from 798 000 in 2016 to between 1 093 000 and 1 045 000 (Table 18). **These estimates (and thus the calculations below) explicitly assume no unexplained growth factors.** Nevertheless, there is a history of strong and increasing undercount of the Indigenous population. There is also significant unexplained growth in ABS census figures. According to Markham and Biddle (2017, p. 4), this unexplained growth accounted for 34% of the growth in intercensal population between 2011 and 2016. Potential reasons include methodological changes, but more saliently, increased identification of Indigenous status by citizens (Markham & Biddle, 2017, p. 4).

Taking the most conservative of three ABS estimate scenarios, the national Indigenous population is projected to grow from 798 365 to 1 045 993, an increase of 247 628. Yet the growth in the 17 most remote regions is projected to be only 21 157 (ABS, 2019, Table 21). Over 90% of the projected population growth in the Indigenous population nationally is in non-remote regions. These are regions that are not subject to deep-seated market failure in the provision of housing, as they have access to the private rental market, mainstream social housing provision, and extensive pre-existing support infrastructure for housing such as clean water, established energy networks and the like.

These projected demographic shifts will reduce the statistical significance of the low proportions of appropriate housing in remote regions, and effectively allow the target to be met while extreme housing disadvantage persists in remote Australia. Moreover, to the extent that the increased Indigenous identification identified by Markham and Biddle (2017), but discounted by the ABS projections, continues in the mainly urban and regional southeast of the nation, this will in effect magnify the shift towards the target as every additional newly identified Indigenous person is in effect transferring from the mainstream cohort where 92.9% of persons live in

<sup>3</sup> The proportion of mainstream citizens living in appropriate housing in 2016 was 92.9%; a figure which has stayed largely constant for 20 years (Productivity Commission Dashboard, Table CtG9A.1)

<sup>4</sup> In the original submission to the Productivity Commission, I used 80% as the threshold.

appropriate housing. Not only does it seem likely that the national Indigenous housing target will be met off the back of underlying demographic change (a factor that governments are surely aware of, but have chosen not to highlight or emphasise), but it seems likely that it will occur without any additional government investment in either mainstream or Indigenous housing. A rising demographic tide, along with rising incomes within Indigenous urban cohorts will allow the target to be met without additional government effort.

Moreover, in the event the national housing target is not reached, it will be limited to an under-achievement in a small number of jurisdictions, and thus the Commonwealth will seek to shift any political blame to those particular jurisdictions. To put this another way, the national housing Closing the Gap target is in effect a mechanism, which fortuitously (for governments) and unfortunately (for Indigenous interests) operates to persuade the Australian community that progress is being made and there is no need for additional investment. Yet achieving 88% of the Indigenous population adequately housed will leave some 125 000 Indigenous citizens inadequately housed, including perhaps some 75 000 remote citizens.<sup>5</sup> It will thus contribute to ongoing disadvantage and poverty, and inevitably contribute to inter-generational poverty for their descendants.

None of the analysis above should be taken to suggest that the levels of Indigenous housing need in urban and regional Australia are not important and that the existence of those needs have severe adverse consequences for those who are not adequately housed. While I am not aware of any research that assesses the duration of individual housing disadvantage, the different underpinning structure of housing supply and provision in remote and regional/urban contexts suggests that in remote areas, housing disadvantage is likely to be of longer duration for individuals and families, and reflects the deeper structural impediments constraining the achievement of appropriate housing by households.

## The National Agreement on Closing the Gap

Notwithstanding the problematic framing of the housing target under the National Agreement on Closing the Gap, there are a number of other mechanisms in the Agreement that might potentially play a positive role in improving remote Indigenous housing outcomes. These include the effective implementation of the four priority reforms. In particular, under Priority Reforms One and Two, there are commitments to develop cross-jurisdictional partnerships involving joined up approaches to five priority policy areas, including housing (clause 38) plus sector strengthening plans to be developed in a number of sectors by 2022, including housing (clause 50). These are all potentially useful mechanism to fine-tune policy delivery mechanisms, but are unlikely to drive the step change reforms, and most importantly, the step changes in financial investment that are required to turn around the current levels of remote overcrowding. One positive development has been the December 2021 decision of the Joint Council to add an additional target on community infrastructure<sup>6</sup>:

**Target 9b:** *By 2031, all Aboriginal and Torres Strait Islander households:*

- i) within discrete Aboriginal or Torres Strait Islander communities receive essential services that meet or exceed the relevant jurisdictional standard;*
- ii) in or near to a town receive essential services that meet or exceed the same standard as applies generally within the town (including if the household might be classified for other purposes as a part of a discrete settlement such as a 'town camp' or 'town based reserve').*

<sup>5</sup> Data limitations make the magnitude of the projected remote/urban split in 2031 unclear. If the 2016 figure for the Northern Territory of 38.4% in appropriate housing is applied to all remote regions, then in 2016, the number of remote Indigenous citizens **not** in appropriate housing was 87 055. The submission provided to the Productivity Commission incorrectly equated the figure of 125 000 with one-quarter of a million people; the incorrect statement has been removed.

<sup>6</sup> This target is yet to be endorsed formally by all jurisdictions; see the communique of the Joint Council at <https://www.closingthegap.gov.au/sites/default/files/2021-12/joint-council-communique-3-december-2021.pdf>

The bottom line is that while these processes are positive, they provide no assurance that governments at any level will allocate the funds required to address the extreme levels of overcrowding in remote Australia. The Implementation plans required by the National Agreement on Closing the Gap published to date have been underwhelming. Here is not the place for a critical assessment; my provisional views justifying that pessimistic conclusion in relation to the Commonwealth's first Implementation Plan were published on my blog (Dillon, 2021b).

This then is the Indigenous housing base upon which policymakers must decide how to revise and/or improve the NHHA in the lead up to its 2023 renewal.

## The interplay of housing and other policy domains

Housing is not a standalone policy sector, and impacts on other policy domains in complex ways. This is particularly the case for Indigenous citizens in remote regions. Set out below is a brief listing of a number of policy issues that affect, or are affected by, the quality of remote housing outcomes. Poor quality housing outcomes clearly have knock-on impacts across a wide range of broader government policy objectives, and also have implications for the quality of life of remote indigenous communities and citizens. While the achievement of Indigenous wellbeing and or aspirations on the one hand, and the existence of severe disadvantage on the other, are both affected by the quality of housing options and outcomes, it is clear that housing is not the only factor in play. Nevertheless, since secure accommodation is such a basic human need, it seems safe to assume that the quality of housing plays a significant role on both sides of the aspiration/disadvantage equation. For governments interested in improving outcomes in areas such as employment, education, and health, or less tangible (but very important) objectives such as language and cultural resilience and community wellbeing, improving housing outcomes is an easy first step. It does require funding, but in addition to the direct benefits (improved housing) the dollars invested clearly have intangible pay-offs (positive externalities) such as safer and healthier environments and reduced risk of domestic violence. Importantly, the beneficiaries of reduced overcrowding are not just the residents of new housing, but also the residents of existing housing who now live in less crowded circumstances.

None of what is laid out in the previous paragraph is new or unknown to policymakers. Yet it bears restating given the extraordinary short-sightedness of policymakers in allowing extreme housing disadvantage to continue, and in laying the foundations for increased overcrowding, in remote Indigenous communities.

There are, however, three newer and less widely appreciated systemic threats related to the remote housing system, two of which potentially impact the adequacy of housing outcomes in remote Australia, and the third which emanates from poor housing to contribute to ongoing disadvantage. Each of these threats demand attention, as they potentially increase the likelihood of regressive social policy outcomes going forward.

**First**, it is clear that climate change is likely to exacerbate the challenges of ensuring uniformly appropriate housing outcomes across remote Australia. There are at least two drivers. One is that the rise in global temperatures, and in particular, exposure to temperature extremes, is likely to place extraordinary strain on the physical adequacy of existing housing assets and their supporting infrastructure. The lack of effective air-conditioning will be an essential element in the provision of safe accommodation in the hottest months, and its absence will be akin to a work safety issue that landlords (i.e. government housing authorities and community housing providers) will be obliged to provide. In turn, air-conditioning will impose increasing pressure on energy infrastructure in remote communities, and will also add to the economic and financial pressure on households. A recent academic paper in the journal *NatureEnergy* highlighted the risks to health caused by the extraordinary levels of power disconnections in remote communities in the Northern Territory in recent years (Dillon, 2022; Longden et al., 2021). It is an extraordinary indictment on the existing housing system when researchers

document over 170 000 power disconnections, including over 14 000 multi-day disconnections across 3300 households in 28 remote Northern Territory communities over an 18-month period. A second driver of climate-induced regressive housing outcomes is the increasing variability and severity of extreme weather events (floods, sea level rises, intense rain events, longer fire seasons) which threaten existing housing assets and supporting infrastructure.<sup>7</sup>

**Second** is the synergised threat posed by the risk of severe viruses and pandemics such as Covid-19, SARS and even the flu, when combined with the obvious increased health risks of overcrowding. In particular, in the context of pandemics such as Covid-19, the increased risk of transmission in overcrowded housing is obvious. When combined with the possibility of further Covid-19 variants of unknown severity, and/or the high probability of future pandemics, the case for addressing extreme overcrowding becomes overwhelming. While I don't have the expertise to assess complex health risks (both current and future), there is a large literature that links the severity of the risks arising from pandemics such as Covid-19 to economic and social vulnerabilities linked to extreme disadvantage, and in particular, to high levels of comorbidity. This factor alone justifies focusing available financial and technical resources on improving housing outcomes in the most overcrowded and most disadvantaged areas of the nation.

**Third** is the threat to social cohesion arising from the loss of trust by disadvantaged communities in governments generally and in particular in representative democracy. Loss of trust in government is widespread across the globe, and clearly has complex causes (Quilter-Pinner et al., 2021). But one obvious cause is what might be termed state failure, when governments are seemingly unable or unwilling to address obviously severe problems. Sub-optimal housing provision across remote Australia, both in terms of housing shortages and the quality of existing housing, is a clear example of ongoing state failure. A second example is the interplay between lack of adequate housing related to people living with a disability and the current high costs of delivering the National Disability Insurance Scheme (NDIS) in remote areas. This is reflected in inadequate and/or poor housing design to cater for the special needs of the disproportionate numbers of Indigenous people living with a disability in remote Australia and the lack of inadequate infrastructure which leaves them reliant at best on irregular and expensive 'fly in/fly out' services (Lindop & Massey, 2017, pp. 9–10).

While mainstream trust in government appears to have risen considerably over the course of the pandemic (Goldfinch et al., 2021), it is far from clear that this will continue as the pandemic recedes, and nor is it clear that it is the case amongst remote communities. The longer-term trend pre-pandemic was for significant reductions across the board in trust in governments (ANU Newsroom, 2019; Cameron & McAllister, 2019, p. 99), and this appears to be the case in remote communities also given the extremely low levels of electoral engagement (Dillon, 2020b). The failure of governments to ensure adequate and non-crowded housing provision in remote communities is clearly one key contributor to the ongoing levels of distrust and disaffection with government across remote Australia, and a factor contributing to the progressive population drift from remote communities into regional towns and beyond<sup>8</sup>. How this might play out into the future is unknown and open to differing interpretations as to its significance. It seems likely, however, that generalised distrust in government may lead vulnerable individuals to avoid accessing services such as police assistance and child support, and contribute to internal pressures in communities that add to social and economic disruption.

## Conclusions

This submission sets out two broad sets of arguments in favour of much greater policy focus on remote Indigenous housing going forward. **First**, if policymakers simply choose to assess the policy options through the

<sup>7</sup> See <https://www.climatechangeinaustralia.gov.au/en/changing-climate/state-climate-statements/northern-territory/> for a summary of potential impacts of climate change in the Northern Territory over coming decades.

<sup>8</sup> For example, see Hinkson (2021) for an excoriating account of the life experience over recent years of a Warlpiri woman from Yuendumu, where a substantial number of community members have departed, many to Adelaide, as a result of unresolved community conflicts.



level of need, it is clear where the needs lie. While Indigenous Australians across the board are subject to greater housing disadvantage than mainstream citizens, it is absolutely clear that remote communities and their residents are far and away subjected to the most extreme housing disadvantage in the nation. Moreover, the housing issues in remote Australia are systemic and structural, involve deep seated market failures, and this leads to substantial under-provision of housing (and its associated support infrastructure), and the likelihood of housing disadvantage enduring over longer periods than may be the case for other citizens facing poor housing outcomes. **Second**, it is argued that the wider negative consequences of poor housing provision, and the leveraged and widespread benefits of improving housing outcomes in remote Australia make the case for doing so overwhelming.

The submission makes two related ancillary points. First, the policy framework implicitly established by the national housing target within the National Agreement on Closing the Gap is inadequate for making real progress on the most disadvantaged areas of housing need, and may indeed provide a rationale for maintaining the structural discrimination that created the existing egregious outcomes in remote housing. In effect, the aggregated target is too soft, as it will require virtually no additional government effort to be met, yet will leave the most disadvantaged Indigenous citizens effectively unhoused, with all that entails. The second point is that governments must allocate additional financial investment if they are to effectively address ongoing remote housing needs. This can come from either additional/new funding, or the reallocation of funding from some existing priority. **A failure to invest in remote housing will signal a fundamental lack of commitment by governments to addressing the housing needs of remote Indigenous citizens.**

At its core, the NHHA establishes an important policy framework for fiscal transfers from the Commonwealth to the states and territories in support of national housing objectives. In return, it becomes a vehicle through which the Commonwealth can impose conditions on the use of the funds made available, and thus shape the national policy framework. Accordingly, it is important that the NHHA aligns with national housing objectives. However it would be a mistake to assume that the NHHA represents the entirety of the national housing policy framework. Clearly states and territories have some capacity to determine and implement their own priorities, particularly as they have the primary role in implementation. But of greater importance is the fact that the housing system is itself complex and more extensive than the social/community housing sector supported by the NHHA, and indeed the wider housing system is itself part of an even more extensive institutional framework.<sup>9</sup> The point here is that it would be a mistake to seek to review or evaluate the NHHA independently of these wider institutional frameworks which shape outcomes on the ground. Or, to make the same point more positively, the potential of the NHHA to contribute to better national housing outcomes may well require it to engage, coordinate and complement other (adjacent) housing institutional spaces.

The next part of this submission sets out a series of recommendations related to Indigenous housing policy, and primarily remote Indigenous housing policy, within the context of Commonwealth/state national housing policy, that flow from the analysis above, and that are not strictly limited to the narrow confines of the current NHHA.

## Recommendations

While I note that the Treasurer's Terms of Reference are explicitly framed to focus the review upon how best to direct and target the available funding, it needs to be stated in the clearest terms that the levels of housing under-provision and overcrowding in remote Australia are such that **additional funding is necessary if the existing and worsening levels of housing disadvantage are to be halted** and reversed. In this context, it needs to be acknowledged up-front that the Commonwealth unilaterally decided in 2018 to cease NPARIH, in

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<sup>9</sup> That more extensive institutional framework includes the interplay between the housing sector and the economy, the tax system, the social security and pension system, and the health system, as well as the operation of federal political and economic institutions.

effect cutting annual funding of \$550 million<sup>10</sup> from remote housing. While Indigenous levels of housing disadvantage in remote Australia are clearly severe, there is little point in addressing this policy challenge by shifting the disadvantage elsewhere, in particular, to mainstream and/or Indigenous urban and regional homeless and social housing residents (existing and putative). In other words, the recommendations below should not be interpreted in any way as an argument for less resources for disadvantaged citizens in urban and regional Australia.<sup>11</sup>

## 1. Re-establish a new National Remote Indigenous Housing program

The preferred approach would be to establish a new national agreement to reflect the particular circumstances and needs of remote Indigenous communities. Such an agreement might encompass a range of program designs and approaches, including through the support of community housing models rather than public housing.

A particular reason for preferring a separate national program and agreement is that the commonalities in the circumstances of remote housing needs and aspirations across jurisdictions are extremely strong. Yet in jurisdictions such as Queensland and South Australia, and Western Australia, the needs of remote communities are effectively overwhelmed by the pre-existing policy and program frameworks built around mainstream provision. It is only in the Northern Territory that the size of the Indigenous housing sector is such that it is not entirely submerged by the mainstream social housing policy framework. Further, there is a need for housing policy frameworks to be co-designed and ultimately co-delivered by standalone Indigenous controlled housing entities, and this is more likely to be acceptable and feasible within a standalone policy framework.

A second and extremely important reason for a standalone program is that the links to ensuring the effectiveness (or even existence) of supporting infrastructure are crucial in remote contexts and much more salient than in mainstream social housing provision. NPARIH did much more than build and renovate houses, and this need is of continuing relevance. Such a policy objective is likely to only obtain the necessary traction within a standalone remote program.

## 2. Amend the NHHA to provide for remote housing investment

An alternative to recommendation one, and very much a second-best approach, would be for the NHHA to be amended to allocate the states and territories an explicit dollar amount based on what would be required to meet the Closing the Gap housing target in each relevant remote region within 10 years. This would leave implementation to each state.

## 3. Renovations and repairs and maintenance

It needs to be borne in mind that reducing overcrowding is not a static objective, but is a dynamic process that requires both regular repairs and maintenance to be undertaken, and from time to time major upgrades and renovations. Housing asset lifespans in remote Australia are much shorter than in the mainstream housing system, and regular repairs and maintenance will extend assets lifespans considerably. This requires specific funding to be allocated and locked in. In turn, this suggests that attention needs to be given to the governance arrangements oversighting the management of the overall housing asset portfolio in each region/jurisdiction. If the Commonwealth adopts recommendation two above, it should ensure that it undertakes a proactive

<sup>10</sup> \$550 million in 2007 dollars equates to approximately \$730 million in 2022 dollars.

<sup>11</sup> Subsequent to submitting this submission to the Productivity Commission, I have become aware of Stefanie Puszka's work on the urban housing needs of remote citizens required to move to urban settings for medical care for chronic health conditions (Puszka 2019, 2020).

regulatory oversight of the remote program to ensure that adequate maintenance and upgrades are occurring within each jurisdiction.

#### **4. Publication of national aggregates of funding for capital and recurrent expenditures on remote housing**

To improve transparency and accountability, national aggregates of funding allocated for capital and recurrent expenditures on remote Indigenous housing should be compiled and published by the Commonwealth each year. This data should be disaggregated by jurisdiction and region. Leaving the responsibility for publishing funding to each state and territory is a recipe for confusion, non-comparability, and ultimately evasion of responsibility. National objectives require national oversight.

#### **5. Activate the North Australia Infrastructure Facility**

The North Australia Infrastructure Facility (NAIF) is the Commonwealth's signature funding mechanism directed to strengthening the economic and social development of northern Australia. Unfortunately, it has been focused on a narrow range of development opportunities, and has demonstrably failed in achieving its objectives, not least in supporting Indigenous related infrastructure development.<sup>12</sup> The Commission should recommend that the NAIF Mandate and/or legislation be amended to 'activate' the Facility to enable and encourage it to invest in the expansion and upgrading of community housing and associated infrastructure across northern Australia. Since 2019, Infrastructure Australia has listed Indigenous overcrowding as an infrastructure priority, but of course, the listing of these 'priorities' has only an extremely tenuous link to government funding decisions. An alternative to utilising an 'activated' NAIF would be to transfer (say) \$1 billion from NAIF's \$7 billion allocation (of which only around \$3.2 billion has been committed) to the National Housing Finance and Investment Corporation tied explicitly to investment in remote Indigenous housing and community infrastructure.

#### **6. Assessing the remote housing shortfall and required funding**

The Commission review should recommend that an independent review be established to estimate the shortfall in remote housing assets over the coming two decades and to estimate the cost of addressing the shortfall.<sup>13</sup> One of the reasons for poor policy outcomes in relation to remote Indigenous housing is that governments are reluctant to be transparent about the quantum of the existing and projected shortfalls, and the direct and indirect costs of addressing those shortfalls in a timely way. An independent review would at least provide a baseline for rational policy analysis to emerge.

In the absence of such an independent review, it seems reasonable to suggest that at the very least, the Government should replace the funding cut from NPARIH going forward, which suggests an annual funding allocation of around \$700 million for remote housing. Anything less will certainly be inadequate in terms of addressing outstanding needs within a timely period.

Related to better understanding of the remote housing shortfall is more disaggregated data for Indigenous housing, as identified in the Productivity Commission's (2021a) Information Repository. The Commission notes in its commentary on the target that additional disaggregation is required for future reporting in relation to remoteness areas and other small geographic areas (where available); socioeconomic status of the locality; disability status; gender; age group; overcrowding status (1, 2, 3, 4 or more additional bedrooms required);

<sup>12</sup> See Dillon (2020a) for elaboration on these points.

<sup>13</sup> The 2017 Evaluation of the NPARIH program failed to adequately estimate the existing or projected shortfall, instead deciding upon an arbitrary level of acceptable overcrowding, and retrofitting the assessed need to that arbitrary figure. See Dillon (2017) for a detailed critique of the evaluation.

and tenure type. I would encourage the Commission to expedite its efforts to incorporate this data in its annual updates.

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