

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE AUSTRALIAN GOVERNMENT  
AND THE NORTHERN TERRITORY GOVERNMENT  
INDIGENOUS HOUSING, ACCOMMODATION AND RELATED SERVICES  
SEPTEMBER 2007**

The parties to this Memorandum of Understanding agree to the following principles regarding the funding and delivery of Indigenous housing, accommodation and related services in the Northern Territory using funds provided under the Community Housing and Infrastructure Program (CHIP) and the Australian Remote Indigenous Accommodation (ARIA) Program from 2007-08 to 2010-11, inclusive:

1. The Australian Government and Northern Territory Government have the following shared understandings in relation to the application of \$793 million in CHIP and ARIA Program funding to the Northern Territory for the 2007-08; 2008-09; 2009-10 and 2010-11 financial years. Funding in later years under the ARIA Program will be subject to future decisions by the Australian Government, noting that ARIA is classified as an ongoing program.
2. Included within the total funding of \$793 million is \$279.2 million in existing commitments comprising :

	(\$ million)
Strategic Intervention Agreement	93.5
Tennant Creek Town Camp Initiative	20
Existing NT Operational Plan (07-08)	44
NT Emergency Response	75.1
IBA Innovative Affordable Housing	18
Municipal and Infrastructure Services (07-08)	18.1
Fixing Houses for Better Health (07-08)	2.8
Bushlight Program (07-08)	5
Mains grid system	2
NAHS and CAT	0.7

3. Included within the total commitment of \$793 million is \$513.8 million in 'new' funds, which are notionally allocated to the following:

	(\$ million)
National Projects (e.g. FHBH, AACAP etc)	25
HOIL (excluding loan capital)	14.6
Municipal and Infrastructure Services	60
<b>New construction, repairs and upgrade</b> <i>(As determined by agreement, as set out below)</i>	<b>414.2</b>

4. In relation to the application of the \$414.2 million in new construction, repairs and upgrades, the following indicative costing assumptions are to be applied:

Minor repairs:	\$ 20,000 per house
Major upgrades:	\$ 63,000 per house
Replacement:	\$300,000 per house
Land servicing:	\$ 60,000-\$100,000 per house
New house:	\$300,000 plus land servicing

Note: Project management and administrative fees will apply in addition to these costing assumptions.

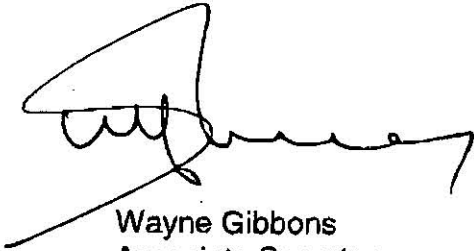
5. This offer of \$793 million is made on the basis that the Northern Territory Government will:
- take over responsibility for the delivery of services to outstations; and
  - take on responsibility for the provision of services to town camps.
6. The Australian Government will have no further responsibility for the delivery of Indigenous housing, municipal, essential and infrastructure services in the Northern Territory from 1 July 2008.
7. The Northern Territory Government and the Australian Government are committed to using competitive and open procurement processes for new housing, repairs and upgrades and associated works. The procurement process will be open to the national market and will have as a key outcome maximising the provision of Indigenous employment and training opportunities.
8. Consistent with this procurement process, a new contracting methodology based on a strategic alliance approach will be used to deliver the \$793 million in funds being offered by the Australian Government as well as the \$100 million in funds that has been announced by the Northern Territory Government for use in Indigenous housing. In addition to this, the new contracting methodology may be used to deliver Australian and Northern Territory Government funding for staff housing, safe houses and child-care facilities in remote Indigenous communities.
9. The Northern Territory Government has a strong preference for Australian Government funding to be provided to Territory Housing, which will be the purchaser of program manager services for application of the \$793 million in existing and new commitments. The Australian Government is prepared to support this proposal on the demonstration by the Northern Territory Government of its capacity to deliver through a performance-based contract with payments based on outcomes achieved. Both governments agree that the funding will facilitate the transition from Indigenous community-controlled housing to a public housing model.

10. The Australian Government will release the committed funds to the Northern Territory Government under the terms of a performance-based contract linked to the achievement of key performance indicators, measurable outcomes and project milestones.
11. A Joint Steering Committee will be established, involving senior Australian Government and Northern Territory Government officials, to discuss and resolve matters such as the program delivery strategy, and agree key deliverables such as number and cost of houses to be constructed, the cost and amount of repairs to be delivered and the number and cost of upgrades, and the Australian Government will make milestone payments on its assessment of the results delivered.
12. All program management fees associated with this memorandum of understanding will come from the funding envelope.
13. The performance-based contracts will be developed so that deliverables are in accordance with the principles agreed between the Australian and Northern Territory Governments in developing the Strategic Interventions initiatives and those outlined in the Northern Territory Government's Remote Housing Reform Framework titled 'A New Housing System for the Bush':
  - all new remote Indigenous housing will be publicly owned by Territory Housing;
  - leases will be able to be established over the properties;
  - existing housing will transfer to publicly owned Territory housing when it meets the remote public housing framework standard;
  - the Northern Territory *Residential Tenancies Act* (RTA) will apply to tenancy agreements and will govern the rights and responsibilities of both landlords and tenants;
  - best practice housing management approach covering tenancy management, property management and client support;
  - a strong government framework that embeds local regional housing advisory bodies;
  - strategic asset management, including planned maintenance, regular inspections and audits and appropriate urgent responses;
  - the application of an affordable rent structure;
  - independent, fair and equitable housing allocation policies that take account of local family structures and location needs;
  - priority waiting list for Indigenous community residents who are employed;
  - a strategic assets repairs and maintenance plan;
  - the ability for residents to move to home ownership; and
  - access to the Territory Housing Appeals Mechanism.

14. The Australian Government notes the Northern Territory Government's requirement, as outlined in the letter from the Chief Minister to the Prime Minister of 13 September, that the entire \$793 million commitment to addressing the backlog in Indigenous housing needs to be quarantined from the fiscal equalisation methodology of the Commonwealth Grants Commission (distribution of GST revenue).
15. There will be four 'levels' of community identified, being
  - Main urban centres (including town camps);
  - Larger/strategically placed growth communities;
  - The balance of the 73 emergency response communities; and
  - Other (around 500+ outstation communities).
16. Any formal agreement will need to specify the proposed housing and infrastructure activity for specific Indigenous communities. The Australian and Northern Territory Governments will work together to reach agreement on the classification of Indigenous communities in the Northern Territory into first, second and third order priorities (see below).
17. The Australian Government's position is that ARIA funding not yet committed be applied to the following priorities (and will seek to have these priorities reflected in funding agreements):
  - *First Order Priority:* main urban centres and larger/strategically placed growth communities – repairs and upgrades of existing stock to NT RTA standard and new housing to meet existing demand and future growth;
  - *Second Order Priority:* smaller communities – repairs and upgrades to acceptable standards. New housing on a case-by-case basis as negotiated and agreed (eg. Lease-purchase arrangements); and
  - *Third Order Priority:* Other communities (including outstations/homelands). These communities will have access to Housing on Indigenous Land (HOIL) program funds. No Australian Government funding will be provided to construct housing on outstations/homelands.
18. For the larger/strategically placed growth communities, the Australian Government will work to facilitate the establishment of Section 19A leases under the Commonwealth Aboriginal Land Rights Act (ALRA) and put in place 99 year leases.
19. For all communities, access to the ARIA funds for repairs and upgrades will be dependent on those communities agreeing to the transfer of their housing to publicly owned Territory Housing on the completion of the repairs and upgrades.

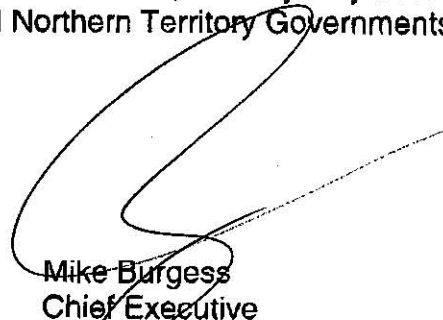
20. The Australian Government will require that \$50 million from the \$793 million be applied to work delivered through an Indigenous business entity proposed to be established by Indigenous Business Australia.
21. The Australian Government would expect the Northern Territory Government to make a contribution towards the cost of headworks and land servicing. A portion of the \$793 million may be used as a contribution towards the establishment of community 'headworks' (eg, connection to electricity grid; expansion of sewerage works; connection to centralised water supplies) where agreed between the parties.
22. The Northern Territory Government has an expectation that the 'landlord' in the 73 Emergency Response communities will make arrangements for an amount equivalent to local government rates to be remitted to Northern Territory local government for the provision of local government services associated with the Indigenous housing.
23. The Northern Territory Government advises that there will be ongoing costs for the management of Indigenous community housing that are currently met from funds provided under the Commonwealth State Housing Agreement (CSHA) through the Aboriginal Rental Housing Program (ARHP). Even with reasonable rents being paid by tenants, there will be a shortfall between the full operational costs of running the system and the rents being received. Consideration of the shortfall is an issue that can be taken up as part of future CSHA negotiations.
24. The Australian Government's position is that the \$793 million includes \$20 million in ongoing funding that, in the past, has been used by the Australian Government in outstations for funding municipal, essential and infrastructure services. The future use of this funding will be a matter for the Northern Territory Government on the understanding that the Northern Territory Government's acceptance of the \$793 million in funding offered by the Australian Government means that full responsibility for outstations now rests with the Northern Territory Government.
25. The Northern Territory Government is concerned that \$20 million is insufficient to fund adequate services to outstations and has raised the issue of other Australian Government funding currently supporting services, particularly through CDEP. The Australian Government is prepared to consider transferring funding for those real jobs supporting municipal services in outstations being established with the phasing out of CDEP in the NT. The Northern Territory Government remains concerned about unmet need for infrastructure in some outstations.

26. The Australian Government agrees to do nothing that expands the services requirement for outstations without the agreement of the Northern Territory Government.
27. There will be separate discussions with the Northern Territory Government, and potentially other providers, around Australian Government property management requirements as part of the implementation by the Australian Government of the Northern Territory Emergency Response.
28. Property management arrangements in regard to the 73 communities that the Australian Government will take responsibility for as the landlord under the Northern Territory Emergency Response will be funded from within the \$793 million in CHIP and ARIA funding.
29. Communications with Indigenous communities, and more generally with the Northern Territory public, about the new funding being offered under ARIA, the changed delivery arrangements and the priorities for the delivery of housing in different communities, will be jointly developed and delivered by the Australian and Northern Territory Governments.



Wayne Gibbons  
Associate Secretary  
Department of Families, Community  
Services and Indigenous Affairs

17 September 2007



Mike Burgess  
Chief Executive  
Department of Local Government,  
Housing and Sport

17 September 2007

