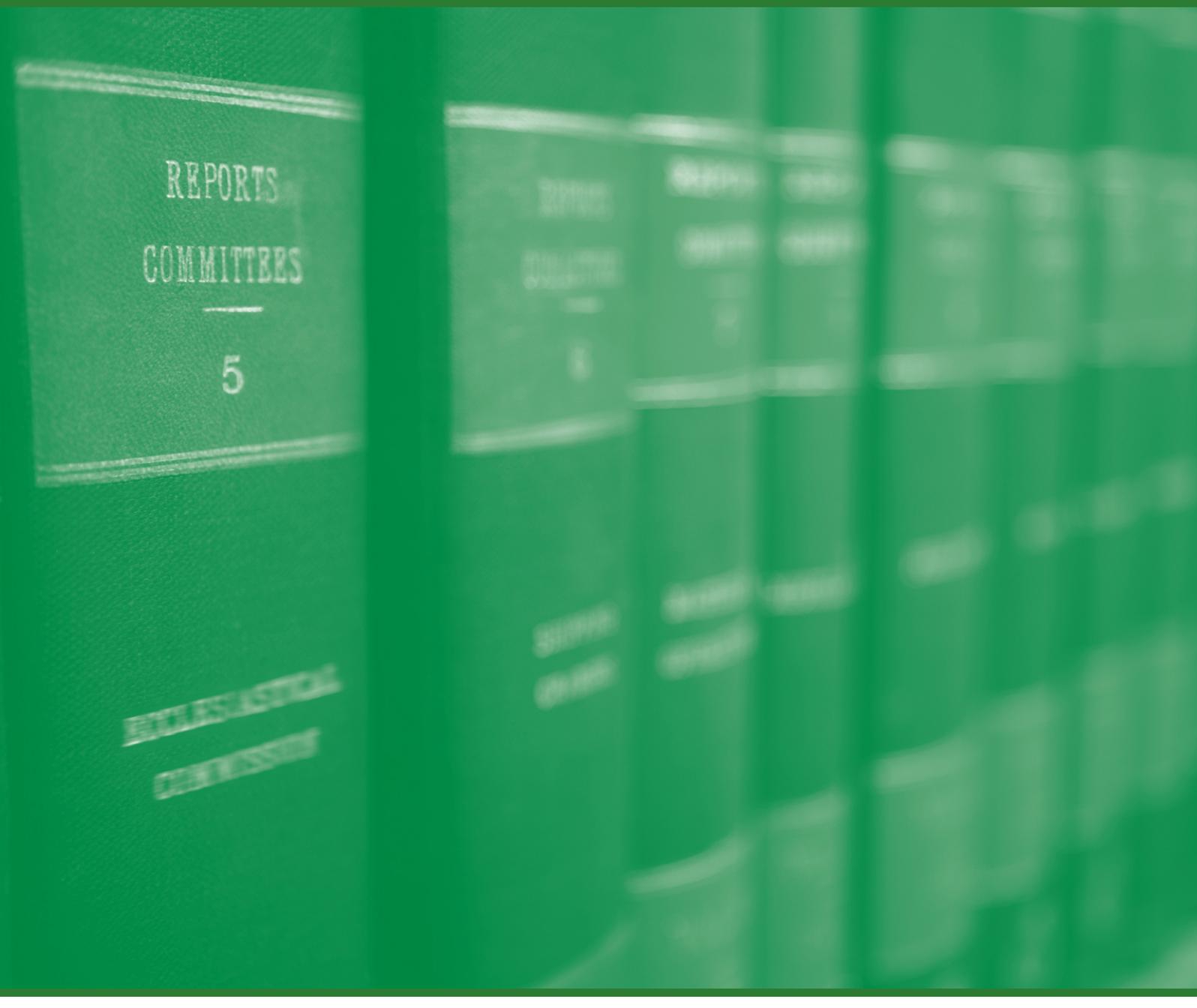




Public Accounts Committee

REPORT 3/56 – OCTOBER 2016

MANAGEMENT OF NSW PUBLIC HOUSING MAINTENANCE CONTRACTS



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The motto of the coat of arms for the state of New South Wales is "Orta recens quam pura nites". It is written in Latin and means "newly risen, how brightly you shine".

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Membership

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Terms of Reference

That the Committee inquire into and report on the management of public housing maintenance contracts in NSW, with particular reference to:

- a) The current repair status and physical condition of the public housing stock managed by Housing NSW;
- b) The costs of maintenance of the current public housing stock, variations in expenditure trends over the previous five years and projected expenditure for the next five years;
- c) The nature and administration of maintenance contracts, including private sector arrangements;
- d) Methodologies and processes for ensuring consistent public housing maintenance standards across NSW, including quality assurance, effectiveness, efficiency and contract supervision;
- e) Statutory obligations on tenants to take care of properties and report maintenance needs in a timely fashion;
- f) Measures to meet the special maintenance requirements of aged and disabled tenants;
- g) Any other related matters.

Chair's Foreword

Whereas public housing was initially established to accommodate low income working families after the Second World War, it has since evolved to become a safety net for vulnerable individuals and communities, including the elderly, people with a disability and those experiencing domestic violence.

As the public housing landlord, the NSW Government has a responsibility to ensure that tenants are provided with appropriate accommodation, ensuring personal health and safety. An essential element of safeguarding the quality of the housing stock is the provision of robust and effective maintenance, which is responsive to tenant needs and delivered appropriately by suitable contractors.

An important consideration when assessing the adequacy of public housing maintenance is the nature and administration of the contractual arrangements entered into between tenants, landlords and maintenance contractors. The Committee conducted this inquiry in response to expressed concerns about the current state of public housing maintenance in New South Wales.

The challenge of maintaining the quality of the public housing stock is not unique to New South Wales. The growing gap between the cost of maintenance and deriving rental income is an issue facing all Australian jurisdictions.

The Government has responded to calls for improved management of housing maintenance by developing a new strategy to reform the social housing system. This is known as Future Directions for Social Housing in NSW and has involved new contractual arrangements with maintenance service providers and the implementation of a new asset maintenance contract.

Due to the recent implementation of the new contract, which has not yet been evaluated, the Committee is not in a position to make an informed judgement about its effectiveness or efficiency in addressing the shortcomings identified with previous contractual arrangements. The Committee has, however, documented issues raised by tenants and advocacy groups and initial responses to the revised processes as they are being rolled out. There appear to be positive moves to improve administrative systems and delivery mechanisms to assist tenants and contractors.

The Committee has recommended that the Department of Family and Community Services delivers a progress report in twelve months time, documenting the operation of the new maintenance contract. The progress report should contain specific measures of performance against agreed targets, as well as client satisfaction ratings for the work undertaken. The report also recommends a series of additional measures to improve communication between the NSW Government, tenants and contractors and to improve the quality of maintenance.

Bruce Notley-Smith MP
Chair

List of Findings and Recommendations

- Recommendation 1** _____ 12
- The Committee recommends that the Department of Family and Community Services provides a progress report to the Committee 12 months after the Committee’s report is tabled, detailing progress on the new maintenance contracts. The progress report should contain specific measures of performance against agreed targets, as well as client satisfaction ratings for the work undertaken.
- Recommendation 2** _____ 16
- The Committee recommends that the Department of Family and Community Services implements new procedures to better inform tenants about how their Client Service Officer can assist them in seeking repairs to their home.
- Recommendation 3** _____ 16
- The Committee recommends that the Department of Family and Community Services reviews the protocols introduced with the new maintenance contract, designed to ensure effective communication between Housing NSW staff and LAHC staff twelve months after implementation, to ensure that the protocols are working effectively.
- Recommendation 4** _____ 19
- The Committee recommends that the Department of Family and Community Services reviews the complaints handling process after 12 months of operation and reports its findings to the Committee as part of the progress report called for in Recommendation 1.
- Recommendation 5** _____ 24
- The Committee recommends that the Department of Family and Community Services includes an assessment of the operation of the codes of conduct for contractors and complaints mechanisms in relation to contractor behaviour as part of the twelve month review of the new maintenance contract progress report to the Committee.
- Recommendation 6** _____ 24
- The Committee recommends that the Department of Family and Community Services ensures that consistent and mandatory codes of conduct for contractors are implemented across the public housing and community housing sectors.
- Recommendation 7** _____ 40
- The Committee recommends that the Department of Family and Community Services monitors, evaluates and reports on the success of the new system in addressing maintenance difficulties experienced by tenants with disability, as part of the progress report recommended earlier in the report.
- Recommendation 8** _____ 42
- The Committee recommends that the Department of Family and Community Services examines the current funding formula for maintenance and modifications of housing stock with a view to funding modifications separately, thereby improving service delivery arrangements for tenants with a disability.

Recommendation 9 _____ **44**

The Committee recommends that the Department of Family and Community Services includes in its progress report to the Committee the results of the Council of Australian Governments' examination of the impact of the National Disability Insurance Scheme arrangements on the social housing sector.

Recommendation 10 _____ **45**

The Committee recommends that the Department of Family and Community Services provides an update on the transfer of property management to community housing providers in the progress report to the Committee on the new maintenance contract arrangements.

Glossary

AMS	Asset Maintenance Services Contract
COAG	The Council of Australian Governments
Cr	Councillor
DFS	Department of Finance and Services
DHFWG	The Disability Housing Futures Working Group
FACS	Department of Family and Community Services
HAPN	Housing Action Plan Now!
HCC	Housing Contact Centre
HNSW	Housing NSW
LAHC	Land and Housing Corporation
MRF	Maintenance Request Follow ups
NCAT	NSW Civil and Administrative Tribunal
NDIS	National Disability Insurance Scheme
NDS	National Disability Service
PAC	Public Accounts Committee
PAS	Property Assessment Surveys
RFI	Request for Information
RLC	Redfern Legal Centre
TOR	Terms of Reference

Chapter One – Origins of inquiry

- 1.1 The Public Accounts Committee, in accordance with section 57 of the *Public Finance and Audit Act 1983*, has an ongoing role in scrutinising and responding to reports tabled by the NSW Auditor General. As part of its functions, the Committee can report on any matters connected with those reports which it considers should be brought to the attention of the Legislative Assembly.
- 1.2 The Auditor General's performance audit, *Making the best use of public housing*, tabled in July 2013, examined the capacity of relevant New South Wales government agencies to meet changing public housing needs. The overall conclusion was that there was an increasing shortfall between the supply of and demand for public housing in the State, with no clear direction for management.
- 1.3 The Auditor-General's 2013 report provided the then Public Accounts Committee with a base line for considering tenancy management more closely within an overall framework for achieving a sustainable social housing sector. As a result, the Committee conducted its own Inquiry into Tenancy Management in Social Housing and tabled a report in November 2014.
- 1.4 The consensus view of stakeholders to the Committee's 2014 inquiry was that performance measurement and reporting on social housing was unreliable and inadequate. The Committee concluded that the Auditor-General's eight recommendations should be seen as the basis for achieving a sustainable public housing sector in NSW and, by extension, sustainable social housing into the future.
- 1.5 The Committee also made its own recommendations to bolster housing provision and management, with a total of 18 recommendations in its final report. The main message in the report was the necessity for appropriate performance management data, in order to make appropriate future resource allocation decisions for the social housing sector.
- 1.6 The Committee identified several areas where improvements could be made or where more information would assist with improved social housing provision. These included further investigations in key areas such as the operation of the National Disability Insurance Scheme, complaints and appeals handling, tenant self-management and home purchase schemes, staffing practices, unmet demand and meeting the needs of people who have not been allocated social housing.¹

GOVERNMENT RESPONSE TO THE AUDITOR-GENERAL'S PERFORMANCE AUDIT AND THE COMMITTEE'S REPORT

- 1.7 Following the Auditor General's report and the subsequent PAC report, a new strategy to reform the social housing system was developed by the NSW

¹ Public Accounts Committee, *Tenancy Management in Social Housing*, report 20/55, Parliament of New South Wales, November 2014, ppvii-viii.

Government. This is known as *Future Directions for Social Housing in NSW (Future Directions)*.

- 1.8 According to the Department of Family and Community Services, the preparation and implementation of *Future Directions* represented a major co-ordinated response to the recommendations of the NSW Auditor General's 2013 *Making the best use of public housing* performance audit and the subsequent Public Accounts Committee recommendations.²
- 1.9 *Future Directions* sets out the NSW Government's vision for social housing for the next 10 years. It aims to drive better outcomes for tenants, including helping those who are able to transition out of social housing.³
- 1.10 The *Future Directions* policy also provides the framework for entering into new contractual arrangements with maintenance service providers and the implementation of a new contract, referred to as the Asset Maintenance Services Contract (AMS). The new approach seeks to:
- Improve the tenant experience and tenant satisfaction
 - Achieve better contractor performance and value for money
 - Implement better maintenance services.⁴
- 1.11 The strategy underpinning *Future Directions* is being implemented within the legislative requirements of the *Residential Tenancies Act*, which govern the administration of public housing in NSW. The relevant provisions are set out below.

Legislative framework for repairs and maintenance of tenanted properties – Residential Tenancies Act

- 1.12 The *Residential Tenancies Act 2010* (NSW) provides the legislative basis under which repairs and maintenance of tenanted properties are carried out. Within this regime, a tenant is subject to the following obligations:
- keeping the premises in a reasonable state of cleanliness, and refraining from causing negligent or intentional damage
 - reporting any damage to the landlord as soon as practicable
 - leaving the premises in much the same condition it was in at the beginning when vacating at the end of the tenancy (s51).
- 1.13 Under section 61 of the Act, a landlord is obliged to provide and maintain the property in a reasonable state of repair, even if the tenant knew of a need of repair when they moved in. While section 61 does not confer an obligation on the landlord to repair damage caused by the tenant's negligence or intent, the

² Submission 10, Family and Community Services, p15.

³ Submission 10, Family and Community Services, p12.

⁴ Submission 10, Family and Community Services, p22.

landlord's obligation to repair and maintain is subject to regard for the age of, rent payable for, and prospective life of the premises.⁵

Changing context for inquiry

- 1.14 The Committee resolved to examine how this new social housing strategy will address previously defined inefficiencies and to assess the impact of new contractual arrangements for public housing maintenance on tenants, contractors and housing providers.
- 1.15 The inquiry was conducted against the background that major social and population shifts have added to the complexity of providing and maintaining adequate housing to meet current and future needs and expectations.
- 1.16 As originally established, the NSW social housing system was designed to accommodate low income working families after the Second World War. Today it has become a safety net for vulnerable individuals and communities, including the elderly, people with a disability and those experiencing domestic violence.
- 1.17 The formula for charging rent in public accommodation premises is based on charging a percentage of household income. Due to the limited earning capacity of many tenants, most can only afford to pay rent if it is significantly subsidised by the Government.⁶
- 1.18 Public housing rental income is further reduced by a demographic trend to single-person households. A single-person householder pays less rent than a couple or family, thereby resulting in a growing gap between the cost of operating and maintaining the public housing stock and the level of rental income received.⁷
- 1.19 A further consideration for housing provision and maintenance is the growing cost of managing the ageing social housing stock. The average age of a social housing dwelling is now 37 years, with 20% of existing dwellings being constructed over 50 years ago.⁸
- 1.20 These combined demographic and structural forces require creative solutions to steer public housing policy into the future.

Conduct of inquiry

- 1.21 An important consideration when assessing the adequacy of public housing maintenance is the nature and administration of the contractual arrangements entered into between tenants, landlords and maintenance contractors. The Committee conducted this inquiry in response to expressed concerns about the current state of public housing in New South Wales.
- 1.22 As part of the inquiry, it was decided to examine progress in tackling this major policy issue with appropriate strategies and to establish the extent to which the

⁵ Submission 18, Tenants' Union of NSW, p15.

⁶ Submission 10, Family and Community Services, p2.

⁷ Submission 10, Family and Community Services, p2.

⁸ Submission 10, Family and Community Services, p2.

Government's *Future Directions* approach was meeting the challenges identified in previous reviews. The Committee's terms of reference are detailed on page iv.

- 1.23 The Committee announced its inquiry on 3 December 2015, emphasising the need to establish the extent to which costs and procedures of maintaining public housing stock ensure that a high standard of work is carried out and contracts are sufficiently scrutinised. As well as advertising the inquiry in the media and on its website, the Committee also wrote individually to major stakeholders, inviting submissions by 5 February 2016.
- 1.24 The Committee received 20 submissions, from representatives of the community and private housing sectors, community advocates including advocates for tenants and vulnerable people, employee advocates, local government, Members of Parliament, NSW Government agencies, and individual tenants and employees.
- 1.25 A list of submissions is included at Appendix One and the full submissions are published on the Committee's website:
<https://www.parliament.nsw.gov.au/publicaccounts>
- 1.26 In order to further test the information in submissions and to gather additional background for the inquiry, the Committee conducted a public hearing at Parliament House on 9 May 2016. Twelve witnesses, representing housing providers and advocates and a private individual provided evidence to the inquiry.
- 1.27 A list of witnesses who appeared at the public hearings is included at Appendix Two. The transcripts of evidence given at the public hearings are published on the Committee's website.

Chapter Two – Current Public Housing Maintenance Management

- 2.1 In this Chapter, the Committee considers the management of maintenance and repair of public housing stock by the Department of Family and Community Services (FACS). This includes: tenant experiences of seeking repairs and maintenance for their homes; issues relating to maintenance contractors; and quality assurance processes for repair and maintenance work.
- 2.2 A new public housing maintenance contract was introduced by FACS in April 2016. While it was too early for inquiry participants to provide detailed comment or analysis of the new contract, information provided by FACS is included to explain how the new maintenance contract was intended to remedy housing maintenance management shortcomings identified in the past.

FAMILY AND COMMUNITY SERVICES MANAGEMENT OF REPAIRS AND MAINTENANCE

- 2.3 The NSW Department of Family and Community Services is responsible for providing housing solutions for people in need in New South Wales, within a public housing portfolio of approximately 130,000 properties valued at over \$35 billion.⁹ Under the Residential Tenancies Act, FACS, as public housing landlord, has a statutory obligation to maintain a tenant's home in a reasonable state of repair, having regard to the age of, rent payable for and prospective life of the home.
- 2.4 The Department faces a number of challenges in managing the condition of its public housing properties including: the increasing age of the public housing system's stock, with 20% of assets over 50 years old; the changing socio-economic profile of tenants, which has resulted in reduced rental income in recent years; and the greater cost of modifying dwellings to address higher levels of disability among people living in public housing.¹⁰
- 2.5 Maintaining the 130,000 properties in its portfolio is an enormous task. The Committee understands that FACS receives more than 500,000 requests per year for maintenance work, representing an average of more than four requests per year for each public housing dwelling.¹¹

Tenancy and asset management functions

- 2.6 Two separate agencies within FACS manage public housing needs. Housing NSW provides tenancy management services for public housing tenants, while the Land and Housing Corporation (LAHC) owns and manages the public housing portfolio, acting as landlord to public housing tenants. The Corporation also

⁹ Family and Community Services, viewed June 2016, http://www.facs.nsw.gov.au/about_us/land_and_housing_corporation.

¹⁰ Submission 10, Family and Community Services, p18.

¹¹ Submission 17, Greens NSW, p5.

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provides asset procurement and maintenance services for the Aboriginal Housing Office.

2.7 Prior to 2011, Housing NSW and LAHC were not separate entities. This changed in 2011, when LAHC was transferred from FACS to the Department of Finance and Services (DFS). Whereas LAHC was transferred from DFS back to FACS in August 2013, LAHC and Housing NSW remain as separate agencies within FACS.¹²

2.8 The Committee heard from inquiry participants that separation of the two agencies had led to communication barriers for both tenants and FACS staff, to the detriment of effective maintenance of public housing properties. For example, Mr Ross Smith, a long term resident and precinct representative of Waterloo Public Housing Estate, submitted that:

The increasing divide between Housing NSW, the tenancy manager, and NSW Lands and Housing Corporation, the property owner, is leading to maintenance work not being done in a timely cost effective manner. It is also damaging the tenant/landlord relationship with the resultant denial of benefits that flow from a functional relationship.¹³

2.9 Counterpoint Community Services, a community support service within the Redfern and Waterloo area, considers that the split between Housing NSW and LAHC has 'allowed for the shifting of responsibility and blame culture ensuing which in turn causes greater frustrations for both the government staff and residents.'¹⁴

2.10 Redfern Legal Centre submitted that the separation between the two agencies was inefficient and created difficulties in coordinating repairs:

Tenants are affected by this split when attempting to get repairs done on their properties. The structure leads to difficulty in communicating and coordinating repairs for tenants. Tenants ultimately deal with HNSW and therefore they rely on good communication between the two entities.

... The division is not only difficult for tenants, it is also difficult for housing managers and is inefficient. It results in unnecessary Tribunal appearances and preparation for LAHC and HNSW, increased administration and increased inter-agency communication.¹⁵

2.11 Community housing providers consider that tenancy management and asset management are 'inextricably linked' and close alignment of the two is essential to ensure tenant satisfaction and good property condition. The NSW Federation of Housing Associations informed the Committee that in community housing 'the technical officer works in the same team as the tenant relations officer and there is no gap.'¹⁶

¹² Public Accounts Committee, *Tenancy Management in Social Housing*, report 20/55, Parliament of New South Wales, November 2014, p5.

¹³ Submission 6, Mr Ross Smith, p5.

¹⁴ Submission 5, Counterpoint Community Services Inc, p5.

¹⁵ Submission 19, Redfern Legal Centre, p12.

¹⁶ Mr Donald Proctor, Transcript of evidence, 9 May 2016, p23.

- 2.12 At the public hearing held as part of the inquiry, Redfern Legal Centre commented that the separation between Housing NSW and LAHC needed to be addressed 'urgently':

Often the local Housing workers send tenants to us to help them apply to the tribunal to get repairs done because FACS workers are also frustrated. The communication between FACS Housing and the Land and Housing Corporation remains a systemic and structural issue that needs to be addressed urgently in this new system.¹⁷

- 2.13 The Department of Family and Community Services countered this claim by stating that the problems which were created by separating tenancy management and asset management functions have been addressed by the new maintenance contract:

The Land and Housing Corporation is back in FACS. It is true that there was a period of time when we were in two separate departments. That made communication a little more difficult. But we are now back into the same office and the same single stream of management under the secretary. Under this new contract there are very clear arrangements between the tenancy management staff and the asset staff. We have trained all our staff with a particular protocol about who they go to: If you are a client service officer and you get a dissatisfied tenant, who do you go to on the asset side to resolve that? Since the new contract we have actually got a clearer method of communication between the two.¹⁸

Committee comment

- 2.14 The Committee supports the integration of the tenancy and asset management functions within FACS as a single stream of administration, with the same departmental secretary.

ADEQUACY OF MAINTENANCE AND REPAIRS

- 2.15 While LAHC schedules the upkeep of its properties through a combination of planned works and responsive maintenance, the majority of tenant maintenance requests are addressed by planned works. Planned works allow FACS to utilise economies of scale when undertaking projects such as the refurbishment of kitchens, security upgrades or roof replacements. However, repair matters that could impact on the health and safety of tenants are responded to between four hours and up to 20 days.¹⁹

- 2.16 The Committee has received evidence it can take much longer than 20 days, if at all, for tenants to receive responsive repairs on their homes and that planned maintenance programs are inadequate. The Committee has also heard that inadequate maintenance has led to work, health and safety issues for tenants. These concerns are examined in the following section.

¹⁷ Ms Jacqui Swinburne, Transcript of evidence, 9 May 2016, p10.

¹⁸ Mr Paul Vevers, Transcript of evidence, 9 May 2016, p39.

¹⁹ Submission 10, Family and Community Services, p17.

Planned works and responsive maintenance

- 2.17 LAHC's program for planned works is informed by the results of Property Assessment Surveys. Since 2012, every (accessible) public housing property has been the subject of a Property Assessment Survey. The surveys have enabled LAHC to monitor the condition of their housing stock, identify the future use of each home, the likely timeframe for renewal, prioritise maintenance improvements and plan work programs for current and future maintenance.²⁰
- 2.18 Following these initial surveys, FACS conducts annual detailed Property Assessment Surveys on a sample of properties, visiting all properties annually to check smoke detectors and performing compliance assessments, involving an examination of the condition of the property.²¹
- 2.19 Tenants have expressed confusion about the purpose of Property Assessment Surveys and disappointment that, while maintenance issues are noted in the surveys, no subsequent maintenance or repair work is carried out to address the issues identified.
- 2.20 The Illawarra Forum, a peak community services organisation in the Illawarra and Shoalhaven regions, submitted that, in their region, tenants' expectations were raised when properties were inspected:
- Another issue is the expectations raised during program maintenance inspections. These inspections occur regularly, and frequently tenants are told about the issues that have been found and need to be repaired. This gives them the impression that repairs will be carried out, and many become very hopeful that their living conditions will improve. However, many report that after the inspection, they simply hear nothing more about the repairs. They receive no communication and no indication of when – or if – repairs will be carried out. This often leaves them feeling disenfranchised and disgruntled.²²
- 2.21 The Department of Family and Community Services considers it is able to drive greater value for money and a more efficient and effective allocation of maintenance resources by focussing on planned works.²³
- 2.22 However, the Tenants' Union of NSW is concerned that this focus on planned works is at the expense of responsive repairs, as the maintenance budget is inadequate to cover both categories of maintenance.²⁴
- 2.23 The Tenants' Union also highlights a perceived attitude by LAHC staff, that responding to responsive repairs amounts to queue jumping:
- This goes back three or four years, but in a conversation I had with someone from the Land and Housing Corporation asset team there was an implication that responsive repairs amounted to queue jumping. The Residential Tenancies Act sets

²⁰ Submission 10, Family and Community Services, pp14,16.

²¹ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p37.

²² Submission 13, Illawarra Forum, p3.

²³ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p37.

²⁴ Submission 18, Tenants' Union of NSW, p6.

out the standard under which a tenant is obliged to notify about a repair or some damage that needs to be fixed and the landlord is to repair that.

The Land and Housing Corporation's approach has always been to focus on the information that is coming through its property assessment surveys, its scoping, its contractors, technicians and asset managers in determining the schedule of works. So when a tenant contacts an advocate and gets a tribunal order that says, "This repair has to happen out of order," that is something that the Land and Housing Corporation has struggled to deal with.²⁵

- 2.24 The Committee will consider the issue of maintenance expenditure in greater detail in Chapter Three. The Committee considers the resultant effects of inadequate planned maintenance and responsive repairs in the following section.

Effects of inadequate maintenance and repairs

- 2.25 As noted earlier, the Committee has received evidence of tenants making repeated requests for urgent repairs on their homes and waiting much longer than 20 days to receive such repairs. Additionally, it has been alleged that repairs are made in a superficial fashion without addressing the structural issue at the root of the repair problem. The following paragraphs provide a sample of some of the issues presented to the Committee.

- 2.26 Northern Links NSW, a support, advocacy and training service for social housing tenants in northern New South Wales, provided a case study of a public housing tenant who endured approximately 15 years of water leaks. Numerous 'patch' jobs were carried out to repair the damage caused to the home by the leaks, including repainting and recarpeting. However, poor workmanship when repairing the damage sometimes caused further issues, without fixing the underlying water leakage problem.²⁶

- 2.27 Health and safety issues that arose for the tenant and her children included: windows that were nailed shut as the sashes could not be repaired, contributing to poor ventilation; water seeping through walls into flooring, causing slippery surfaces in many rooms and mouldy carpet; holes in the ceilings of the laundry and kitchen that let in cold winter air and rain; and the development of skin conditions and asthma from damp carpets and mould.²⁷

- 2.28 A tenant in regional New South Wales submitted that most properties in the area had 'dangerous levels' of toxic mould due to overgrown trees:

All properties have or are made from fibro and cement asbestos, most properties contain dangerous levels of toxic mould due to trees overgrown, housing do not raise orders to keep the sounding bush and trees lopped and maintained to allow sun to filter around the properties to minimise the build-up of black mould, nor do they come and attend and assess the problem and have the properties gernied and

²⁵ Mr Ned Cutcher, Transcript of evidence, 9 May 2016, p11.

²⁶ Submission 4, Northern Links NSW, pp7-12.

²⁷ Submission 4, Northern Links NSW, pp7-12.

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freshly painted to keep the properties outside clean and pass the issue to the tenant which is unfair.²⁸

2.29 An inner Sydney tenant submitted that there had not been any substantial repairs conducted on her home in the eighteen years that she had lived there. An ongoing leak in the bedroom had not been addressed, even though it had been reported many times and a small repair of a leaking toilet was repeated yearly due to inadequate repair.²⁹

2.30 Illawarra Forum submitted a case study showing how lack of maintenance impacted on the safety of tenants and their guests:

‘Frank and Irma’ have lived in their three bedroom Housing NSW house for over 30 years. It is their home, where they raised their family. They love the area and know all their neighbours. Irma has been diagnosed with a chronic illness, and can no longer leave the house. Her mobility is affected and she has difficulty walking.

The carpet in Frank and Irma’s property is very old, and has become very frayed. Frank has had to tape the carpet down in several places. This is a serious trip hazard, and even more dangerous given Irma’s mobility issues.

Despite numerous reports to the Housing Contact Centre, the carpet has not been replaced.³⁰

2.31 Public housing maintenance issues are among the most common constituent enquiries in the Greens NSW electorate offices of Newtown, Ballina and Balmain.³¹ The Greens submitted that many complaints concerning inadequate maintenance centred on the risks posed to residents’ health and wellbeing:

Inaction on structural problems that can pose a significant risk to health and wellbeing eg, ‘if a property has issues due to the age of the building that are internal structural issues – most severe issues are rising damp, mould, plumbing and sewerage problems – then it’s an absolute fight to get them addressed even though there are severe health impacts from these living conditions, particularly on children.’³²

2.32 Counterpoint Community Services Inc. provided a number of case studies, including that of a parent with two children with autism who suffered from skin conditions caused by fleas or bed bugs. Despite Housing NSW fumigating the property, the insects remained.³³

2.33 Redfern Legal Centre submitted a case study demonstrating that failure to repair structural issues leads to greater costs as problems worsen over time:

Sally (not her real name) had lived in her Inner Sydney house for over 20 years. The property had a number of structural problems, particularly in regards to the roof due

²⁸ Submission 3, name suppressed, p1.

²⁹ Submission 8, name suppressed, p1.

³⁰ Submission 13, Illawarra Forum, p3.

³¹ Submission 17, Greens NSW, p12.

³² Submission 17, Greens NSW, p12.

³³ Submission 5, Counterpoint Community Services Inc, p6.

to the age of the property. Sally had been reporting the problems to the Housing Contact Centre (the HCC) and the local office for a number of years.

Structural problems with the roof also caused leaking in the second upstairs bedroom in March 2015, causing the light to stop working. Sally was very concerned about the safety of the light fitting and reported the issue to the HCC. She was unable to use this bedroom as it was not safe.

In August 2015, the property sustained significant damage as a result of a severe storm. The ceiling of one upstairs bedroom fell in, leaving a large hole that exposed the sky. Sally reported the damage caused by the storm to the HCC the next day. The damage was not inspected for three weeks.

Sally was given multiple completion dates before the roof was finally repaired in December 2015, four and a half months after the major damage occurred. During this time Sally was not able to use either bedroom in her property and experienced mould and dampness due to the hole in the roof.³⁴

Departmental response

- 2.34 The Department of Family and Community Services acknowledges that there have been many challenges in delivering timely maintenance, and that there have been some serious maintenance issues in public housing across New South Wales. The Department told the Committee that it takes evidence and representations of the significant maintenance problems provided in submissions 'very seriously'.³⁵
- 2.35 The Department further believes that the new maintenance services contract will provide 'significant efficiencies in the delivery of responsive maintenance, reduce administration costs and provide increased value for money in the delivery of planned maintenance.'³⁶
- 2.36 The Department considers that the new maintenance services contract, although only introduced in April 2016, has already contributed to improved response times, with reports of very high levels of tenant satisfaction.³⁷

Committee comment

- 2.37 The Committee is concerned about the continuing level of tenant dissatisfaction with the timeliness and effectiveness of maintenance provision. One of the limitations on the Committee's ability to comment on the newly introduced changes to contractual arrangements is the short period of time that the revised maintenance contracts have been operational.
- 2.38 The Committee's inquiry has served to focus attention on the shortcomings identified in the past and to reinforce the need for improved systems of audit and management. This will be an ongoing task as the new arrangements are bedded down.

³⁴ Submission 19, Redfern Legal Centre, p7.

³⁵ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p30, p36.

³⁶ Submission 10, Family and Community Services, p4.

³⁷ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p31.

Recommendation 1

The Committee recommends that the Department of Family and Community Services provides a progress report to the Committee 12 months after the Committee's report is tabled, detailing progress on the new maintenance contracts. The progress report should contain specific measures of performance against agreed targets, as well as client satisfaction ratings for the work undertaken.

Reporting repair and maintenance issues

- 2.39 Tenants have a statutory obligation under the Residential Tenancies Act to maintain their home in a reasonable state of cleanliness and report any property damage to their landlord as soon as practicable. In this section, the Committee examines concerns raised by inquiry participants in relation to the way tenants report repair and maintenance issues, and the quality of support provided.
- 2.40 In previous years, tenants reported damage and requested repairs by contacting their local tenancy manager, known as a Client Service Officer, to explain their repair or maintenance problem. Once reported, the Client Service Officer would raise a work order with a maintenance contractor on their behalf.
- 2.41 At the present time, tenants can report maintenance and repair matters by using an electronic online 'e-repair' portal or by calling a maintenance hotline. The maintenance hotline is a 1300 telephone number, available 24 hours a day, seven days a week. The FACS Housing Contact Centre was responsible for the hotline prior to the introduction of the new maintenance contract in April 2016. Housing Contact Centre staff could raise a work order, request a technical inspection or advise the tenant that LAHC would not conduct the repair.³⁸
- 2.42 With the introduction of the new maintenance contract, a call to the maintenance hotline is now directed to a maintenance contractor call centre, and tenants speak directly with the maintenance contractor responsible for their region.

Client Service Officers

- 2.43 The Tenants' Union of NSW submitted that although Housing Contact Centre staff considered requests for repairs, they had no direct experience with either the tenant or their property. If a tenant disagreed with a Housing Contact Centre operator's decision not to proceed with repairs, they had no recourse to their Client Service Officer, as tenants would simply be referred back to the Housing Contact Centre to start the process again.³⁹
- 2.44 Similarly, Redfern Legal Centre said that, in their experience, Housing Contact Centre maintenance line operators did not have complete information about when works were scheduled and did not have the technical knowledge to assess the tenant's maintenance issue correctly.⁴⁰

³⁸ Submission 18, Tenants' Union of NSW, p19.

³⁹ Submission 18, Tenants' Union of NSW, p19.

⁴⁰ Submission 19, Redfern Legal Centre, pp8-9.

- 2.45 Mr Ross Smith of Waterloo Public Housing Estate, explained the difficulties of not having Client Service Officers advocate on behalf of tenants:

...they [Client Service Officers] have exactly the same potential for raising a work order as I do or as you could. They have to call the same call centre and go through the same process of identifying premises, nature of work, name of tenant, et cetera. So no longer can they pick up the phone and talk to the local contractor and say, "Could you duck around and put a couple of screws in the hinges of a door so that it opens and shuts?" or "Can you fix this leaking tap?" They cannot do that under this new system. It is that rigid that there is no flexibility. So it denies the ability for that relationship between the tenant and the landlord or resident and departmental staff.⁴¹

- 2.46 The Committee heard that Client Service Officers, who are familiar with tenants and their properties, should have a greater role in assisting tenants with repair requests, as they did under the previous scheme.

- 2.47 Redfern Legal Centre and the Tenants' Union of New South Wales have commented that while Client Service Officers are well placed to assist tenants in seeking repairs, and have a delegation to do so, this isn't apparent to many tenants, or reflected in current practice:

Client Service Officers are well placed to investigate the need for repairs and maintenance within the tenancies they manage, make recommendations to the Land and Housing Corporation and/or its contractors as to the urgency of a necessary repair, and liaise with tenants and the Land and Housing Corporation as to the progress of any work orders raised.

We understand Client Service Officers already have this delegation, but this does not seem to be universally understood or reflected in practice.⁴²

- 2.48 In evidence to the Committee, FACS confirmed that Client Service Officers are able to assist tenants with requests for maintenance:

The Family and Community Services [FACS] approach to maintenance is to provide a better connected tenant experience. We have a 24-hour access line. We have our client services staff connected with our maintenance staff; they coexist in offices. We have also given our tenants the capacity either to go directly to their client services officer or to go into a FACS office to report maintenance issues. They can also use the e-repair online system to report maintenance issues. Also under the new maintenance contract they go directly to the maintenance contractor to request work. So from our substantial review about how we needed to transform the system, all of those were identified as key priorities.⁴³

The maintenance hotline and electronic online portal

- 2.49 The efficacy of the maintenance hotline and electronic online portal was raised as an issue in evidence to the inquiry. Of particular concern was that tenants often experience long periods of time on hold when calling the 1300 telephone number

⁴¹ Mr Ross Smith, Transcript of evidence, 9 May 2016, p4.

⁴² Tenants' Union and Redfern Legal Centre, Response to further questions, p3.

⁴³ Ms Anne Skewes, Transcript of evidence, p31.

and this could be very expensive for the many tenants with prepaid mobile phones.

- 2.50 Housing Action Plan Now!, a community support organisation in Glebe, Sydney, submitted that long periods on hold was an issue raised by tenants in their area:

LHC need to provide a user friendly system for tenants to report and lodge a maintenance request. A direct and immediate call back system for reporting may be considered for recommendation by the Legislative Assembly. There is a hidden cost to tenants who often wait on line for up to 1 hour to lodge a maintenance request, many utilizing mobile phone services that are unaffordable when waiting on hold for such an extended period of time.⁴⁴

- 2.51 Mr Ross Smith, of Waterloo Public Housing Estate considered that long wait times were a barrier to tenants reporting maintenance issues:

...the Call Centre model for receiving non-internet maintenance requests is a barrier to tenants attempting to make maintenance requests. Time on hold, especially for mobile phones on prepaid call systems, and staff protocols for receiving and giving information are deterrents to tenants reporting maintenance issues.⁴⁵

- 2.52 Similarly, Mr Smith submitted that the electronic online portal could also be a barrier for tenants to report maintenance issues:

...the decision to funnel all maintenance requests through an electronic online portal, as opposed to the historic process of receiving maintenance requests over the counter in the local HNSW office, has acted as a barrier to tenants reporting maintenance issues – not all tenants have internet access and the capacity to navigate a fixed options website.⁴⁶

- 2.53 However, FACS informed the Committee that more than half their clients have access to the internet and use it regularly, and more than 90% of clients have a smartphone.⁴⁷ In evidence to the Committee, FACS explained the simplicity of the electronic online portal service:

The online service that we have is a pictorial service. So you do not even need to be able to speak English to use it; you can simply click on the icon for "bathroom" then the icon for "taps" and then go through and describe what is wrong with it.⁴⁸

- 2.54 As noted earlier, with the introduction of the new maintenance contract, there have been behind the scenes changes to the maintenance hotline. Tenants still call the same 1300 number, but the call is taken directly by a maintenance contractor. For example those tenants with a postcode in the Albury region will have their call diverted to the maintenance contractor call centre in Albury.

⁴⁴ Submission 7, Housing Action Plan Now!, p4.

⁴⁵ Submission 6, Mr Ross Smith, p5.

⁴⁶ Submission 6, Mr Ross Smith, p5.

⁴⁷ Mr Paul Vevers, Transcript of evidence, 9 May 2016, p32.

⁴⁸ Mr Paul Vevers, Transcript of evidence, 9 May 2016, pp31-32.

- 2.55 FACS recognises that there have been past issues in relation to the maintenance hotline, and has developed solutions to assist call centre staff to help tenants explain their maintenance issue:

... a lot of effort was going into particularly the first point of contact being the call centre, where someone calls up, sometimes in a state of anxiety around something not working. We have developed a program of scripts that get used obviously at that first point of contact to help negotiate through what is the nature of the call.⁴⁹

- 2.56 Further, FACS has informed the Committee that a particular focus of the new maintenance contract is improving response times for calls:

In particular we are focussing on more responsive call centre pick-up times. We have set a three-minute target and that is currently being achieved. So in three minutes that call to the call centre needs to be answered. Our capacity to more effectively and actively monitor and manage this contract is really strengthened. We placed a premium on how we could be more proactive around managing the contract and using contract levers to support that.⁵⁰

Committee comment

- 2.57 As the overseer of maintenance for 130,000 properties in New South Wales, it is vitally important for FACS to have a repair request system that is accessible and efficient. However, calls to 1300 telephone numbers can be prohibitively expensive for tenants with prepaid mobile phones when they spend a large amount of time on hold.
- 2.58 FACS has listened to tenants' concerns regarding the time taken for calls to be answered on the 1300 number and has responded by requiring that calls be answered within three minutes under the new maintenance contract. Tenants who call the maintenance hotline now speak directly to a contractor call centre in their region.
- 2.59 The Committee notes that FACS receives real-time data in relation to the new maintenance hotline and is confident that calls are now answered within three minutes.
- 2.60 The Committee understands that the electronic online portal service is simple for tenants to navigate, including those tenants who do not have English as their first language. With the majority of tenants possessing smart phones or home internet access, the Committee considers that the electronic online portal service is an effective way for tenants to request repairs, provided that their requests are responded to in a timely manner.
- 2.61 However, there are now more public housing residents with complex needs who may not be able to adequately communicate their repair or maintenance issue over the telephone or through an electronic portal. Maintenance call centre operators may have the technical expertise to understand repair and maintenance issues. However, Housing NSW Client Service Officers still have an

⁴⁹ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p34.

⁵⁰ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p31.

important role to play in assisting vulnerable tenants to communicate their needs, or liaise between the tenant and the maintenance contractor.

- 2.62 The Committee heard evidence from public housing tenants and tenant advocates of the effectiveness of the previous maintenance request system, when tenants were able to speak to their local Client Service Officer, who may well have seen the maintenance issue first hand, and arrange for responsive maintenance to be done.
- 2.63 The Committee agrees that tenancy management staff from Housing NSW, familiar with individual tenants and their properties, are best placed to raise maintenance requests on behalf of their tenants. Local Housing NSW staff, who understand the individual complex needs of the tenants in their area, should be able to liaise directly with LAHC asset management staff and contractors.
- 2.64 FACS has told the Committee that the introduction of the new maintenance contract protocols should foster improved communication between tenancy management staff within Housing NSW and asset management staff within LAHC. This should be reinforced, as there appears to be confusion about whether Client Service Officers are able to assist tenants with their repair and maintenance requests, despite confirmation from FACS.

Recommendation 2

The Committee recommends that the Department of Family and Community Services implements new procedures to better inform tenants about how their Client Service Officer can assist them in seeking repairs to their home.

Recommendation 3

The Committee recommends that the Department of Family and Community Services reviews the protocols introduced with the new maintenance contract, designed to ensure effective communication between Housing NSW staff and LAHC staff twelve months after implementation, to ensure that the protocols are working effectively.

Dispute resolution mechanisms

- 2.65 Where tenants have a complaint in relation to repair and maintenance issues, or the conduct of contractors, they contact the Housing Contact Centre. As noted earlier, the Housing Contact Centre telephone number is a 24 hour 1300 phone number which is also used to lodge maintenance requests. FACS advised that under the new maintenance contract, when a tenant calls the 1300 phone number and raises a complaint, the caller will be diverted to the FACS Client Feedback Service.⁵¹
- 2.66 A number of inquiry participants informed the Committee that tenants felt their complaints were ignored by Housing NSW, or not taken seriously. For example, Counterpoint Community Services related the following experience of their clients:

⁵¹ Family and Community Services, Response to further questions, p3.

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It is alleged by many of our clients that complaints made by tenants are not investigated thoroughly, and that many reports made directly to Housing offices are often ignored and 'fobbed off'.⁵²

- 2.67 Tenants can also contact advocacy and support services to assist them in resolving their maintenance and repair complaints. The Committee has received evidence that in recent years, tenants have increasingly turned to advocacy and support services to resolve maintenance issues. The Tenants' Union of NSW submitted that, in their view, advocacy has become 'an integral part' of the process of resolving maintenance problems.⁵³
- 2.68 Redfern Legal Centre advocates for tenants in the inner Sydney region. The Centre submitted that they have been able to resolve tenants' repair and maintenance issues by communicating directly with LAHC. The point was made, however, that 'this would not be the same for tenants without advocacy and should not be necessary'.⁵⁴
- 2.69 As a last resort, tenants may make an application to the NSW Civil and Administrative Tribunal (NCAT). NCAT deals with social housing tenancy disputes between social housing provider landlords and tenants under the Residential Tenancies Act.
- 2.70 NCAT has jurisdiction to determine maintenance related matters involving up to \$15,000, and may make orders including: that the landlord carry out repairs; that the tenant pay reduced rent if part of their home is uninhabitable; and directing the landlord to comply with the *Residential Tenancies Act 2010*. Orders are legally enforceable and must be adhered to.⁵⁵

NCAT

- 2.71 Making an application to NCAT can be an involved and lengthy process. Mr Ross Smith, who assists tenants with the NCAT process and sits on a review forum for the tenancy tribunal, expanded on this:

When taking the tenant through that, the tenant will turn up at the tribunal and there will be someone from the Land and Housing Corporation and someone from Housing NSW there. They will attempt to talk the tenant out of proceeding. If the tenant goes through with it and the performance order is granted, a timeframe is set for the work to be done and the work is specified. After the end of the period, they find themselves back at the tribunal because the work has not been done. The landlord quite often takes the attitude that tribunal orders do not apply to them. So too the tribunal itself has expressed concern at the failure to comply. So, yes, it is a lengthy process and there is no reason for it to be a lengthy process.⁵⁶

⁵² Submission 5, Counterpoint Community Services, p5.

⁵³ Submission 18, Tenants' Union of NSW, p4.

⁵⁴ Submission 19, Redfern Legal Centre, p9.

⁵⁵ NSW Civil and Administrative Tribunal, Social Housing, accessed 20 June 2016, <http://www.ncat.nsw.gov.au/Pages/cc/Divisions/Social_housing/Social_housing.page.aspx#tribunal_orders>

⁵⁶ Mr Ross Smith, Transcript of evidence, 9 May 2016, p4.

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- 2.72 Many contributors to the inquiry felt that making an application to NCAT was the only way that LAHC could be prompted to meet its repair and maintenance obligations.
- 2.73 Counterpoint Community Services submitted that too often, maintenance was only conducted after assistance had been sought through NCAT, and that Housing staff even advised tenants to use this process to 'get results':
- Too frequently it is only when assistance has been sought through NCAT that jobs get done, and in fact some tenants are now being advised by their local housing office to go through this process in order to get results.⁵⁷
- 2.74 The Tenants' Union of NSW commented that, in their experience, making an application to NCAT often prompted a response from the LAHC, even before the matter went to the Tribunal:
- Consent orders are frequently entered into, and sometimes work orders are raised and repairs actually commenced or completed before the matter even gets to a hearing.⁵⁸
- 2.75 While NCAT orders are legally enforceable, the failure of LAHC to comply with the orders was raised in a number of submissions. The Tenants' Union of NSW expressed concern that many tenants reported the necessity to renew NCAT applications and seek further orders because LAHC had not complied with a Tribunal order for repairs.⁵⁹
- 2.76 The failure of LAHC to comply with tribunal orders was also of concern to Counterpoint Community Services, a community support service in the Redfern and Waterloo area. Counterpoint submitted that tenants had reported to them that housing providers failed to implement orders given in the NCAT process.⁶⁰
- 2.77 The Tenants' Union of NSW considered that there should be a central point of escalation, so that tenants and advocates may formally and directly raise concerns about repairs and maintenance matters with LAHC. It noted that straightforward issues around the raising of a work order, the conduct of contractors and quality of work should not require an application to the Tribunal.⁶¹
- 2.78 As noted earlier, FACS has introduced a Client Feedback Service as part of the new maintenance contract. All calls are monitored through to resolution.⁶²
- 2.79 Contractors will be obliged to respond to tenant complaints in relation to repairs already carried out or work that had been requested but not yet completed:

⁵⁷ Submission 5, Counterpoint Community Services Inc, p4.

⁵⁸ Submission 18, Tenants' Union of NSW, p10.

⁵⁹ Submission 18, Tenants' Union of NSW, pp10-11.

⁶⁰ Submission 5, Counterpoint Community Services Inc, p2.

⁶¹ Submission 18, Tenants' Union of NSW, p13.

⁶² Family and Community Services, Response to further questions, p3.

The contractor is required to take immediate action to remedy performance failures. In addition, the performance framework includes a system to manage the three types of tenant feedback; complaints, Requests for Information (RFI) from priority callers and Maintenance Request Follow Ups (MRFs).⁶³

Committee comment

- 2.80 Under the new maintenance contract, an independent complaints handling process is provided by the Housing Contact Centre. However, the Committee is concerned that there were high levels of tenant dissatisfaction with the resolution of complaints through the Housing Contact Centre under the old maintenance contract arrangements.
- 2.81 While it was always relatively easy for tenants to log a complaint with the Housing Contact Centre under the old contract, resolution of a complaint was not always as straightforward.
- 2.82 The Committee understands that tenant advocacy services and NCAT play an increasing role in assisting tenants to resolve uncomplicated repair and maintenance issues. This should not be the case. The NCAT should be an option of last resort.
- 2.83 The Committee is concerned by reports that Housing NSW sometimes advises tenant advocacy services to make an application to NCAT in order to resolve a maintenance issue. The Committee understands that the new maintenance contract will free up both LAHC and Housing NSW staff to better assist tenants. The Committee hopes that this will mean that Housing NSW staff are better resourced to liaise with LAHC to assist tenants in resolving repair and maintenance issues.

Recommendation 4

The Committee recommends that the Department of Family and Community Services reviews the complaints handling process after 12 months of operation and reports its findings to the Committee as part of the progress report called for in Recommendation 1.

Deliberate tenant damage

- 2.84 While the majority of public housing tenants look after their homes, FACS incurs significant annual and increasing costs in repairing deliberate tenant damage. The approximately \$14 million of tenant damage identified by FACS in 2014, had grown to \$19.7 million in 2015. As of May 2016, \$13.6 million damage had been caused by tenants.⁶⁴
- 2.85 As most tenant damage is discovered when a tenant leaves a property, it can be difficult for FACS to recover the cost of repairs, resulting in only 10% of annual cost recovery.⁶⁵

⁶³ Submission 10, Family and Community Services, p28.

⁶⁴ Mr Paul Vevers, Transcript of evidence, 9 May 2016, p34.

⁶⁵ Submission 10, Family and Community Services, p30.

2.86 FACS has measures in place to discourage deliberate damage, including reduced eligibility for social housing assistance and a requirement for tenants to repay their debt before being allowed to return to public housing. Former tenants who have badly damaged public housing property are not allowed to return to public housing. FACS is currently introducing a public housing rental bond for all new tenants.⁶⁶

2.87 According to FACS, the introduction of a rental bond will provide a greater incentive for tenants to look after their homes.

The prime thing that we are doing is preventative to give tenants a much greater incentive to look after their property. So we are in the process of working up a scheme whereby all new tenants will pay an instalment until they have reached the level of the bond. The Minister has not yet determined the level of that bond. It would be of a significant size to give the tenants an incentive.⁶⁷

Responding to reported tenant damage

2.88 Northern Links NSW cited instances where tenants had repeatedly reported incidents of deliberate tenant damage to neighbouring properties, both to Housing NSW and NSW Police, and yet little or no action was taken by either agency. The submission noted that months could elapse before action was taken, resulting in further property damage.⁶⁸

2.89 The Illawarra Forum submitted that, according to some tenants, those who deliberately damage their properties are rewarded for bad behaviour by receiving immediate repairs, and that there is a misunderstanding concerning whether tenants are liable for costs associated with deliberate damage:

... to other residents, it appears that if you wreck your home, it will be repaired. This leads to resentment and break down of social cohesion as tenants feel aggrieved that their neighbours are being 'rewarded' for bad behaviour. This may also lead to tenants intentionally damaging their property in order to get maintenance done. But the lack of clarity about the policy of billing for intentional damage may put people at risk of amassing a debt, or being charged with wilful damage.⁶⁹

2.90 The Government has recently introduced legislation which will assist FACS to respond more quickly to deliberate damage:

The Government has also recently introduced some legislation which enables us to take quicker action where there is tenant damage. So a three strike process has been introduced and instead of having to wait until we can take these cases to the tribunal we can now issue a strike. If three strikes are issued in a 12 month period we can go to the tribunal to seek to terminate the tenancy. Damage by a tenant is one of the actions that will trigger a strike.⁷⁰

⁶⁶ Submission 10, Family and Community Services, p30.

⁶⁷ Mr Paul Vevers, Transcript of evidence, 9 May 2016, p34.

⁶⁸ Submission 4, Northern Links NSW, pp15-16.

⁶⁹ Submission 13, Illawarra Forum, p3.

⁷⁰ Mr Paul Vevers, Transcript of evidence, 9 May 2016, p34.

- 2.91 NSW Federation of Housing Associations Inc commented that they also had issues with deliberate tenant damage in the public housing sector, although the community housing sector was able to identify the damage more quickly:

There are a minority of tenants who do quite a lot of damage to public housing and community housing properties. The challenge is in identifying the tenant in the first place but then recovering for damage after that. So that is where the advantage of having a rental bond comes in. The other major advantage that community housing has in identifying tenant damage is that community housing providers do visit their tenants on a regular basis, not just when something has gone wrong but in a tenancy support capacity rather than just chasing up maintenance. So that means that we are a lot further down the track in identifying problems that may be starting to happen than the public housing people are.⁷¹

Committee comment

- 2.92 The vast majority of public housing tenants take pride in and look after their homes. However, the Committee notes the widely held perception that the repair of properties that are deliberately damaged is seen as rewarding bad behaviour.
- 2.93 The Committee received evidence that the rental bond scheme employed in the Community Housing Sector assists in helping tenants understand their obligations to keep their home in a clean and orderly manner. Furthermore, it goes some way toward enabling landlords recover the cost of tenant damage that may occur. The Committee supports the introduction of a rental bond scheme for new public housing tenants by Department of Family and Community Services.
- 2.94 Public housing provides people in our society with complex needs with a safe home. The Committee notes the evidence of the Community Housing Association Inc., that when people take up a tenancy in community housing they are given initial intense assistance and that those people identified as having particular issues are visited at least twice a year.
- 2.95 Issues related to clients with special needs are explored in greater detail in Chapter Four.

Maintenance contractors

- 2.96 The introduction of the new maintenance contract has resulted in six providers contracted to carry out maintenance and repairs in New South Wales. Larger providers will often sub-contract work to smaller firms or individuals.

Contractor attitudes towards tenants

- 2.97 Many inquiry participants have raised concerns about the attitudes of some contractors towards tenants. The Tenants' Union of NSW reported that a culture of disrespect seemed to exist, coupled with a belief by contractors that 'tenants should consider themselves lucky to have a house at all'. Tenants have

⁷¹ Mr Donald Proctor, Transcript of evidence, 9 May 2016, p19.

complained to the Tenants' Union that they felt 'patronised, bullied, intimidated and discriminated against' by contractors.⁷²

2.98 The Tenants' Union of NSW provided the following example of contractor attitudes towards an Aboriginal tenant:

Karly is an Aboriginal tenant with a young child. While seeing to repairs, the contractors bullied and intimidated her in her own home. They treated her presence as a nuisance and told her she was only getting repairs done because of her Aboriginality.⁷³

2.99 Redfern Legal Centre claimed that tenants who are Aboriginal or Torres Strait Islander, lacking English as their first language or with mental illness have additional difficulties when communicating with contractors:

Tenants often report that contractors do not communicate with them respectfully. In many cases they do not attempt to use an interpreter when tenants do not speak English. While tenants also have a responsibility to treat contractors respectfully, there do not appear to be any systems in place to provide training and minimum standards for contractors.⁷⁴

2.100 A public housing tenant submitted the following experience with contractors:

They turn up with no notification expecting you to be there and are often quite rude to the tenants.⁷⁵

2.101 Numerous inquiry participants told the Committee about occasions where contractors failed to make an appointment with tenants to carry out maintenance. For example, the Tenants' Union of NSW submitted that:

Tenants receive vague or no notification of a contractor's attendance (eg 'a contractor will be there at some point between Monday and Thursday'). If the contractor attends the property when the tenant has stepped out, the Land & Housing Corporation may pay the contractor and cite the tenant's non-attendance as a reason not to arrange for any further work.⁷⁶

2.102 The submission from Mr Alex Greenwich MP, Member for Sydney, whose electorate includes a large number of public housing tenants, cited repeated instances of tenants reporting that contractors did not book in times for repair and maintenance work. Contractors would attend tenants' homes without an appointment and report back to FACS that they were 'refused entry'. The submission went on to note that this could also cause significant delays to actioning repairs, as tenants were not advised of the contractor's report to FACS.⁷⁷

⁷² Submission 18, Tenants' Union of NSW, p9.

⁷³ Submission 18, Tenants' Union of NSW, p9.

⁷⁴ Submission 19, Redfern Legal Centre, p9.

⁷⁵ Submission 16, name suppressed, p1.

⁷⁶ Submission 18, Tenants' Union of NSW, p8.

⁷⁷ Submission 15, Mr Alex Greenwich MP, p3.

- 2.103 Housing Action Plan Now! (HAPN) submitted that they were aware of contractors coercing tenants to report that substandard work was ‘well done’:

HAPN are aware of countless accounts of the provision of substandard maintenance and repairs to properties and of tenants being coerced by contractors to report a job well done. HAPN recommend a transparent process where tenants are voluntarily issued a copy of the relevant work order and job number are aware of the details of the contractor attending their home and are provided a formal avenue for reporting on job completion in a timely manner as a matter of process.⁷⁸

- 2.104 Compass Housing Services, one of the largest community housing providers in New South Wales, provides induction material including information explaining the profile of social housing tenants, to all their contractors. Mr Donald Proctor, Asset Manager with Compass Housing Services, explained that the smaller scale of community housing providers meant they were confident that the induction material was used and discussed by all tradespeople contracted to perform maintenance work:

At our size, I know personally the owners of the two main contracting companies that we use on the Central Coast and in the upper Hunter and Newcastle. I also know that they employ individuals, tradespeople, to do the work. There is no communication lost between multiple tiers of contracting at that level. That is very successful.

It means that we have a high level of confidence that the induction material—for example, the code of conduct, the safety requirements and the information that we provide about the profile of social housing tenants to our contractors—goes through and is discussed on a regular basis with the carpenters, electricians, plumbers and other people who come through the system to work on our housing.⁷⁹

Departmental response

- 2.105 FACS acknowledges the difficulties that many tenants have experienced in engaging with contractors. During evidence at the public hearing, FACS informed the Committee that the new maintenance contract places a premium on having codes of conduct for all maintenance contractors when engaging and communicating with tenants. FACS has conducted education and training programs with contractors as part of the introduction of the new maintenance contract, and is supporting contractors to roll out training programs for their subcontractors.

FACS itself clearly has a lot of experience engaging and communication with tenants. So we have both the contractors themselves through their own briefing programs with their subcontractors and us with the subcontractors communicating and running training programs with the contractors and then supporting those contractors in rolling out training packages with their subcontractors. My expectation is that that will continue over this new contract.⁸⁰

⁷⁸ Submission 7, Housing Action Plan Now!, p3.

⁷⁹ Mr Donald Proctor, Transcript of evidence, 9 May 2016, p 20.

⁸⁰ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p34.

- 2.106 Further, FACS informed the Committee that performance metrics in the new contract would ensure that contractors were accountable for their dealings with tenants, and faced financial penalties if they were not performing satisfactorily:

I can assure you all of the head contractors absolutely understand the premium on the code of conduct requirements for their performance. For their performance we hold them accountable and we have got clear capacity if they are not performing against those client satisfaction performance metrics. And then we have got the chance to financially abate them in the contract, and they understand that we will.⁸¹

Committee comment

- 2.107 The Committee is deeply concerned at the many reports it has received of disrespectful attitudes and behaviour by contractors towards tenants. Public housing tenants, often among the most vulnerable citizens in our society, have a right to be treated with dignity and respect by contractors who enter their homes. Tenants should feel unafraid to complain if they are treated badly.
- 2.108 Tenant advocacy groups have called for a mandatory code of conduct for all contractors and sub-contractors. The Committee is pleased to note that, as part of the introduction of the new maintenance contract, FACS has introduced new codes of conduct and training programs for contractors, with penalties for contractors who do not comply.

Recommendation 5

The Committee recommends that the Department of Family and Community Services includes an assessment of the operation of the codes of conduct for contractors and complaints mechanisms in relation to contractor behaviour as part of the twelve month review of the new maintenance contract progress report to the Committee.

- 2.109 The Committee notes that the community housing sector is confident that induction material is accessed by all contractors who conduct maintenance on community housing properties. Under the new *Future Directions* policy, property and tenancy management services for 35% of public housing will be transferred to the community housing sector in the coming decade. With the expansion of the community housing sector, tenants may experience the same negative issues with contractors that public housing tenants have experienced.
- 2.110 The Committee wants an assurance that the same protections are afforded to public and community housing tenants alike. The Committee therefore considers that codes of conduct and training programs for contractors should be consistent and mandatory for all contractors, whether in the community housing or public housing sector.

Recommendation 6

The Committee recommends that the Department of Family and Community Services ensures that consistent and mandatory codes of conduct for

⁸¹ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p34.

contractors are implemented across the public housing and community housing sectors.

Quality assurance

2.111 Inquiry participants provided the Committee with many examples of poor workmanship, inappropriate work practices and the use of poor quality materials by contractors. The Committee also heard from tenants that, despite numerous complaints, there was inadequate follow-up and quality assurance processes on the part of FACS in relation to contractors.

2.112 An example of inappropriate work practices was cited by Mr Dominic Wy Kanak, a councillor with Waverley Council. He submitted that he had observed contractors not applying appropriate protective and safety measures when removing or working with asbestos, endangering themselves and the community in which they worked.⁸²

2.113 Mr Ross Smith told the Committee that there were also many examples of poor workmanship at the Waterloo Estate, including the following:

I was told that a building front door lock had been replaced. I took a photo of it showing my finger going in where the snoop should have been and coming out where the key should have been. I sent the photo in and said, "I don't think it has been repaired." Six months later a lock still had not been fitted despite the fact that it had been brought to the attention of the department on multiple occasions. Whether it is reluctance to tell the subbie or the head contractor to smarten up their act, I do not know. However, I do not see the work being done and the compliance and monitoring by the property owner is non-existent or totally ineffectual in most cases.⁸³

2.114 The Tenants' Union of NSW submitted that LAHC rarely followed up with tenants after a visit from a contractor, resulting in contractors feeling less accountable for the quality of their work.⁸⁴

2.115 The Senior Policy Officer from the Tenants' Union also referred to uncertainties about the impact of the new contractual arrangements on quality assurance and benchmarking and how this would work in practice.

I think it is the quality assurance stuff—if that works as the new contracts or as the new approach suggests it might then we might start to see some improvements. I guess we have questions over the benchmarking cost system and whether that is an incentive to underperform so that you are able to take some of the savings with you into the next contract round or whether over time and with people trading on reputation that sort of thing is not going to happen.

Presumably, from what I have heard, those FACS Housing staff who were previously on the phone taking calls and raising works orders are now likely to be diverted into quality control or quality assurance-type jobs. We may see some improvement there. As I said before, a more efficient contract is wonderful, but we also need to

⁸² Submission 20, Mr Dominic Wy Kanak, p1.

⁸³ Mr Ross Smith, Transcript of evidence, 9 May 2016, p6.

⁸⁴ Submission 18, Tenants' Union of NSW, pp8-9.

get to the real issue, which is the expectations of the Land and Housing Corporation and the way that it manages tenancies and assets together, not just managing assets.⁸⁵

Departmental response

2.116 FACS acknowledges that contractor performance was an issue under the previous maintenance contract. The contract was structured in such a way that outcomes such as completion of good quality repairs, conducted in a minimum of visits, were not rewarded:

The previous contract effectively hinged upon a schedule of rates. Under that contract arrangement we were not necessarily rewarding people for better and improved performance. We were getting jobs done, but, as I said, we may not have been getting first-time fixes. We may not have been getting the sort of performance and outcomes we wanted. We were getting activity, but not outcomes. We have geared a lot of the principles around this to an outcome focus. We also want greater transparency. We want to be able to understand the contractors' delivery chain and their cost structure, and we want to see data and metrics around that.⁸⁶

2.117 The Department advised that under the new maintenance contract, FACS will be responsible for auditing contractor work, and will independently assess tenants' satisfaction with repairs:

... when a maintenance job is done for a tenant someone calls up immediately to find out whether they are satisfied, whether the work has been completed to their satisfaction. We are very conscious that in the past someone would think that they had done the work and the tenant would say, "I do not think the job has been done," or "The job has been half done." We are phoning up independently in real time. We are asking the contractor to get confirmation from the tenant. They sign a form saying that the work has been done. We also ring up independently to find out whether tenants are happy with the work that has reportedly been done.

2.118 FACS informed the Committee that issues of contractor performance will be addressed in the new maintenance contract, with the introduction of a stronger regime of performance monitoring and management:

One of the strong messages we received when we moved into the new contract environment was the need for a stronger regime of performance monitoring and management. We have taken that on board. ... We are placing a premium on the head contractors being able to assure us that the work has been completed. Not only that but we have independent sampling going on across the portfolio as work is undertaken. We are looking at the quality of that work as it is being completed. So we are sampling independently, quite apart from what is being reported to us.⁸⁷

2.119 The FACS submission noted that the new maintenance contract would provide for better monitoring of the contractor's service delivery and stronger compliance and inspection programs. In order to assist tenants to inform FACS of

⁸⁵ Mr Ned Cutcher, Transcript of evidence, 9 May 2016, p13.

⁸⁶ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p33.

⁸⁷ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p38.

any issues with contractors, the new maintenance contract contains revised dispute resolution and performance escalation processes.⁸⁸

Committee comment

- 2.120 The Committee supports the improved customer service rights and contractor obligations under the new contractual arrangements. The new maintenance contract brings significant change to the quality assurance regime for repair and maintenance of public housing. New key performance indicators will focus on the quality of contractor's work and tenants' experiences with contractors.
- 2.121 It is essential that the newly instituted performance measures to provide protections for public housing tenants and guarantee quality repairs is reinforced by regular assessment and evaluation. The Committee looks forward to receiving a progress report on the operation of the new contract next year.

⁸⁸ Submission 10, Family and Community Services, p26.

Chapter Three – Maintenance expenditure

- 3.1 The challenge of providing for the maintenance of public housing stock is not unique to New South Wales. The growing gap between the cost of maintaining public housing and deriving rental income is an issue facing all Australian jurisdictions.⁸⁹ This Chapter deals with factors impacting on and contributing to the cost of public housing maintenance.

TENANTS' VIEWS ON MAINTENANCE EXPENDITURE

- 3.2 A key concern raised throughout the inquiry is that maintenance has been in decline for a number of years and that expenditure is inadequate to cover both scheduled and responsive repairs. Participants considered that the long term inadequacy of maintenance budgets has led to structural problems in the existing housing stock and fears among residents that their homes would be sold.

- 3.3 Redfern Legal Centre considers there has been a steady decline in the quality of public housing in the inner Sydney area:

In our experience, the condition of much of the public housing stock located within our catchment area is deteriorating. On a regular basis public housing tenants report that they have been told that LAHC cannot afford to carry out necessary repairs. We see a steady decline in the state of repair in not only older dwellings but also in dwellings that have been constructed more recently.⁹⁰

- 3.4 Councillor Irene Doutney of Sydney City Council submitted that a focus on minimising repair costs often led to work that did not solve the cause of the repair or maintenance issue, resulting in costlier delayed solutions:

An emphasis on keeping repair work inexpensive for both the contractor and Housing NSW has led to a situation where, rather than fixing problems with properties, contractors are figuratively, and at times literally, painting over the problem. As mentioned elsewhere in this submission, I have encountered a large number of properties where tenants are suffering mould and damp problems.

I regularly heard stories of contractors applying a layer of waterproofing spray, only to have the problem continue. With more thorough investigation of complaints and a greater up-front investment, Housing NSW can avoid more costly situations in the future.⁹¹

- 3.5 The submission of the Tenants' Union of NSW reinforced this view:

Where repairs and maintenance are not properly attended to in the first instance, or are attended to poorly, additional costs are raised. These occur through additional call-out fees and recurring repairs of problems that are only ever partially fixed, and through the additional administrative burden of attending to responsive repairs, and tenants' applications to the Tribunal. Then there is the cost of renewal or

⁸⁹ Submission 10, Family and Community Services, p2.

⁹⁰ Submission 19, Redfern Legal Centre, p6.

⁹¹ Submission 12, Councillor Irene Doutney, City of Sydney Council, p2.

replacement of stock that has become so rundown that it is no longer considered viable to repair.⁹²

- 3.6 Tenants expressed concern that inadequate maintenance has led to their homes becoming run down and at risk of being sold. A public housing resident submitted:

The other thing I have observed is that housing are so reluctant to fix things when they are simple to fix that the problem becomes compounded and complex and expensive, or left for so long they become much more of a problem. This results in neglected of the property, frustration with tenants that they "keep complaining" and a desire to run the property down so that it can be sold for "profit."⁹³

- 3.7 This apprehension was reinforced by the Illawarra Forum, who told the Committee of a major fear of tenants in the Illawarra region that properties were falling into disrepair due to inadequate maintenance and therefore becoming unviable and at risk of being sold.⁹⁴

The maintenance funding challenge

- 3.8 The FACS maintenance budget is sourced from a combination of grants, tenant rental payments and money raised from the sale of properties.⁹⁵ Although many inquiry participants expressed concern that spending on maintenance was in decline, a review of the budget allocated to maintenance in the past four annual reports shows that the public housing maintenance budget has, in fact, increased.

Table 1: FACS spending on repairs and maintenance⁹⁶

Spending	2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)
	221,158	202,727	223,040	272,163

- 3.9 However, there is a growing gap between the costs associated with maintaining public housing and the FACS' maintenance budget.

- 3.10 The Auditor-General's 2013 performance audit report, *Making the Best Use of Public Housing*, found that the total annual cost of public housing per dwelling in New South Wales rose from \$15,000 to almost \$27,000 between 2003 to 2013. Rental income did not rise proportionately in this period, as the majority of tenants rely on a Centrelink benefit as their main source of income.⁹⁷

- 3.11 In order to close the widening gap between the increased costs of maintaining public housing and reduced rental income, the Government has increasingly been

⁹² Submission 18, Tenants' Union of NSW, p6.

⁹³ Submission 16, name suppressed, p1.

⁹⁴ Submission 13, Illawarra Forum, p2.

⁹⁵ Audit Office of NSW, *Making the best use of public housing – 2013*, p18.

⁹⁶ Family and Community Services, Annual Reports, accessed 11 July 2016, <http://www.facs.nsw.gov.au/about_us/publications/annual-reports>

⁹⁷ Audit Office of NSW, *Making the best use of public housing*, July 2013, p20.

selling existing stock and delaying maintenance, upgrading and capital building programs.⁹⁸

- 3.12 As previously referred to, FACS has identified the following factors as having a particular impact on the cost of maintaining its public housing portfolio⁹⁹:

Ageing portfolio

Of the 130,000 properties FACS owns and maintains, the average age of a dwelling is 37 years, with 20% of dwellings over 50 years old and more expensive to maintain. FACS owns a number of heritage properties, which cost significantly more to restore and maintain and have a significant impact on the financial sustainability of the portfolio as a whole.

Demographic change

When public housing was established in New South Wales, the majority of tenants were working families on low incomes. Today over half of tenants are single person households. This has reduced public housing rental income, as single person households pay less rent than couples or families.

Furthermore, over 90% of public housing tenants rely on Centrelink benefits. This has reduced public housing rental income, due to tenants receiving a rental subsidy.

A high proportion of public housing tenants have high and complex needs, including people living with a disability, severe and chronic mental illness, carers with long term responsibilities, those experiencing drug and alcohol issues and the elderly. These tenants often require resource intensive support and tenancy management services.

Cost of modifying dwellings

FACS estimates that in 2012/13, over 40% of public housing tenants had significant disabilities. This has led to increased costs in modifying dwellings to address tenants' needs.

Future Directions for Social Housing in New South Wales

- 3.13 As previously described, the *Future Directions* policy aims to deliver more social housing, better pathways for people to leave social housing and better social outcomes for the community. A number of features of *Future Directions* attempt to address the maintenance issues raised in this inquiry, and these are outlined below.

Ageing portfolio

- 3.14 According to FACS, the issue of the aging property portfolio and associated increased maintenance costs will be addressed by selling older homes and building 23,000 replacement and new homes. The high market value of some older properties with heritage value will finance the construction of a significant

⁹⁸ Audit Office of NSW, *Making the best use of public housing*, July 2013, p20.

⁹⁹ Submission 10, Family and Community Services, pp2,9-11,18-19.

number of new dwellings. For example, the sale of 101 dwellings in the Millers Point area of Sydney has resulted in the construction of 600 new homes.¹⁰⁰

- 3.15 Older properties will be renewed with a greater number of smaller, fit-for-purpose dwellings, to be built in partnership with the private and non-government sectors. Properties will be constructed in areas providing residents with good access to transport, employment and education opportunities.¹⁰¹

Increased role for the community housing sector

- 3.16 Under the *Future Directions* policy, FACS will transfer tenancy and property management services for 35% of public housing properties to community housing providers and other non-government organisations over the next ten years.

- 3.17 The Department notes that community and non-government housing providers are locally based organisations that can respond quickly to the needs of tenants and be more flexible about how they manage their resources. Further, feedback from tenants currently living in properties run by these organisations shows they are very satisfied with the services they receive and the homes they live in.¹⁰²

- 3.18 The NSW Federation of Housing Associations, the peak body for community housing providers in New South Wales, considers that the transfer of tenancy and property management of public housing properties to their sector will lead to an improvement in property condition for those properties. A number of factors will contribute to this improvement, including funding, regulatory standards, maintenance contractor arrangements, and tenancy management. These factors are described below.

- 3.19 Community housing providers are able to access Commonwealth rental assistance, comprising approximately \$3,000 additional annual funding. The NSW Federation of Housing Associations has conducted modelling to examine the impact of this additional funding and believes that it would cover the maintenance shortfall in responsive maintenance on most properties.¹⁰³ In addition to accessing Commonwealth rental assistance, there are opportunities for community housing providers to leverage private finance.¹⁰⁴

- 3.20 Community housing providers are subject to more stringent regulation than applies to public housing management by FACS. In addition to responsibilities under the *Residential Tenancies Act*, community housing providers are required to conform to the national regulation for community housing providers (the National Regulatory System for Community Housing). To be registered under the National Regulatory System, providers must meet specific performance obligations, including requirements relating to the maintenance of housing

¹⁰⁰ Family and Community Services, Millers Point, <<http://www.facs.nsw.gov.au/reforms/social-housing/millers-point>>, accessed 27 July 2016

¹⁰¹ Family and Community Services, *Future Directions for Social Housing in NSW*, <http://www.socialhousing.nsw.gov.au/_data/assets/pdf_file/0007/348442/Future-Directions-for-Social-Housing-in-NSW-2016.pdf>, accessed 18 July 2016.

¹⁰² Family and Community Services, *Future Directions for Social Housing in NSW*, FAQs, <<http://www.facs.nsw.gov.au/reforms/social-housing/future-directions/faqs>>, accessed 18 July 2016.

¹⁰³ Ms Wendy Hayhurst, Transcript of evidence, 9 May 2016, p22.

¹⁰⁴ Submission 14, NSW Federation of Housing Associations Inc., p4.

assets. The NSW Registrar of Community Housing is responsible for ensuring that community housing providers comply with the National Regulatory System.

- 3.21 Furthermore, the Committee was told that while community housing providers are not able to employ economies of scale to the same extent as FACS, they are able to be more flexible and have fewer of the overheads associated with large contractors who sub-contract to local contractors. As Ms Wendy Hayhurst, the Chief Executive Officer of the NSW Federation of Housing Associations explained:

In terms of the management of contracts I think quite often there is a suggestion that bigger equals better. I would argue that there are definitely improvements in efficiency that can be achieved by scale but it is not necessarily the case. I think that one of the things that providers find is that ability to be very responsive to actually deal with contractual mis-performance, if you like, but also to use local contractors as well is attractive and potentially can save on some of the overheads that come when you have a large contractor who ends up often subcontracting to local suppliers as well.¹⁰⁵

- 3.22 Mr Donald Proctor, Group Manager, Assets for one of the larger community housing provider in New South Wales, Compass Housing Services, explained that community housing providers were able to achieve savings by using small, locally based maintenance contractors:

There are definitely fewer overheads and fewer layers between the manager at the top of the contract and the people on the ground knocking on tenants' doors and doing the work. That really pays dividends. Having put out our maintenance contracts to the market last year, I know that the larger head contractors could not compete for price with the smaller multi-trade contractors, the local people that we use in the Hunter, Newcastle and the Central Coast. They did not generally put in a tender when we indicated to them the sorts of prices that we were expecting from the market, which we got.¹⁰⁶

- 3.23 The community housing sector considers that it is able to be more responsive in tenancy management issues, and early intervention when tenants experience difficulties ultimately saves on maintenance:

Any tenant in Compass who is identified as having some sort of issue or problem or as a tenant at risk is visited at least twice a year by two people. One person looks around and comments on the condition of the property and reports it in our system. The other person is the tenant relationship officer support who asks questions about any problems in the tenant's life. We are collecting really good data on that now.

One-third of tenants visited over the last year had been identified as needing to be referred to some sort of support provider, either alcohol or drug counselling or aged care. Compass does not do the social work but it does have links to all the networks around the area in which it operates. We can bring in aged care services, drug and alcohol services or mental health services, you name it, and advise where they are needed. And that really saves on maintenance. If tenants are in a bad way they lose

¹⁰⁵ Ms Wendy Hayhurst, Transcript of evidence, 9 May 2016, p18.

¹⁰⁶ Mr Donald Proctor, Transcript of evidence, 9 May 2016, p21.

the ability to cope and then from that come all sorts of problems that cost us money when the place is vacant.¹⁰⁷

The new maintenance services contract

3.24 The new maintenance services contract implements a key component of the *Future Directions* strategy, namely the provision of better maintenance and community amenity.

3.25 A review by FACS of the operation of the October 2008 maintenance services contract revealed a number of difficulties, including that: it was resource intensive and onerous for FACS to administer; it lacked transparency, particularly in relation to the overheads applied by contractors in delivering work and the prices paid by contractors to sub-contractors; and it was based on a schedule of fixed rates that did not allow for variations in pricing.¹⁰⁸

3.26 The comprehensive FACS review of the previous maintenance contract included an international review of best practice in social housing maintenance. It also involved conducting consultations with other government agencies with asset maintenance responsibilities, as well as consultation with both tenants and contractors and testing of a pilot program in the Maitland and Blacktown regions.¹⁰⁹

3.27 The new maintenance contract pilot program operated for a four month period in 2013 and resulted in the following expenditure outcomes:

- maintenance costs were 10% lower than the previous contract
- work volumes were 36% higher than for the previous contract
- quoted prices were 10% lower than office estimates.¹¹⁰

3.28 As noted in Chapter Two, the new maintenance services contract was introduced by FACS in April 2016. FACS considers that the new maintenance contract will provide the following efficiencies:

- The delivery of responsive maintenance
- Reduction of maintenance administration costs
- Increased value for money in the delivery of planned maintenance.¹¹¹

3.29 FACS believes that the new maintenance contract will drive greater value for money in terms of maintenance spending:

We are very confident that the new model is going to drive more value for money for the Government in terms of its maintenance expenditure. About 18 months to

¹⁰⁷ Mr Donald Proctor, Transcript of evidence, 9 May 2016, p23.

¹⁰⁸ Submission 10, Family and Community Services, p21.

¹⁰⁹ Submission 10, Family and Community Services, pp21-22.

¹¹⁰ Submission 10, Family and Community Services, p22.

¹¹¹ Submission 10, Family and Community Services, p4.

two years ago the Government also increased its expenditure on maintenance. You might recall that. This Government made a commitment to deal with the circumstances of the ageing portfolio.¹¹²

Property asset maintenance

3.30 The question of balancing the costs of maintenance and refurbishing existing housing stock is increasingly emerging as a significant cost consideration in planning for the future. As stated in the FACS submission:

As the portfolio has aged, the level of responsive repairs has remained relatively constant year on year; however capital maintenance and upgrading expenditure has increased over the three years to 2014/15. The increased expenditure has enabled the packaging of works to better deliver value for money.

This growth in expenditure has been guided during the year by improved asset planning activities including detailed portfolio analysis and the PAS. An increase in expenditure for maintenance has resulted in an improvement in the portfolio through better targeted maintenance.¹¹³

3.31 There is a recognised need to improve the targeting of available funds allocated for maintenance. When questioned by the Committee at its public hearing, the Deputy Secretary, Land and Housing Corporation made the following observations:

We are very confident that the new model is going to drive more value for money for the Government in terms of its maintenance expenditure. About 18 months to two years ago the Government also increased its expenditure on maintenance. You might recall that. This Government made a commitment to deal with the circumstances of the ageing portfolio. When I go back in time and look at the 2005 report by this Committee or its equivalent at the time I note that the number around the maintenance backlog was significantly more than it is now. The issue around maintenance and the question of whether more money is needed really comes to the heart of what the Government is looking to do under the Future Directions program.

We have a very clear commitment by the Government to deliver 23,000 new and replacement social housing dwellings. That is also going to assist us greatly to make strategic decisions about the redevelopment of the portfolio. Some of the areas and some of the examples you have cited to us will be areas that we will be able to start to rectify under that program. It is a complex issue. It is not just about more money. I think we have to be able to demonstrate an optimum outcome in terms of value for money. I also think that we have to start dealing with the issue around housing that is better suited to the future needs of the portfolio.¹¹⁴

Committee comment

3.32 Increasing costs associated with the management of public housing is a major budgetary concern and requires a significant policy shift to ensure the viability of social housing into the future. The transition from public to community housing as part of the Government's *Future Directions* policy is part of this strategy.

¹¹² Ms Anne Skewes, Transcript of evidence, 9 May 2016, p36.

¹¹³ Submission 10, Family and Community Services, p19.

¹¹⁴ Ms Anne Skewes, Transcript of evidence, 9 May 2016, pp36-37.

- 3.33 The Committee welcomes the emphasis on optimising the future use of the public housing stock and looks forward to receiving a progress report on the outcomes of the Government's strategies to redevelop and better manage the public housing portfolio.
- 3.34 The distinction between maintenance and refurbishment is a particular issue for people with disabilities and will be discussed in greater detail in the following chapter of the report.

Chapter Four – Special needs groups

AGE AND DISABILITY – DEMOGRAPHIC TRENDS

- 4.1 As outlined earlier in the report, the combination of an ageing housing stock and the greying of the population present additional challenges for the management and maintenance of public housing in New South Wales. This Chapter focuses on the particular requirements of tenants with special needs and the extent to which these are met within current administrative arrangements.
- 4.2 Residents over the age of 55 years account for over one third of people living in public housing in NSW. This proportion is increasing each year, as existing tenants age and properties are allocated to new, older tenants.¹¹⁵ At the same time, more than 35% of social housing tenants live with a disability. This percentage will be supplemented by new social housing allocations to National Disability Insurance Scheme (NDIS) participants seeking to live more independently.¹¹⁶
- 4.3 These factors resulted in the NSW Auditor General's 2013 report, *Making the best use of public housing*, estimating that by 2021, over 50% of all social housing tenants will consist of people with significant age related disabilities.¹¹⁷
- 4.4 In responding to research indicating that older Australians want to age-in-place, the Department of Family and Community Services has implemented additional measures to meet this demand. These measures allow older and disabled residents to stay in their homes and provide new homes to those most in need. Another element of this policy includes the modification of existing properties and building new adaptable stock.¹¹⁸

Particular requirements of people with disabilities

Housing design

- 4.5 Reference has already been made to inappropriate design and construction of housing constituting significant barriers to the participation of people with disabilities in community life.¹¹⁹ Modifications such as handrails and access ramps make it safer and easier for disabled tenants to remain independent and carry out the tasks of daily living.
- 4.6 The Deputy Secretary, Land and Housing Corporation, highlighted one of the core tenets of the *Future Directions* strategy, namely to make the portfolio fit for future purpose and to take account of the maintenance and home modification needs of tenants with a disability.
- 4.7 In appearing before the Committee, FACS stated that new developments and construction projects would adhere to liveable housing standards, including

¹¹⁵ Submission 10, Family and Community Services, p32.

¹¹⁶ Submission 11, National Disability Services. p1.

¹¹⁷ Submission 11, National Disability Services, pp1-2.

¹¹⁸ Submission 10, Family and Community Services, p33.

¹¹⁹ Submission 11, National Disability Services, p4.

industry requirements governing the adaptability of houses, allowing properties to be readily modified to suit individual tenant needs.

So we place a premium through our new developments and new construction projects for liveable housing standards—being able to have houses that can be readily modified, with wider hallways, wheelchair access, the capacity to put handrails and modifications into bathroom facilities and the like. We are also building a number of our dwellings with lower benchtops so they have wheelchair access into those properties. This comes back to the whole proposition about value for money as well—where does the money go and where is the best investment for the future of the portfolio?¹²⁰

- 4.8 In further evidence to the Committee, FACS emphasised the importance of housing readaptation.

When we get the chance to redevelop properties we can make them more adaptable for future use. We can put in modifications for people with a disability. We can build that into a new house as opposed to spending money on, for example, refitting a dwelling that is old and needs significant repair. It is a strategic question. It is not simply about putting more money into maintenance. It comes off the back of the strategy to deliver a new and more contemporary fit-for-purpose portfolio to meet the needs of future social housing tenants.¹²¹

- 4.9 Another consideration in evaluating housing design and suitability is the size of accommodation required. FACS recognises that despite the increase in demand for single occupant tenancy in social housing, many tenants with a disability have live in carers and require accommodation with two bedrooms.¹²²

Community and social support services

- 4.10 The Government acknowledges that liveable housing, which is readily adaptable to meet the needs of tenants, is only part of the *Future Directions* strategy. Support services are also needed to assist tenants, ensuring they can live as part of their community.
- 4.11 To achieve this aim, FACS is consulting community housing and not-for-profit sectors about the involvement of relevant support programs and services. These will be developed in tandem with new housing developments to better promote independence and opportunities for tenants living in those communities.¹²³
- 4.12 FACS currently provides a range of housing assistance and support services to older people to assist them in maintaining their tenancies and staying connected to their communities. These include senior communities, social inclusion and wellbeing activities, property modifications and working with support providers.¹²⁴

¹²⁰ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p39.

¹²¹ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p37.

¹²² Ms Anne Skewes, Transcript of evidence, 9 May 2016, p39.

¹²³ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p40.

¹²⁴ Submission 10, Family and Community Services, p35.

Additional property services

- 4.13 In addition to the challenges referred to previously, tenants who have mobility or other special needs may need a range of other supports to be able to live independently. The submission from City of Sydney Councillor Irene Doutney recommends that eligible tenants with a physical or mental disability should be offered free house cleaning assistance, to reduce health and safety risks and assist in the long-term maintenance of the property.¹²⁵
- 4.14 FACS stressed that disability service providers have been an important part of their service delivery model for a long time, particularly those delivering outdoor maintenance to lawns and gardens. According to FACS, all existing suppliers have been migrated into the new contract arrangement.¹²⁶

Communication barriers

- 4.15 National Disability Services stated in its submission that a centralised maintenance system is not suited to the unique needs of tenants with a disability, who need additional assistance in dealing with bureaucracy. Communication barriers and social isolation can make it difficult for such tenants to understand or engage with a centralised administration system.
- 4.16 In his evidence to the Committee, the Senior Manager, State Operations for the NDS, told the inquiry;
- Not surprisingly, our members support clients with a range of disabilities, some of which are related to their capacity to verbally explain things—I am talking about people predominantly here with an intellectual disability. There are clients who are deaf and hence it is more difficult for them to explain things.¹²⁷
- 4.17 Behavioural issues can also make it difficult or unsafe for a contractor to enter the home of a tenant with a disability. Longer delays in maintenance resulting from these challenges are often felt more deeply by tenants with a disability.¹²⁸ According to the representative of the NDS:
- It is a particular difficulty for our clients to both recognise the maintenance issues that are emerging in their tenancy and to explain those clearly and to be able to judge whether that maintenance, if I may say so, is up to standard.”¹²⁹
- 4.18 Addressing concerns about clients with a disability who have difficulty explaining their maintenance needs, FACS gave evidence that there are a number of options available to register a maintenance call. In the first instance, tenants can contact their client service officer and register their maintenance needs online, using the illustration based eRepair website.
- 4.19 According to the Deputy Secretary, Family and Community Services:

¹²⁵ Submission 12, Councillor Irene Doutney, pp3-4.

¹²⁶ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p32.

¹²⁷ Mr Tony Pooley, Transcript of evidence, 9 May 2016, p26.

¹²⁸ Submission 11, National Disability Services, p2.

¹²⁹ Mr Tony Pooley, Transcript of evidence, 9 May 2016, p26.

A client can make contact with their client service officer if they would have difficulty getting through and that client service officer can help them to register the maintenance call. The online service that we have is a pictorial service. So you do not even need to be able to speak English to use it; you can simply click on the icon for "bathroom" then the icon for "taps" and then go through and describe what is wrong with it.¹³⁰

- 4.20 Furthermore, according to FACS, all contractors have access to a service that enables them to communicate with tenants who are hearing or speech impaired and use a telephone typewriter.¹³¹
- 4.21 In its submission, National Disability Services recommended that tenants with a disability have the opportunity to lodge maintenance requests locally with a selected community organisation, which could arrange the contractor's visit in consultation with the tenant. According to NDS, this would result in quicker resolution of the maintenance issue and enable whole-of-government collaborations focussing on the social wellbeing of tenants with a disability. A similar model is currently used by Housing NSW for crisis and transitional accommodation.¹³²
- 4.22 FACS gave evidence that the new maintenance contract is designed to be more responsive to tenant expectations and highlighted the role of disability service providers as part of the new arrangements.

We also have made a point about emphasising the opportunity for disability service providers to be a critical part of the delivery pathway of that new contract... Indeed, the social benefits being derived from the new maintenance contract are significant... In particular, those which are regionally based are employing local people to deliver maintenance.¹³³

Committee comment

- 4.23 Tenants with age and disability related needs comprise an increasing segment of the public housing tenant population. The Committee has concerns regarding the appropriateness of the current housing stock to meet demand, as well as its capacity to be adequately modified for those living with a disability.
- 4.24 Mobility and access barriers faced by tenants who have additional support needs involve a range of specific measures to address housing design, community support services, home help and assistance with maintenance requests.
- 4.25 Public housing should provide people with complex needs and behaviours with a safe home. While acknowledging that some steps have been taken to meet this need, the Committee would like an assurance of the adequacy of assistance to people identified as having special support requirements under the new arrangements.

¹³⁰ Mr Paul Vevers, Transcript of evidence, 9 May 2016, pp31-32.

¹³¹ Mr Paul Vevers, Transcript of evidence, 9 May 2016, p31-32.

¹³² Submission 11, National Disability Services, pp2-3.

¹³³ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p31.

Recommendation 7

The Committee recommends that the Department of Family and Community Services monitors, evaluates and reports on the success of the new system in addressing maintenance difficulties experienced by tenants with disability, as part of the progress report recommended earlier in the report.

Differentiating maintenance and home modifications

- 4.26 Under the FACS *Disability Modification Policy*, public housing tenants with a disability can apply to have their property modified to meet their specific needs. There is also provision for tenants to make alterations at their own cost.¹³⁴
- 4.27 FACS classifies modifications as either minor or major work. Minor modification involves non-structural changes such as installing hand rails or changing tap styles. An application for minor work requires a written report from a health care professional detailing the tenant's medical condition and the specific modification needed.
- 4.28 Major modification involves structural changes such as door widening or ramp access. An application for major work consists of an Occupational Therapist report detailing the medical condition of the tenant, the required modification, and detailed work drawings.¹³⁵
- 4.29 Where a request for modification is declined, the tenant can transfer to another property which has the modification, or is capable of being modified accordingly. Once a property has been modified, it is usually only made available to prospective tenants with a similar disability.¹³⁶
- 4.30 National Disability Services, while acknowledging that the Government's *Future Directions* strategy requires new social housing to be built to Liveable Housing Design guidelines, considers that the bulk of the current stock does not meet those specifications. The distinction between asset maintenance and modification is felt keenly by its members and the people they support.
- 4.31 According to the NDS Senior Manager:
- There is a fine line between what is asset maintenance and what are adjustments that need to be made considering a person's whole-of-life physical experience—and it is overwhelmingly a physical experience. We are referring to those things that I mentioned previously that will increasingly be required, such as widened doorways and other supports. We also respectfully suggest that things like hoists will be required more often in public housing.¹³⁷
- 4.32 NDS stressed that there is a divergence between what a tenant might consider maintenance and what is appropriately captured within the maintenance contract. Many tenants would benefit from lower benchtops or reduced height light switches. However, because the light switch is operational, it is not

¹³⁴ Submission 10, Family and Community Services, p33.

¹³⁵ Submission 10, Family and Community Services, p 34.

¹³⁶ Submission 10, Family and Community Services, p 34.

¹³⁷ Mr Tony Pooley, Transcript of evidence, 9 May 2016, pp25-26.

considered maintenance and is difficult to approve, except as an entire building refurbishment.

- 4.33 During its public hearing, the Committee raised the possibility of separating funding arrangements for maintenance and modifications:

I personally would not consider modifications to benchtops and light switches to be maintenance, particularly for an ageing population. It is more of a redesign and a modification to suit a purpose. Rather than arguing the question with the department as to whether or not it is maintenance, has there been any attempt to get a vote for funds to do actual modifications for those purposes?¹³⁸

- 4.34 The challenge for NDS has been to ascertain refurbishment schedules for particular buildings. While many of the requests made by tenants with a disability may not be categorised as maintenance, there is no other way to address their immediate needs.

- 4.35 Mr Pooley expanded on this in his evidence to the Committee:

The difficulty that we have is identifying from Family and Community Services [FACS] when the refurbishment of a large block of flats will occur. That is uncertain. People accept that many things that we request are not maintenance, but there is no immediate way to respond to those issues. You raise the issue that if I am in a private dwelling, owned by my family or a private individual, as a person with a disability I can apply for a package that includes a line item for home modifications. Obviously in a private situation I have to obtain the agreement of the owner of the property, but our experience is that—and I acknowledge we are still in a trial period—you cannot get a home modification line item allocation in an NDIS package if you are in public housing. We all acknowledge the problem.¹³⁹

- 4.36 As previously described in Chapter Two, tenant surveys and two-yearly inspections are used to determine planned maintenance work. However, these surveys and inspections only measure the condition of the property, without taking account of the needs of the tenant. According to NDS, a more person-centred and localised approach to maintenance would enable a more meaningful assessment of the needs of tenants with disability.¹⁴⁰

- 4.37 While survey inspections are conducted every two years, there is a requirement for the Land and Housing Corporation to conduct annual compliance audits on the smoke alarms in all its properties. The Deputy Secretary of the Corporation expanded on this in evidence to the Committee:

Every property in the portfolio will have a compliance assessment undertaken by us within a 12-month period, subject to access. All of that data goes into our performance framework. All the metrics on the conditional assessment and any changes go into our performance management framework. As a result of that work we are also able to do planned works. We have been talking about responsive maintenance, that is, dealing with inquiries when someone rings up the contact centre. But we know that we can get greater value—and there have been comments

¹³⁸ Mr Greg Piper, MP, Transcript of evidence, 9 May 2016, p27.

¹³⁹ Mr Tony Pooley, Transcript of evidence, 9 May 2016, p28.

¹⁴⁰ Submission 11, National Disability Services, p3.

on this in previous inquiries—by spending more money on planned works and at this time also look at the condition of the property. The results of these surveys and property audits are used to determine planned works.¹⁴¹

- 4.38 In its submission, Redfern Legal Centre also referred to situations where, in some circumstances, an application for a modification that would ensure the safety of a tenant did not appear to be prioritised at an appropriate level.¹⁴²

Committee comment

- 4.39 Overwhelming evidence has been taken about long delays and inefficient processes in the provision of maintenance for tenants with a disability under the old contract system. It is noted that FACS anticipates these issues to be addressed by the new system.
- 4.40 It does appear, however, that the inability to distinguish between maintenance and refurbishment is another hurdle complicating the provision of safe accommodation to people with a disability. In the Committee's view, this requires a new approach to funding these two parts of the public housing system.

Recommendation 8

The Committee recommends that the Department of Family and Community Services examines the current funding formula for maintenance and modifications of housing stock with a view to funding modifications separately, thereby improving service delivery arrangements for tenants with a disability.

Further developments

Impact of the National Disability Insurance Scheme

- 4.41 The National Disability Insurance Scheme (NDIS) provides Australians who have a permanent and significant disability the reasonable and necessary supports needed to live an ordinary life. To this end, the home environment is considered to be critical in providing independent living within the community for people with a disability.¹⁴³
- 4.42 The NSW Government has committed to the NDIS with the full roll out having commenced and expected to be completed by June 2018. This maximises the responsibility of both public and private housing to deliver a well-maintained and well-functioning environment for people with a disability to live in.¹⁴⁴
- 4.43 The Disability Housing Futures Working Group (DHFVG), an independent expert group appointed to explore optimal models for housing people with disability, has produced a report detailing the scope and viability of the NDIS as it evolves.
- 4.44 The Working Group has estimated that there will be a significant unmet need for housing by a cohort of people with disability who will not qualify for NDIS packages. In its report, the DHFVG has recommended that alternative housing

¹⁴¹ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p37.

¹⁴² Submission 19, Redfern Legal Centre, p14.

¹⁴³ Submission 11, National Disability Services, p1.

¹⁴⁴ Submission 11, National Disability Services, p1.

assistance should be provided for ineligible clients and this should be met by improved access to social housing.¹⁴⁵

4.45 In its submission, FACS has reinforced the fact that while the NDIS provides ongoing support for daily living, it is not a housing provider. Social housing providers will continue to be responsible for making accommodation available to those in need of housing assistance, including appropriate and accessible housing for people with a disability. The NDIS will be responsible for home modifications for accessibility in private dwellings and, in some cases, social housing.¹⁴⁶

4.46 The DHFWG has detailed the role of NDIS in the provision of housing assistance as follows:

The NDIS will be responsible for

(a) supports to assist a person with disability to live independently in the community, including by building their capacity to maintain a tenancy, and support for appropriate behaviour management

(b) home modifications for accessibility for a person in private dwellings

(c) home modifications for accessibility for a person in legacy public and community housing dwellings on a case-by-case basis but not to the extent that it would compromise the responsibility of housing authorities to develop, maintain and refurbish stock that meets the needs of people with disability

(d) user cost of capital in some situations where a person requires an integrated housing and support model and the cost of the accommodation component exceeds a reasonable contribution from individuals.

The NDIS will not be responsible for

(a) the provision of accommodation for people in need of housing assistance, including routine tenancy support and ensuring that appropriate and accessible housing is provided for people with disability

(b) ensuring that new publicly-funded housing stock, where the site allows, incorporates Liveable Housing Design features

(c) homelessness-specific services including homelessness prevention and outreach, or access to temporary or long term housing for participants who are homeless or at risk of homelessness

(d) the improvement of community infrastructure, ie accessibility of the built and natural environment, where this is managed through other planning and regulatory systems and through building modifications and reasonable adjustment where required. (NDIS (Support for Participants) Rules, 2013, p.19)¹⁴⁷

¹⁴⁵ Disability Housing Futures Working Group, Final Report, February 2016, p3.

¹⁴⁶ Submission 10, Family and Community Services, p35.

¹⁴⁷ Disability Housing Futures Working Group, Final Report, February 2016, pp17-18.

- 4.47 The Council of Australian Governments (COAG) has confirmed that the NDIS will be responsible for applicable modifications in social housing on a case-by-case basis, but not to the extent that it would compromise the responsibility of housing authorities. Work is currently underway at a national and State level to examine the implications of this for the social housing sector.¹⁴⁸
- 4.48 Administrative complications resulting from the NDIS rollout was also raised in evidence provided by the National Disability Services Senior Manager:
- If I am in a private dwelling, owned by my family or a private individual, as a person with a disability I can apply for a package that includes a line item for home modifications. Obviously in a private situation I have to obtain agreement of the owner of the property, but our experience is that – and I acknowledge we are still in a trial period – you cannot get a home modification line item allocation in an NDIS package if you are in public housing.¹⁴⁹
- 4.49 The Community Care Supports Program (previously Home and Community Care Program) also provides funding for a range of services, including maintenance and modification, to support people who have a permanent disability and live in the community.¹⁵⁰

Committee comment

- 4.50 While the NDIS is in the early stages of its full roll out, making it difficult to assess its full impact, the Committee understands that it currently has limited capacity to fund modifications for social housing tenants. It is important for the public housing sector to factor in the implications of the NDIS for the provision of housing for tenants with a disability.
- 4.51 The Committee is aware that COAG is investigating the issue and would like to be informed about its progress as the work proceeds.

Recommendation 9

The Committee recommends that the Department of Family and Community Services includes in its progress report to the Committee the results of the Council of Australian Governments' examination of the impact of the National Disability Insurance Scheme arrangements on the social housing sector.

Transition to non-government sector

- 4.52 Part of the *Future Directions* strategy involves transferring property management to community housing providers. Elaborating on this process, the Deputy Secretary of the Land and Housing Corporation told the Committee:

What is interesting is that, as you are aware, as part of the Future Directions strategy the Government is looking to transfer more property to the management of the community housing provider sector. We absolutely support that. I think a number of the community housing providers are now looking at new models of contract delivery, particularly as they scale up. We have probably not had communication to

¹⁴⁸ Submission 10, Family and Community Services, p35.

¹⁴⁹ Mr Tony Pooley, Transcript of evidence, 9 May 2016, p28.

¹⁵⁰ http://www.adhc.nsw.gov.au/sp/nsw_community_care_supports_program

the extent of very detailed communication about the contract because it is still pretty new and we are only just into the first month of it, and we have been working really hard to make sure that we actually had the contract arrangements all locked in, but we do have a really thorough engagement with the federation and also the community housing providers who are members of that federation.¹⁵¹

- 4.53 NDS believe the transfer of tenancy management to non-government organisations will be better for those with a disability. Mr Pooley told the Committee that:

We plainly believe that community housing organisations would be better at capturing the information that tenants are attempting to explain in relation to maintenance issues. We think that those organisations—I do not want to say have greater expertise because plainly people have been employed by the government for a long time, but we think it is the core business and it makes sense to transfer that service, we would respectfully suggest, to non-government organisations.¹⁵²

Committee comment

- 4.54 The Committee is keen to receive further information about the transfer of property management to community housing providers. This will significantly impact on the provision and management of public housing.

Recommendation 10

The Committee recommends that the Department of Family and Community Services provides an update on the transfer of property management to community housing providers in the progress report to the Committee on the new maintenance contract arrangements.

¹⁵¹ Ms Anne Skewes, Transcript of evidence, 9 May 2016, p35.

¹⁵² Mr Tony Pooley, Transcript of evidence, 9 May 2016, p26.

Appendix One – List of Submissions

1	Name suppressed
2	Ms Andrea Maddox
3	Name suppressed
4	Northern Links NSW Inc.
5	Counterpoint Community Services Inc. and South Sydney Community Aid
6	Mr Ross Smith
7	Housing Action Plan Now
8	Pacific Link Housing
9	Name suppressed
10	Land and Housing Corporation
11	National Disability Services
12	Cr Irene Doutney
13	Illawarra Forum
14	NSW Federation of Housing Associations Inc.
15	Sydney Electorate Office
16	Name suppressed
17	Greens NSW
18	Tenants' Union of NSW
19	Redfern Legal Centre
20	Mr Dominic Wy Kanak

Appendix Two – List of Witnesses

9 MAY 2016, MACQUARIE ROOM, PARLIAMENT HOUSE

Mr Ross Smith	Private Citizen
Ms Jacqueline Swinburne Chief Operations Officer	Redfern Legal Centre
Ms Kimberley Mackenzie Tenants' Advocate	Redfern Legal Centre
Mr Ned Cutcher Senior Policy Officer	Tenants' Union of NSW
Ms Wendy Hayhurst Chief Executive Officer	NSW Federation of Housing Associations Inc.
Ms Leoni Lynch Service Delivery Coordinator	NSW Federation of Housing Associations Inc.
Mr Donald Proctor Group Manager, Assets	Compass Housing Services
Ms Jessica Lobo Senior Sector Development Officer	National Disability Services
Mr Tony Pooley Senior Manager, State Operations	National Disability Services
Ms Anne Skewes Deputy Secretary	Land and Housing Corporation
Mr George Carvin Executive Director Assets	Land and Housing Corporation
Mr Paul Vevers Deputy Secretary	Family and Community Services

Appendix Three – Extracts from Minutes

MINUTES OF MEETING No 8

Thursday, 19 November 2015 9.32am
Room 1255, Parliament House

Members Present

Mr Bruce Notley-Smith {Chair}, Mr Mark Taylor {Deputy Chair}, Mr Stephen Bromhead, Mr Lee Evans, Mr Greg Piper.

Apologies

Mr Michael Daley.

Officers in Attendance

Bjarne Nordin, James Newton, Derya Sekmen.

1. Confirmation of Minutes

Resolved, on the motion of Mr Piper, seconded by Mr Evans: That the minutes of 9 November 2015 be confirmed.

2. Inquiry into the Management of NSW Public Housing Maintenance Contracts

The Committee considered draft Terms of Reference for an Inquiry into the Management of NSW Public Housing Maintenance Contracts.

Resolved, on the motion of Mr Piper, seconded Mr Taylor: That the Committee adopts the draft Terms of Reference for an Inquiry into the Management of NSW Public Housing Maintenance Contracts.

Resolved, on the motion of Mr Evans, seconded Mr Piper: That the Committee advertises the Inquiry and calls for submissions.

3. Next Meeting

The Committee adjourned at 9.37am until a time and date to be advised.

MINUTES OF MEETING No 10

Thursday, 10 March 2016
9.17am
Room 1254, Parliament House

Members Present

Mr Bruce Notley-Smith (Chair), Mr Mark Taylor (Deputy Chair), Mr Stephen Bromhead, Mr Lee Evans, Mr Greg Piper.

Apology

Mr Michael Daley

Officers in Attendance

Bjarne Nordin, Jenny Whight, Christopher Herbert, Derya Sekmen.

1. Confirmation of Minutes

Resolved, on the motion of Mr Bromhead, seconded Mr Evans: That the minutes of 18 February 2016 be confirmed.

2. ***

3. Inquiry into the management of NSW public housing maintenance contracts

3.1 Submissions

Resolved, on the motion of Mr Taylor, seconded Mr Bromhead:

That the Committee authorise the publication of the following submissions:

2,4,5,6,7,8,10,11,12,13,14,15,17,18,19,20

That the Committee authorise the partial publication of the following submissions by suppressing the names of the submission authors:

1,9,16

That the Committee authorise the partial publication of the following submission by suppressing the name of the submission author and identifying details of individual properties:

3

3.2 Forward planning

Resolved, on the motion of Mr Piper, seconded Mr Bromhead: That the Committee hold a public hearing on 9 May 2016 as part of the inquiry into the management of NSW public housing maintenance contracts and that a list of people invited to appear as witnesses at the public hearing be agreed to after final ratification by email.

Members discussed site visits and agreed to provide Committee staff with suggested locations.

4. Next meeting

The Committee adjourned at 9.26am until 9:15am am on Thursday 5 May 2016.

MINUTES OF MEETING No 11

Thursday, 5 May 2016

9.17am

Room 1254, Parliament House

Members Present

Mr Bruce Notley-Smith (Chair), Mr Mark Taylor (Deputy Chair), Mr Michael Daley, Mr Lee Evans, Mr Greg Piper.

Apology

Mr Stephen Bromhead

Staff in attendance: Bjarne Nordin, Jenny Whight, Derya Sekmen.

1. Confirmation of Minutes

Resolved, on the motion of Mr Evans, seconded Mr Piper: That the minutes of 10 March 2016 be confirmed.

2. ***

3. Inquiry into the management of NSW public housing maintenance contracts

3.1 Public hearing

The Committee discussed the public hearing to be held on Monday 9 May 2016 as part of the inquiry into the management of NSW public housing maintenance contracts.

Resolved, on the motion of Mr Piper, seconded Mr Evans:

- That the Committee permit audio-visual recording, photography and broadcasting of the public hearing
- That the corrected transcript of evidence given on 9 May 2016 be authorised for publication and uploaded on the Committee's website
- That witnesses be requested to return answers to questions taken on notice and any further questions within 2 weeks of the date on which the questions are forwarded to the witness, and that once received, answers be published on the Committee's website

3.2 Visit of inspection

The Committee considered the draft itinerary for a visit of inspection to public housing sites in Coogee, Maroubra and Redfern. Discussion ensued.

Resolved, on the motion of Mr Piper, seconded Mr Evans: That the Committee conduct a visit of inspection to public housing properties on Monday 16 May 2016 as part of its inquiry into the management of NSW public housing maintenance contracts.

Committee members agreed to send further locations for inclusion on the itinerary to Committee staff by 6 May 2016.

4. ***

5. ***

6. ***

7. Next meeting

The Committee adjourned at 10.30am until 9.30am on Monday 9 May 2016.

MINUTES OF MEETING No 12

Monday, 9 May 2016

9.31am

Macquarie Room, Parliament House

Members Present

Mr Bruce Notley-Smith (Chair), Mr Mark Taylor (Deputy Chair), Mr Michael Daley, Mr Greg Piper, Mr Stephen Bromhead

Apology

Mr Lee Evans

Staff in attendance: Bjarne Nordin, Jenny Whight, Christopher Herbert, Derya Sekmen

1. Confirmation of Minutes

Resolved, on the motion of Mr Piper, seconded Mr Bromhead: That the minutes of 5 May 2016 be confirmed.

2. Inquiry into the management of NSW public housing maintenance contracts

2.1 Visit of inspection

Committee staff advised the itinerary for a visit of inspection to public housing sites on Monday 16 May 2016 was being revised to include further locations suggested by Members and would be circulated as soon as it was received. Discussion ensued.

2.2 Public hearing

At 9.39am witnesses, the public and the media were admitted. Mr Ross Smith affirmed and examined.

Evidence concluded, Mr Smith withdrew.

Ms Jacqui Swinbourne, Chief Operations Officer and Ms Kimberley Mackenzie, Tenants' Advocate, Redfern Legal Centre, both affirmed and examined. Mr Ned Cutcher, Senior Policy Officer, Tenants' Union of NSW, affirmed and examined.

Evidence concluded, the witnesses withdrew.

At 11.29am the Committee adjourned. The public hearing recommenced at 12.30pm.

Ms Wendy Hayhurst, Chief Executive Officer, Miss Leoni Lynch, Service Delivery Coordinator, NSW Federation of Housing Associations, both affirmed and examined. Mr Donald Proctor, Group Manager, Assets, Compass Housing Services, affirmed and examined.

Evidence concluded, the witnesses withdrew. At 1.18pm the Committee adjourned.

The public hearing recommenced at 2.15pm.

Ms Jessica Lobo, Senior Sector Development Officer and Mr Tony Pooley, Senior Manager, State Operations, National Disability Services, both affirmed and examined.

Evidence concluded, the witnesses withdrew.

Ms Anne Skewes, Deputy Secretary, Mr George Carvin, Executive Director, Assets, Land and Housing Corporation, both affirmed and examined. Mr Paul Vevers, Deputy Secretary, Family and Community Services, sworn and examined.

Evidence concluded, the witnesses and public withdrew.

3. Next meeting

The Committee adjourned at 4.05pm until 8.50am on Monday 16 May 2016.

MINUTES OF MEETING No 13

Monday, 16 May 2016

PUBLIC ACCOUNTS COMMITTEE
EXTRACTS FROM MINUTES

8.50am
Parliament House

Members Present

Mr Bruce Notley-Smith (Chair), Mr Mark Taylor (Deputy Chair), Mr Lee Evans, Mr Greg Piper

Apologies

Mr Stephen Bromhead, Mr Michael Daley

Staff in attendance: Bjarne Nordin, Jenny Whight, Christopher Herbert, Derya Sekmen

1. Inquiry into the management of NSW public housing maintenance contracts

Visit of inspection

The Committee travelled by bus to visit the following Land and Housing Corporation sites:

- South Coogee Estate, South Coogee
- Maroubra Estate, Maroubra
- Namatjira Place, Chifley
- Rosebery apartments, Rosebery
- Daceyville Estate, Daceyville
- Redlink Centre and McKell Building, Redfern
- Greenway Estate, Kirribilli

The Committee met with the following people:

- Mr George Carvin, Executive Director, Assets, Family and Community Services
- Mr Stephen King, A/Regional Asset Director, South East, Family and Community Services
- Mr Wayne Evans, Senior Project Officer, South East, Family and Community Services
- Ms Margaret Maljkovic, Director Housing Services, South East, Family and Community Services
- Ms Margaret Macrae, Director, Social Housing Services, Family and Community Services
- Mr Todd Selby, Executive General Manager, Government, Social and Property, Broadspectrum

2. Next meeting

The Committee adjourned at 2.10pm until 9.15am on Thursday 2 June 2016.

NOTICE OF MEETING No 14

9.15am, Thursday 2 June 2016
Room 1254, Parliament House

Members Present

Mr Bruce Notley-Smith (Chair), Mr Mark Taylor (Deputy Chair), Mr Greg Piper, Mr Stephen Bromhead

Apologies

Mr Michael Daley, Mr Lee Evans

Staff in attendance: Jason Ardit, Jenny Whight, Derya Sekmen

1. Confirmation of minutes

Resolved on the motion of Mr Piper, Seconded Mr Bromhead: That the minutes of 9 May 2016 and 16 May 2016 be confirmed.

2. ***

3. Inquiry into the management of NSW public housing maintenance contracts

The Committee noted the following item of correspondence received:

- 3 May 2016, from Ms Anne Skewes, Deputy Secretary, Family and Community Services, regarding possible locations for Committee site visits

The Committee noted the following item of correspondence sent:

- 17 May 2016, to Mr George Carvin, Executive Director, Assets, Land and Housing Corporation, expressing the Committee's appreciation for arranging the site visit on 16 May 2016

The Committee considered the suggested report outline for the inquiry into the management of NSW public housing maintenance contracts.

4. Next Meeting

The Committee adjourned at 10.02am until 9.15am, Thursday 4 August 2016 in Room 1254.

MINUTES OF MEETING No 16

Thursday, 25 August 2016

9.21am

Room 1254, Parliament House

Members Present

Mr Bruce Notley-Smith, Stephen Bromhead, Mr Michael Daley, Mr Greg Piper, Mr Mark Taylor

Apology

Mr Lee Evans

Staff in attendance: Bjarne Nordin, Jenny Whight, Ze Nan Ma, Derya Sekmen

1. Meeting Chair

In the absence of Mr Notley-Smith, Mr Taylor took the Chair for the purposes of the meeting.

2. Confirmation of Minutes

Resolved, on the motion of Mr Daley, seconded Mr Piper: That the minutes of 4 August 2016 be confirmed.

3. ***

4. ***

Mr Notley-Smith joined the meeting, Mr Taylor continued as Chair.

5. Inquiry into the management of NSW public housing maintenance contracts

The Committee noted the Chair's draft report, previously circulated. The Committee agreed to defer consideration of the report until the next meeting.

6. Next meeting

The Committee adjourned at 9.26am until 9.15am on Thursday 22 September 2016.

MINUTES OF MEETING No 17

Thursday, 22 September 2016

9.17am

Room 1254, Parliament House

Members Present

Mr Bruce Notley-Smith, Mr Stephen Bromhead, Mr Michael Daley, Mr Lee Evans, Mr Greg Piper, Mr Mark Taylor

Staff in attendance: Bjarne Nordin, Jenny Whight, Ze Nan Ma, Derya Sekmen

1. Confirmation of Minutes

Resolved, on the motion of Mr Taylor: That the minutes of 25 August 2016 be confirmed.

2. ***

3. ***

4. ***

5. Inquiry into the management of NSW public housing maintenance contracts

The Committee noted the Chair's draft report, which, having been previously circulated was taken as being read. Resolved, on the motion of Mr Evans: that the Committee adopts the recommendations in the draft report.

Resolved, on the motion of Mr Taylor:

- that the draft report be the report of the Committee, signed by the Chair and presented to the House
- that Committee staff be permitted to make appropriate final editing and stylistic changes as required

Resolved, on the motion of Mr Piper: that, once tabled, the report be published on the Committee's website.

6. ***

7. Next meeting

The Committee adjourned at 9.47am until 9.15am on Thursday 20 October 2016.