

## Additional questions for Lake Maintenance

### AMS Contract

- In the submission, reference is made to one hundred and thirty amendments to the AMS Contract sent out for review and comments. Could you provide the context of these amendments?

*It would take some time to find the amendments and our comments as this information has been archived. However, we will start sourcing and produce once identified. Do you think the amendments were well considered and useful? From memory the amendments were all in LaHC's favour. They were onerous. They were 'well considered' to put the Head Contractor in a possibly untenable position if LaHC wished to use them.*

- What is your experience with the Compliance, Audit and Verification teams? How often do they perform checks on your work? Do you encounter any issues with the Teams?  
**Compliance** –

*This team appear to be a law unto themselves. Whilst they will defend themselves by stating they are upholding the quality standards required under the contract (asset performance standards), they often require a standard that exceeds what other teams within LaHC would consider "acceptable". As a result, work slows down, vacants can sit untenanted over minor defects (like cleaning) and while untenanted there is lost rent as well as risk of vandalism (Head Contractor's responsibility) and it becomes more difficult to retain good subcontractors and staff.*

*There is a lack of transparency with the Compliance team, requests to share information such as inspection results are met with "we're not doing your job for you" so we have never had the ability to verify KPI results. This lack of transparency allows LaHC to conduct target inspection regimes which can give a false impression of performance and affect KPI results but does not necessarily drive improvement.*

*The risk of double-jeopardy with second inspections is real as the Contract allows for Compliance to find "more" defects, on other items, after a Contractor rectifies an initial defect. This is exacerbated by Compliance reluctance (or refusal) to share photos to identify defects. Notices are issued with very limited information, early in the contract it could be as brief as "component failure, kitchen" and it is then up to the Contractor to check whether the issue is with a window, a tap, a tile, a stove, a cupboard hinge, etc. While this improved over time (with much time wasted from arguments) notices still contain minimal information and are issued as "including but not limited to" which allows for the double-jeopardy mentioned above.*

**Audit** – *Undertake quarterly audits of systems and processes. It becomes problematic when Auditors use their own interpretations of the Contract where there are ambiguities and refuse to accept an alternate position. Further problems occur when Auditors have an opinion on how a process should occur but do not take the time to understand how the Contractor actually performs the task.*

**Verification** – *Most interaction occurs at month end to verify KPI performance. Therefore it is more about finding fault to hit KPI's than finding fault as works progress to achieve a better outcome from the tenant.*

- Do you consider the Criticality Repairs Matrix (CRM) to be fair and just from a tenant's perspective? How would you like to change the CRM to improve tenant satisfaction?

*Tenants do not understand the CRM and when we try to explain what they can or can't have, they do not consider it fair. The areas that the tenants are not happy with are around some of the time frames and the extent of the repairs which can be completed under the CRM, this is evident by CFUs received, complaints to the minister, feedback from our team and the experience our Team Leader has in taking calls herself.*

*Some examples of tenant concerns are;*

- *The time frame for external sewer overflow i.e 48hrs(P48),*
- *The time to reinstatre power to the property i.e 24hrs (P24),*
- *Only bathroom and external doors are allowed to be repaired under the CRM. In some instances, the tenant or children of the tenant are in an unsafe domestic situation and prefer to have bedroom doors repaired urgently as well,*
- *Clotheslines are not repaired within acceptable timeframes under the CRM. If the clothesline is not functioning and is NOT a safety risk then tenants must wait up to 20days or longer. They do not think this is acceptable.*

*In extreme cases we have made a decision to go "outside" the CRM to allow us to manage a maintenance request that we deem more urgent than the CRM allows, so we can quickly alleviate a tenant's stress. However, during Audit we have, in the past received Notices for doing this. Please refer to attached documents.*

*The simplest way to improve the CRM would be to conduct a review of tenant complaints and discuss experiences and issues with Head Contractors. This could identify further works that should be added or realign the CRM to work with reasonable expectations of the tenants.*

*The works carried out under the CRM should be the same for all properties. Currently they vary across AHO and standard properties. The only time the CRM should vary is due to the demographic of a tenant. For example, elderly tenants or tenants with special requirements.*

*The CRM is reasonable however it does seem to be based around safety and asset, not necessarily the tenant.*

## **Home Modifications**

- How do you differentiate between work covered by general maintenance and home modifications?

*Home modifications (MOD's) are determined and requested by LaHC, from their own data or requirements. We do not instigate a MOD order. LaHC issues them as a request to scope (MOD3D) to which we respond and then follow the quote process (SDP).*

*In LakeM opinion home modifications should be changes that are needed due to the changing circumstances of an existing tenant or a new tenant. They should include access ramps, large disabled modifications e.g to bathrooms, kitchens, doorways etc. Smaller modifications e.g grab rails, should be part of a more urgent nature within a dollar threshold but without the need to seek LAHC's approval. Provide a budget to the Head Contractors and let them manage it efficiently.*

- What is the budget for home modifications and what does it cover? Is it included in the budget as part of the Public Housing Maintenance Contract?

*Unknown to LakeM and presumably all Head Contractors. LaHC do not share this information but as we have demonstrated before LaHC refuse quotes as being outside their 'office estimate' but never justify or share the office estimate. Removal of the office estimate process would alleviate Head Contractor and tenant issues.*

- What is the process and timeframe for home modifications starting from the tenant request through to completion of the work? How does the head contractor assist in the home modification process?

*The timeframe from a tenant enquiry is unknown to LakeM. We only have visibility from when a scope request is issued.*

*The Contract requires the work to be scoped and quoted and has timeframes for the Contractor but is silent on timeframes for the Principal. The process is cumbersome, and delays are common.*

- 1. LaHC issue a scope request which has a 3-day timeframe (MOD3D).*
- 2. The Contractor responds with a scope which must be entered into one of LAHC's systems called SPM.*
- 3. There is no timeframe for LaHC to review the scope and respond.*
- 4. If LaHC PO do not agree with the scope, they will reject it and require the scope to be re-entered – there is no timeframe on this and may be required numerous times as LaHC will not say what they believe is wrong, only that it is wrong. This is also problematic as LaHC POs' are not actually going to site, they are only reviewing by desktop. Note: no price requested at this stage but a common reason to reject a scope is that it "does not meet office estimate".*
- 5. Once LaHC PO "accept" the scope, they will request a price (SDP12D). There is no contractual requirement on LaHC to request a price within a certain timeframe. Between scope acceptance and price request, could be one day or one month. This is not a major problem if ALL stakeholders are aware of what is happening. There should be an obligation on LaHC to respond to all parties with two business days to advise of the outcome. In other words, are they accepting, rejecting, need more quotes, or not going ahead with the work. That way all parties including the tenant, know what is happening.*
- 6. Contractor has 12 days to confirm scope and respond with price. There is no timeframe on LaHC to review price. Again as mentioned above there should be timeframes on LaHC and communications to all concerned.*
- 7. LaHC compare the price to an unknown "office estimate" which we believe to be an outdated assessment by a Quantity Surveyor from 2015 or earlier. It may have been updated but we do not believe it has followed the market.*

8. *If LaHC PO accepts the price, an order is issued*

9. *If LaHC PO does not accept price, the negotiation process begins:*

- *Provide detailed break-up of pricing.*
- *Negotiate (no timeframe)*
- *If agreement cannot be reached LaHC will request the Contractor to provide three independent prices within three days.*
- *Negotiate*
- *Resolve by either agreeing to a price or LaHC can use another contractor*

*In our experience around 40% of scopes are negotiated as above. However, in the two teams we worked with from LaHC this varied.*

*As can be seen above there are at least 8 steps utilising three different IT systems (two are LaHC's, and one is the Contractor's) before we enter into negotiations to get an order raised. Then in addition to that, there can be a minimum of two pieces of negotiation before the order is raised. There is limited avenue for the head contractor to assist or speed up the process. If this process was entirely sitting with the head contractors, we are confident we could meet the tenant's needs in a more timely manner.*

- *What problems have you encountered with the home modifications process and what are some of the constraints that you face in addressing tenants' needs?*

*Delays due to disagreements with LaHC around scoped items, pricing, portable toilets, showers or tenant relocation. Tenants expecting us to know what is happening when it is in LaHC's hands. LAHC instructing us NOT to tell tenants that it is in LaHC's hands. Tenant frustration from not knowing what is happening and ringing the Contact Centre as that is their only point of contact. In years gone past tenants visited the local offices and spoke to people face-to-face but we believe that service is no longer available or encouraged by LAHC, so when they are frustrated they phone the head contractor's Contact Centres. As demonstrated above the process is cumbersome and does not address tenant needs. LM's original submission contained an example of a circa \$850 grab rail where the timeframe from scope to completion was over 5 months. This was not a one-off example.*

- *Is the home modification work assessed as part of the head contractor's KPIs? If so, is the performance of home modification work included in the pain/ gain share model?*

*Yes, it is measured as part of "Planned Works".*

*The planned works KPI includes;*

- *MOD's*
- *Large-volume cyclical programs such as lawns & grounds and BES as well as*
- *Other "planned" work orders.*

*Therefore, looking at this KPI will not accurately denote the MOD performance or any other individual work type performance. Cyclical works are such a huge volume they distort the KPI.*

*This meant that for LM in FY21, the 298 MOD orders were not measured as a standalone but were included in 8,875 cyclical and planned orders. Given the small percentage of MOD's even a high failure rate would not significantly affect overall results.*

### **Review of previous maintenance work provided**

- What is your experience of dealing with LAHC internal teams?

*Our dealings with LAHC teams in our AMS contract areas have been both good and bad. Some team members and teams try to be proactive but are then undermined by other teams within LAHC. Other LAHC teams are not managed to their own contract. In many instances the LAHC staff that our site and admin staff deal with are combative and argumentative. They argue over a minor dollar saving in lieu of completing the work quickly for the tenant, who may be at risk. We understand that LAHC must make savings but their saving mechanisms are not effective for the tenants, MTC's, subcontractors or our staff. We have struggled in our areas to keep good staff. The design of the contract, the multiple decision makers, the multiple agencies with varying requirements and opinions and the culture within LAHC meant we were not able to maintain good people in our organisation. As soon as they would start dealing with the LAHC teams they would leave.*

*There are too many teams – each have their own agenda and interpretation of the contract and quite often their requirements do not align.*

*There have been occasions when the various teams have used each other to attempt to deflect the Contractor. For example, LM were unable to invoice approx. \$700K due to a change in LAHC's IT system (IT Team). LM worked with the Regional Team to resolve the issue which involved escalating to LAHC IT who said it was a Regional issue. When this avenue was exhausted, it was escalated to Contract Admin, who responded saying it needed to be resolved with the Region. Not the only occurrence.*

*We believe the reason for this Public Hearing has been due to the complaints from tenants across all regions of the state. What is the root cause for these complaints? In most cases we believe MTC's are blamed for the issues, when in fact this is not necessarily the case. There are multiple layers of complexities that have brought about the Hearing and to get to the bottom of these requires research and evidence on all sides.*

Do you consider they are helpful and responsive to queries in a timely manner?

*In our experience, some team members have been efficient and others have not. On the whole, any time delay is a disruption to the process flows, which need to be efficient so that the volume of work can be effectively achieved by our admin and our subcontractors for the tenants. Any decision making should be removed from LAHC and given to the MTC's so they are better able to manage their areas. LAHC should then be tasked with ensuring prescriptive benchmarks are met. All avenues of subjective opinions should be removed.*

### **Contract Conditions**

- What is the definition of a safe and liveable standard for tenant housing or habitable property? Is this specified in the contract?

*The Contract talks about “Asset Performance Standards”(APS) and “Basic Provisions”. The problem is that the APS is based on an individual’s assessment. The acceptable standard for a Regional PO often differs from that of a Compliance Officer. There are many occasions when a property is safe & habitable, but LaHC will not accept it back for minor compliance issues that can be remedied once tenanted. There is insufficient training to ensure that all LAHC departments are on the ‘same page’. Instead LAHC ignore the issue and deflect when it is raised.*

- What is the difference between safe and habitable housing and fit for purpose housing?

*Fit for purpose can mean many things and they may differ from safe & habitable.*

*As the name suggests ‘safe and habitable’ means that there is a dwelling that keeps the tenants safe and it is able to be lived in. ‘Fit for purpose’ means that the property is more customised to the people who will live there. It will meet their needs.*

*Fit for purpose could mean a MOD property that is suitable for a tenant with mobility issues and it can also mean, having a family with five children living in an appropriately sized dwelling, rather than a 2-bedroom unit. A dwelling should be both safe & habitable and fit for purpose to meet.*

*We believe it is important to note that ‘safe and habitable’ should not only concern the physical aspect of the people who are living there, including their safety and physical health but also their mental health. Being in a property that is not suitable and is causing angst only increases the risk of further issues. Particularly if there is no one to hear their requests and action them quickly. The media is often providing stories from distressed tenants. This is the job of the LAHC CSO’s who should be checking on the welfare of the people living in their properties and this should be performed yearly on every property to ensure ‘fit for purpose’ and ‘safe and habitable’.*

*It could also be part of the Property Assessment Surveys or create a new survey that captures all aspects and conduct them annually on all properties for all tenants.*

- What measures or requirements are in place to ensure that subcontractors maintain a property to a safe and liveable standard? Once works have been completed, how often is the quality of work reviewed and are inspections documented?

*Head contractors perform inspections on the properties their subcontractors have worked in during and/or at the end of the job. Defects can be raised by the head contractors. After closure of the order, any further inspections fall to LAHC’s departments.*

*For Head Contractors it is important to maintain a subcontractor base that understands what is required to provide the quality needed. However, this becomes difficult when quoted prices are driven down to meet LAHC’s ‘office estimates’; jobs are stalled due to decision making issues; trades are blamed and called back to perform work that was not on the original order but is now required because another dept of LAHC expects it; the design of the contract and its management is too difficult, or trades are lured away by the private sector.*

*As mentioned earlier, there is a difference of standards between Regions and Compliance, and also a lack of transparency around Compliance activities & inspections.*

*It is unknown by us what the inspection regime is for the Regions and what documentation is created.*

*For Compliance, as stated, there is a total lack of transparency. Anecdotally, LaHC Compliance will target vacants as these are where they can measure compliance to asset performance standards and ‘interpret’ the outcomes rather than simply ensuring “does it meet the description of work required”. Which means the decisions are subjective.*

*Over the last year, LaHC compliance admitted to “blitzing” lawns & grounds, and the number of notices reflected this. However, the Compliance level was still high. Both of these are reflected in the number of notices received:*

	First Time Notices Received	Orders Completed	Compliance
Lawns & Grounds	268	3,587	93%
VAC	166	992	83%
MPW	70	4,521	98%
Responsive	53	43,319	100%
MOD	12	298	96%
BES	7	469	99%

*Due to the lack of transparency and targeted inspections mentioned earlier, LakeM are not privy to more details but based on number of notices for work orders completed over the last year LM’s level of compliance is quite high.*

#### **A Further Comment from Lake Maintenance**

*During the enquiry, when questioned, LAHC indicated that Lake Maintenance performance was fine but there was a capability issue. We would like to correct this in that our performance was excellent in areas where we had little interaction with LAHC themselves but not so in areas where dealings with the various LAHC teams was necessary. It is our belief that our systems, experience, management and processes are capable of getting the results required, as they have done over the past contracts, however as we have discussed in our submissions, we feel the capability issues lie with the design, management and control of the contract by the contract owners.*



**30/04/2021**

**Response to NCN Ref No: NOT39741 – V2**

**LAHC Asset Maintenance Services Contract (“Contract”) No. 52140**

**Contractor Improvement Request (CIR) in relation to the Contractors Compliance to the AMS Contract**

**PO Management - Accuracy of RIC requirements**

**Non Conformance Notice:**

It was identified during the Principal's Audit 'Lake-0004-2019-20', the Contractor could not demonstrate compliance with:

The AMS Contract - Part G1.1 Clause 23.1 states that the Repair Identification Codes (RICs) are contained in the WICs and are specified by the Principal to allow tracking and reporting of Maintenance Requests. RICs must be returned after every Maintenance Request, including any Maintenance Request that results in no work.

The AMS Contract - Part G1.2 IT System Requirements, Clause 3.2.2 provides with the minimum capabilities required of the Contractor IT system for Order management and includes "service request" as one of the key data element for Work Order data.

Non-compliance was due to Repair Identification Codes (RIC) not been entered correctly to reflect the nature of work performed.

**Direction**

Lake Maintenance is to:

1. Develop and implement a Plan of Action to ensure that the correct RIC is used to reflect the nature of work required; and
2. Include this area in Contractor's Self-Audit regime to check Plan of Action is implemented and working as intended.





**Lake Maintenance Response:**

LM disagree with this finding as this is done intentionally by LM to provide an adequate service level commensurate to tenant risk, whereby works do not accurately fit the CRM.

Examples were provided during the audit to show that LM had increased the priority of some work orders to provide an adequate level of safety to the tenant and also where priorities had been decreased due to lack of security issue or risk to tenant safety to provide value for money to the Principal.

Note: LM has been advising the Principal of this process as part of it's monthly report since February 2021. Refer section 4.2.4 which states:

*\* LM system is set to restrict certain RIC's to specific response timeframes to match the CRM. In some cases, the operator will determine that the issue must either be escalated or de-escalated to a different priority depending on the risk involved. In these cases the operator is forced to choose a RIC that is similar to the issue and available in the chosen timeframe, but not necessarily specific to the requirement. In these cases notes are added and instructions issued to the subcontractor detailing the specific requirement.*

The use of an alternate RIC does not affect WIC's claimed or RDC, it only allows a different priority to be assigned to the work.

LM will not be making process changes in relation to RIC assignment.

Regards,



Mark Graham  
Audit Officer  
Lake Maintenance

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W: [www.lakemaint.com.au](http://www.lakemaint.com.au)