

Half of homes funds lost to administration

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HALF the funds set aside to construct and renovate houses in the remote Aboriginal community of Wadeye are going towards administration and company costs.

A leaked draft budget, prepared by the company contracted under the federal government's Strategic Indigenous Housing and Infrastructure Program to perform the work at Wadeye, allocates \$20.642 million for administrative and establishment costs.

According to the government's published budget for SIHIP, the Wadeye package, which consists of 105 new dwellings, 167 refurbishments and 28 rebuilds, will cost \$65.375m, putting the administration and establishment costs at 31.6 per cent of the total budget.

The Coalition's indigenous affairs spokesman, Nigel Scullion, said this was before the guaranteed profit for the company of up to 20 per cent that was written into the contract and the project management fees of 8 per cent were deducted from the program budget.

New Future Alliance was awarded the contract to perform the work at Wadeye. It is doing the refurbishments and rebuilds but has subcontracted most of the work on the new houses to Thamarrurr Development Corporation. Ninety out of the 105 houses planned for Wadeye are either completed or under construction.

The budget obtained by The Australian is a New Future Alliance budget.

It details the appointment of 14 supervisors and managers including one salary of \$894,700 for less than two years' work. There is provision for a vacation student to be paid \$25,500 for three months' work experience.

"SIHIP is intended to build or renovate houses for Aboriginal people and not to provide high-paid jobs and work experience for construction companies," Senator Scullion said.

"When you include the budget allocation of \$18,000 for tea and coffee for the managers and supervisors it is no longer a mystery as to why only one-bedroom houses and limited maintenance is all that can be delivered to the residents of Wadeye."

A spokeswoman for Acting Indigenous Affairs Minister Mark Arbib said the government disputed the interpretation of the costings.

"The budget for Wadeye includes costs which are an essential part of building houses," the spokeswoman said. "You cannot build a house without proper planning, or a workforce to deliver the project. This includes essentials such as project design and scoping, site cleaning and waste disposal, site management, compliance with building and planning regulations, transitional accommodation for residents whose houses are being replaced or refurbished, and the costs of establishing and operating camps for the workforce."

The spokeswoman said the site manager and other positions carried a high level of responsibility for managing a major construction project in a very remote location.

"Alliances are competing with the mining industry and other major construction projects to attract the right people to these jobs," she said.

"The employee costs include provision for annual leave, long-service leave, public holidays, payroll tax, workers compensation, superannuation and training. They are not simply the salary an employee receives. As with other employers, the total cost of the employee is greater than the salary in the wage packet."

SIHIP was announced in April 2008, but became bogged down soon after amid claims of poor administration and wastage.

After The Australian revealed the difficulties, Indigenous Affairs Minister Jenny Macklin ordered a review that led to administrative changes. SIHIP is one element of the National Partnership Agreement on Remote Indigenous Housing, which is delivering \$5.5 billion over 10 years to tackle the housing backlog in remote Australia.