

Addendum 2 – Additional Questions Response

from

NSW Land and Housing
Corporation

to

The Public Accounts
Committee:

Follow-up review of the management of NSW public housing
maintenance contracts

15 July 2021

Introduction

On 22 January 2021, the NSW Land and Housing Corporation (LAHC) made a submission to the Public Accounts Committee (PAC) as part of a follow up review of the management of NSW public housing maintenance contracts.

On 10 May 2021, representatives of LAHC attended a hearing of the PAC and answered a series of questions. After the hearing, LAHC received additional questions on notice. Addendum 1 was provided to the Committee in response to those questions.

LAHC attended a follow up hearing on 21 June 2021 and subsequently received additional questions on notice. Responses to the Committee's additional questions are provided in this document, Addendum 2.

Theme 1 Mechanics of Maintenance

Question 1

The unavailability of departmental officers is seen as hampering contractors' ability to action some work in a timely manner. What processes are in place to ensure that contractors are able to action urgent repairs outside business hours?

LAHC Response

The AMS Contract requires contractors to operate a Contact Centre and Work Management System that acknowledges and responds to maintenance requests 24 hours a day, 7 days a week, and 365 days a year without LAHC intervention. Contractors are to assess the risk of maintenance requests in accordance with the Criticality Repairs Matrix and provide appropriate services in the timeframes identified in that matrix, including urgent works. They are not required to contact LAHC to be able to undertake this work.

The Contract sets out which works are required to be undertaken during business hours and those which may be extended to after hours. For example, Responsive Works are required to be carried out on any calendar day and at any mutually agreed time with the tenant including after hours; make safe events such as after a fire are required to be completed on any calendar day and at any time of the day or night in accordance with the Criticality Repairs Matrix; disability modification works are to be conducted on business days only and during business hours; etc.

Most interactions between maintenance contractors and LAHC staff occur during business hours and contractors have the responsibility to conduct the maintenance services at any time as identified by the Contract. LAHC staff are not required to attend sites with contractors when they conduct their work; this is the contractors' responsibility and they have been engaged as the experts in performing the services. LAHC assistance should only be sought after hours if escalation of a matter is required.

LAHC does, however, have designated after hours contacts in each of its regions that the relevant Contractor can contact in the event that an escalated approval is required. The contact details of these LAHC staff has been provided to the relevant contractors.

Question 2

Which divisions or teams within LAHC are responsible for the scoping of work? Who makes the final decision if there a dispute on the scoping of work and how long does it take to resolve these?

LAHC Response

The responsibility for scoping and quoting of work sits with the maintenance contractor, with the exception of vacant works.

Work programs managed via the contractor include:

- Responsive works – including make safe work
 - urgent and priority work
 - technical inspections
- Planned works
 - maintenance programmed works
 - disability modifications
 - fire restoration
- Servicing works
 - lawns, grounds and cleaning
 - building essential services
 - annual smoke alarm servicing

The scoping of vacant works is managed by LAHC and the contractor is required to provide a quote to LAHC within three business days.

For work programs scoped and quoted by the contractor, the contractor is responsible for providing an accurate, value for money scope and associated quote in line with LAHC's Asset Maintenance Standards. Contractors are required to provide evidence to justify scoped works and LAHC has an audit process which investigates this evidence to ensure only required works are being carried out by the contractors.

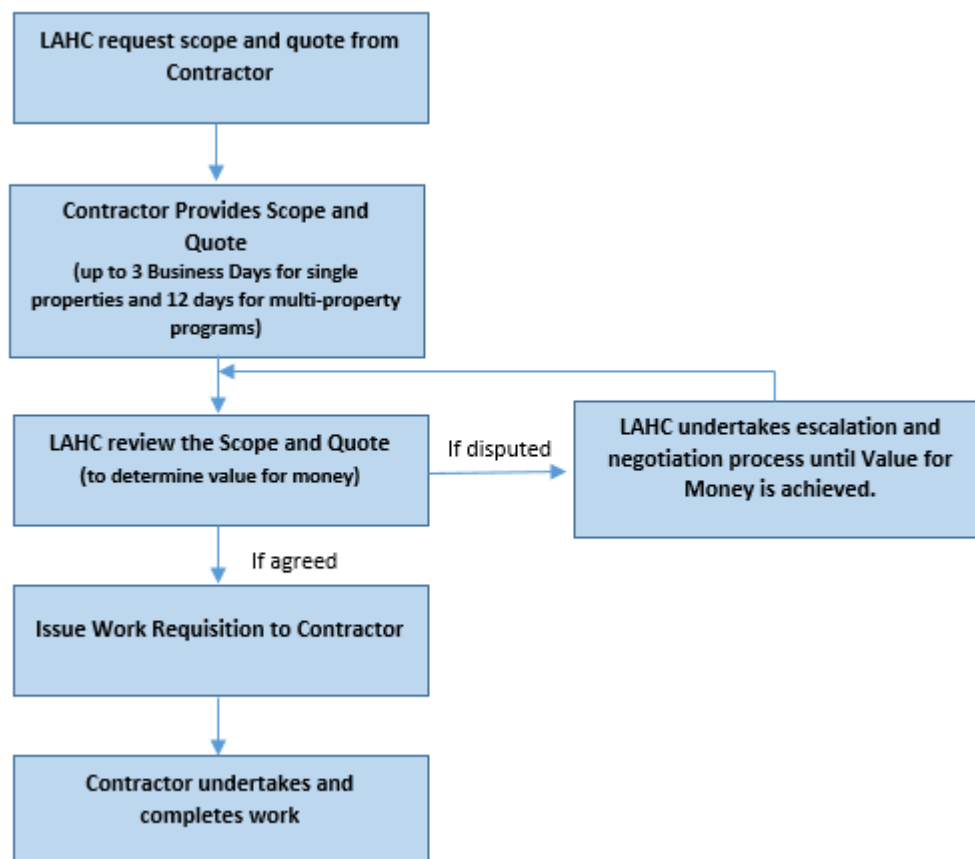
There is a process of escalation to manage any disputes over the accuracy of scopes and quotes. This process escalates as necessary from the LAHC operational supervisors up through to the Regional Portfolio Director. The vast majority of escalations are addressed at the supervisor level.

The escalation process can take from a matter of hours up to two or three days, but there is no defined timeframe for resolution. The majority of scopes achieve initial value for money and address the maintenance requirements. Approximately 85% of scopes and quotes are accepted without any need for escalation; a further 10% are resolved within a minimal timeframe (24-72 hours); and less than 5% of scopes and quotes are escalated for higher determination.

Where LAHC is unable to achieve a negotiated value for money outcome, or the contractor does not have the capacity to undertake the work, an alternative delivery model is escalated to the Regional Manager for approval.

The procedure for scope and quote is demonstrated in **Diagram 1** below.

Diagram 1 – Scope and Quote Procedure



Question 3

Which divisions or teams within LAHC are involved in public housing maintenance works? Do they share the same level of knowledge of the public housing maintenance standards across NSW, including quality assurance, effectiveness, and contract supervision?

LAHC Response

LAHC Portfolio Management (Assets) is the division responsible for management of the maintenance contract for public housing. Portfolio Management includes a number of teams responsible for management of the Contract, policy, training, governance, stakeholder engagement, special projects, heritage, environmental matters, complaint management, and standards.

Three geographically aligned regional teams are responsible for the end to end management of the Contract. Each regional team includes Contract Management, Compliance (Quality), Programs, Business, Capital Sales, and Engagement teams who are responsible for project management, quality assurance of maintenance works and the administration of any contractual matters. Across NSW, each team within the Portfolio Management division has received the same training on the Contract and has access to the Contract documents and process maps and should, therefore, have the same level of

understanding of the Contract, its standards, requirements, the quality outcomes required to be delivered by the contractors and the escalation paths inherent in administering the Contract.

It has been claimed in one of the submissions to the Committee that less than optimal contractor performance, under the vacant program in particular, is a result of a lack of alignment between the LAHC teams' interpretation of the Contract requirements and the consequent number of defects received for work in this program. We assume that the submission implies that the LAHC Programs and Compliance Teams were not in alignment and this is why the contractor was defected on a high proportion of their vacants. This assertion is, however, not correct as the standards and requirements of the Contract are the same across the state. LAHC Compliance teams are the only ones responsible for defecting works and they strictly follow the Contract standards and requirements when inspecting works. This is not related to the Programs teams.

The submission further asserted that LAHC changed its vacant process because of a misalignment of Contract understanding of LAHC teams. LAHC changed its vacant process not because of a misalignment of LAHC staff understanding, but rather because the cost of vacants had significantly increased so LAHC took control of the scopes of work to be completed to bring those costs under control. LAHC had a benchmark cost for vacant works which was meant to be managed by Contractors with a Pain/Gain mechanism to incentive cost efficiencies. This mechanism was not having the desired effect so LAHC realigned the program and removed the benchmark and Pain/Gain mechanism from this program of works.

Question 4

How many different IT systems are used within LAHC for managing the AMS contracts? Are IT systems interfaced with each other and do head contractors have access to those systems?

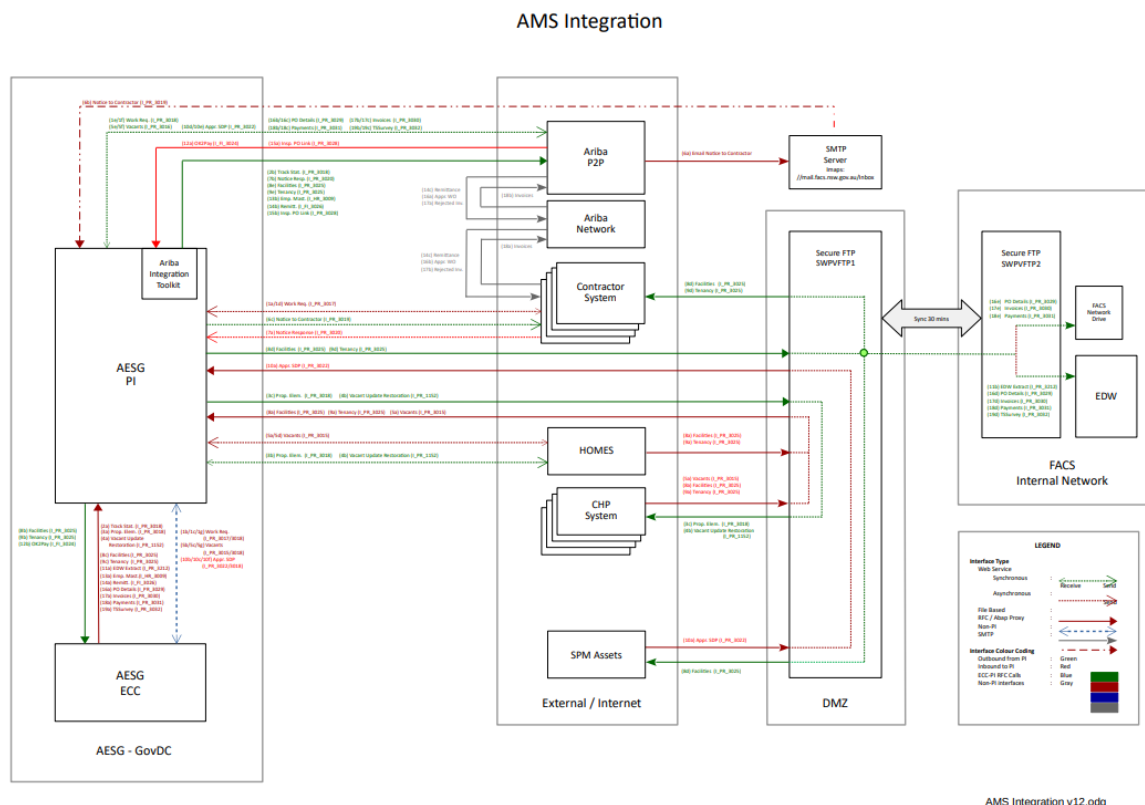
LAHC Response

In managing the AMS Contract, LAHC uses two IT systems; SAP Ariba and SPM Assets. SAP Ariba is a work management system which is used for raising, tracking the progress of and claiming maintenance work orders. SPM assets is used to capture asset condition data and collate programs of work which are then scoped and quotations submitted into the system by contractors for assessment by LAHC. Once a quotation is accepted, the data from SPM Assets is utilised to raise a work order in Ariba.

A third system, HOMES, is used by LAHC to capture tenancy data which is sent in a Comma Separated Values (CSV) file to contractors to regularly update tenancy details, but contractors are not required to be integrated into this system.

While the IT systems utilised by LAHC are complex, as demonstrated in **Diagram 2** below, contractors only integrate and have access to SAP Ariba and SPM Assets. Contractors do, however, have their own work management IT systems which may differ between contractors and have varying levels of complexity and sophistication. Some contractors also have portals through which they raise maintenance work orders for their subcontractors to access and complete on site.

Diagram 2 – LAHC IT System



Question 5

It has been suggested that more flexibility needs to be structured into the payment process for contractors engaging with local small businesses. This is to ensure that onerous administrative requirements do not lead to unwillingness on behalf of subcontractors to be engaged in LAHC works. Can you comment on this?

LAHC Response

The pricing structure of the AMS Contract is such that the head contractors pass through the actual cost of the work from the subcontractor to LAHC. This is referred to as Reimbursable Direct Costs (RDC) and allows sufficient flexibility for subcontractors to charge the actual cost of doing the work to LAHC, rather than a fixed rate for work type. Through the use of RDCs, if it takes a subcontractor a little longer than expected to do the work on site, they are able to charge a proportionate increase in labour costs. RDCs are intended to have the effect of reducing the administrative burden of approving variations which, in the previous maintenance contract could be up to 13 variations per work order. LAHC has an open book audit process over RDCs whereby all contractor records are to be made available to LAHC's auditors to ensure the amount charged to LAHC is fair and reasonable, and is supported by evidence.

To LAHC, Value for Money (VFM) is not just about dollar values. The Contract defines VFM as "the provision of work at the best possible price considering the benefit while meeting the Contractual requirements particularly with regard to fitness for purpose, quality and timely completion." LAHC understands that one of the submissions to the Committee suggested that "Subcontractors do not like tight margins brought on by a client trying to continuously obtain value for money" and that they are required to provide substantial evidence, including photos and documentation, to justify their work which is an administrative task.

As a government agency, LAHC and its staff have a duty to ensure that the limited public monies available to it are spent appropriately and that, according to the definition of VFM, not only good dollar values are achieved but also that quality and timely outcomes are achieved and that the work done by contractors is actually required. LAHC and its staff take this responsibility very seriously.

The assertion by the aforementioned submission that the requirement to achieve VFM has been unattractive to subcontractors which has limited the trade base is not supported by reports provided to LAHC in 2020 which advised that a substantial number of expressions of interest had been received from subcontractors of diverse sizes to work on the AMS Contract. In addition, all other maintenance contractors have managed to attract and retain a sufficient subcontractor base to enable them to deliver the performance levels required of the Contract.

Whilst LAHC has received numerous complaints from subcontractors asserting they have not been paid fairly by contractors this is a matter for contractors to manage, particularly with regard to retention of those subcontractors.

Question 6

Does LAHC organise any stakeholder forums to discuss and address any common issues across all maintenance contract regions?

LAHC Response

LAHC has a strong focus on developing and fostering effective relationships with its broad range of stakeholders including tenants, Department of Communities and Justice (DCJ), Local Members of Parliament, Tenancy Advisory Services and Local Government, amongst many others.

LAHC has staff dedicated to stakeholder and engagement activities, with teams located within each of its three regional areas ie South East Region (Inner City/Inner West/Illawarra/Murrumbidgee), North West Region (Central Coast/Hunter/North Coast/Central West) and Western Sydney Region (Western Sydney/South Western Sydney/Macarthur). The Stakeholder and Engagement teams conduct and participate in various forums, meetings and events relating to LAHC's portfolio with the aim of better informing stakeholders about how maintenance services are delivered under the AMS Contract and to better manage expectations in relation to timeframes for the delivery of certain work streams, including planned or programmed works.

In the Inner City areas including Glebe, Redfern, Surry Hills and Waterloo, there is a long established tenant/community engagement structure known as the Neighbourhood Advisory Boards that meet in those local areas on a monthly basis and provide the elected tenant representatives a forum to hear from local service providers including LAHC and DCJ and to provide feedback. LAHC maintains an ongoing commitment to attending and participating in these meetings. In addition, senior LAHC staff are invited to attend and present at social housing forums hosted by the Lord Mayor for the City of Sydney in Redfern, Surry Hills, Waterloo, Glebe, Ultimo and Woolloomooloo.

LAHC has been invited to present via webinar for the NSW Parliament – Vital Information Series in August 2021 which is a forum for Local MP Office electorate staff to hear from various government agencies and service providers. This will be an important opportunity for LAHC to better inform and educate electorate staff about how LAHC delivers maintenance services to tenants living in public

housing, and to reinforce how tenants can report and escalate their maintenance concerns. To further build upon this, LAHC is currently planning a program of forums to be held at various locations across the state where Local MP's and their electorate staff will be invited to attend to learn more about LAHC's maintenance services and to engage in a question and answer session.

LAHC has also worked with DCJ to develop a training package for DCJ front line staff so they better understand how maintenance services are delivered under the AMS contract and to reinforce DCJ's responsibilities to help tenants report and resolve their maintenance concerns. The training is planned to be delivered between July and September 2021 with LAHC staff participating in those sessions to provide subject matter expertise and support.

In addition, LAHC representatives have attended the NSW Tenant's Union Forum on several occasions to provide information on the provision of maintenance services within the AMS Contract to public housing tenants. Tenant advocates in attendance have had the opportunity to make enquiries and raise concerns regarding the services provided. LAHC representatives also regularly meet with individual Tenant Advocacy Services (eg. Marrickville, Redfern) to discuss local issues and consider suggestions to improve maintenance service delivery.

Theme 2

AMS Contract

Question 7

The submission from Lake Maintenance mentioned that there were around one hundred and thirty amendments sent after the announcement of the successful bidder in the area. The Head Contractor was told that there would be no further negotiations and to accept them or decline the contract. Can you provide some context in relation to the amendments?

LAHC Response

The AMS Contract was issued to industry for tender in July 2014.

In November 2014, the NSW Government released a paper to industry entitled "Social Housing in NSW – A Discussion Paper for Input and Comment" which sought input from the sector on the future of social housing in NSW. In May 2015, a follow up paper entitled "What We Heard – A Summary of Feedback on the Social Housing in NSW Discussion Paper" was released by the Government which outlined feedback, from the sector, on the possibility of transferring some social housing properties to Community Housing Providers. As a result of this feedback and given the imminent award and commencement of the five year first term of the AMS Contract, it was essential that amendments be made to the Contract to manage any future transfer of properties and the resultant effect on the viability of the Contract in any affected areas.

It was LAHC's intention to ensure that all tenderers were fully aware of any potential future effects on the Contract as a result of the feedback provided by industry in response to the discussion papers prior to awarding the Contracts. Consequently, LAHC added a section into the Contract (referred to as Material Adverse Effect which comprised a number of clauses and worked examples) detailing the manner in which any large transfer of properties would be dealt with in relation to previously tendered

pricing for maintenance works. Additional clauses were also added relating to termination of the Contract, further subcontracting of work and publishing of contractor performance information.

Contrary to the assertion made by Lake Maintenance in its submission, these amendments were sent to contractors for feedback in November 2015. Lake Maintenance provided feedback to these amendments which were responded to by LAHC in November/December 2015 and/or discussed in meetings held in December 2015.

Once the feedback phase of the amendments was complete, a “Contract Close Protocol” document was sent to each contractor which included the final Contract clause changes and required Contractors to execute the document “without departure” as consultation had already been completed. It should be noted that the Contract had not been awarded at this stage, so the tender was still afoot and it is standard procedure for the Principal to be able to make amendments/addenda to a Contract during the tender process and tenderers have the opportunity of either withdrawing if they are unsatisfied with any amendments or, if they believe that the amendments are substantial, to request to make amendments to their tender to accommodate such changes. The Contract was awarded on 17 December 2015 following completion of the Contract Close Protocol.

The amendments made as part of the Contract Close Protocol were not seen by LAHC to have changed the fundamental commercial principles or operating model of the Contract as initially drafted. In any case, LAHC ensured that the contractors were not affected by the subsequent transfer of properties to Community Housing Providers (and therefore the relevant Contract amendments) by effecting a Contract with Community Housing Providers prior to property transfers which ensured that AMS Contractors continued to provide maintenance services to transferred properties until the end of the first term of the AMS Contract. Thus, the additional clauses added during the Contract Close Protocol and related to Material Adverse Effect were not enlivened.

Theme 3

Special Needs Groups

Question 8

What are the particular requirements of people with disabilities and what constraints are faced by LAHC or head contractors in meeting tenants' special needs?

LAHC Response

The Disability Modification Policy explains how DCJ and LAHC manage disability modifications requested by a tenant or an approved housing applicant, and reflects LAHC’s asset-related obligations to align with the National Disability Insurance Scheme (NDIS).

Generally, a tenant is required to submit an Occupational Therapist (OT) report to DCJ specifying the essential home modifications required. LAHC will perform suitable (feasible and viable) modifications to its properties (and DCJ will seek approval from private owners of head leased properties) as requested by a tenant or an approved housing applicant, irrespective of the funding source. This means that required modifications are not delayed pending confirmation of a person’s access to or inclusion under NDIS. LAHC engages its maintenance Contractor under the Contract to provide technical expertise and to arrange and complete approved home modifications to LAHC owned properties.

One of the challenges for LAHC is that the average age of its properties is 40 years. In this context, the majority of the housing stock was not constructed with accessibility features suitable to support the more contemporary needs of LAHC's tenant cohort, many of whom have chronic medical conditions, age related health issues, and disabilities. Another challenge for LAHC includes that some NDIS participants currently request very complex and extensive home modifications not simply achieved in a portfolio of the design and age of that owned by LAHC, the mismatch of properties to meet tenant disability needs, (including a lack of Specialist Disability Accommodation), and difficulties in achieving timely tenant relocations where modifications to their existing home cannot be practically achieved.

As NDIS Specialist Disability Accommodation for those requiring higher support needs including extensive home modifications is limited at present LAHC is increasingly being called upon to fund and undertake modifications works well exceeding its reasonable adjustment requirements as a social housing landlord to facilitate suitable client outcomes.

More broadly, LAHC contractors receive tenant alerts and information if a tenant has requested that a support person be contacted before a contractor attends their home to undertake repairs or maintenance works. In circumstances where a tenant calls the maintenance line to report a maintenance concern and it becomes apparent to the operator that they have additional support needs or are experiencing difficulty in conveying their concerns, contact is made with DCJ staff to engage with the tenant and/or their support services to clarify the issues so that the maintenance issue can be resolved. In addition, tenants from non-English speaking backgrounds are assisted with access to an interpreter service when engaging with the maintenance line, LAHC and DCJ staff.

LAHC is currently leading on the production of a disability awareness training video for contractors to better inform and educate them in relation to how best to work and engage with tenants who have a disability or special needs, in order to ensure their maintenance issues are effectively attended to and resolved. This will also be a useful training tool for LAHC and DCJ staff and is expected to be finalised in August 2021.

Question 9

What additional assistance is provided to aged and/or disabled tenants to assist with property upkeep and cleaning?

LAHC Response

DCJ delivers tenancy management functions under a Service Level Agreement (SLA) across LAHC's portfolio. Under this agreement, DCJ is responsible for eligibility, access and tenancy management services on behalf of LAHC.

To be eligible for public housing, an applicant must be able to live independently, either with or without a support plan.

As DCJ has the lead responsibility for all aspects of tenancy management, they actively work with tenants who require additional assistance or support to live independently and maintain their homes. Those tenants requiring additional support can be identified in various ways including during annual client service visits conducted by DCJ, their neighbours reporting concerns about their welfare, Contractors that attend the home for repairs/maintenance issues or for condition assessment where property care or other vulnerabilities being experienced by the tenant are noted.

Once aware, DCJ engages with the tenant to understand their support needs and to obtain consent to make referrals to appropriate support services that can assist the tenant with things such as Meals on Wheels, aged care services, disability modifications including referrals for OT assessments and homecare.

Tenants with more complex needs are generally case managed by DCJ Senior Client Service Officers (Specialists). They engage with and co-ordinate wrap around support plans, involving multiple agencies and/or service providers, to ensure appropriate services are connected with the tenant. They also ensure ongoing monitoring of the tenants' engagement with the services to ensure the tenants are safe and are meeting their tenancy obligations with respect to the payment of rent and property care.

DCJ also assists elderly tenants experiencing difficulty maintaining a large home, for example where they are under occupying a property where their children have grown up and moved out and are finding it difficult to maintain the lawns and gardens. In these instances, DCJ will transfer the tenant into smaller, more suitable, accommodation such as a pensioner unit that provides appropriate access and amenity for older tenants and where the lawns and common areas are maintained by LAHC contractors. This has the added benefit of making the larger home available for families waiting for social housing on the Housing Register.

LAHC's maintenance funding model does not make provision for services such as internal cleaning and maintenance of lawns to individual tenanted homes as this is the responsibility of the tenant under the Residential Tenancy Agreement.

Question 10

What is the budget for home modifications for special needs groups and what does it cover?

LAHC Response

LAHC's annual budget for home modifications reflects the demand in any given year. Over the past four years LAHC has invested an average of \$10.4 million for home modifications.

The home modifications budget covers all tenants or approved housing applicants who have an identified need for a disability modification where they may apply for a modified/adaptable home or to have an existing home modified. Requests for minor modifications may cover those not requiring an OT report but, rather, a letter of recommendation from a relevant health professional. However, major modifications require an OT report and an OT summary report in accordance with LAHC's Home Modification Guidelines.

Items in the schedule of modifications include the broad areas indicated in **Table 1** below:

Table 1 – Schedule of Modifications

External and Common Areas:	Dwelling Internal Areas:
<ul style="list-style-type: none">• Front gates, letterboxes• Pathways, ramps and steps• Service areas• Parking and covered areas• External lighting, signage, security	<ul style="list-style-type: none">• Entrance area• Stairs, internal• Doors and doorways• Floors• Walls

and safety • Lobby Entries	• Electrical work and temperature control • Kitchen • Bedroom • Bathroom and Wet Areas
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If the disability modification budget is exceeded, there is flexibility to allocate additional funds from other programs within the parameters of the total maintenance budget so that all required modifications are provided to tenants in need.

Question 11

What is the process and timeframe for special needs home modification, starting with the tenant request through to completion of the work?

LAHC Response

Tenant's requests for disability modifications to their LAHC owned home follows the procedures outlined in the LAHC Disability Modification Policy. Documents required include the tenant's written request accompanied by the OT's report (where required), which must contain a summary of the disability modifications required.

LAHC and the DCJ regularly communicate and collaborate to provide positive tenant outcomes. There are existing protocols in place to exchange information in relation to modifications (and other tenancy and maintenance activities) to ensure matters are jointly managed between the two agencies. This is known as the Exchange Guidelines, a frontline tool for maintenance and tenancy management services clarifying roles and responsibilities between LAHC and the DCJ with information and timeframes.

Where LAHC confirms a property is suitable for modifications, the process includes the following steps:

- a) DCJ Housing receives a tenant request for a home modification, and ensures the request is complete as per the policy.
- b) DCJ Housing workflow the request to LAHC within a target of three business days.
- c) LAHC assesses the impact of the proposed modifications on the dwelling and associated costs within a target of three business days.
- d) Under the Maintenance Contract, LAHC advises the contractor of the requirements (i.e. as documented in the OT report) for each modification by issuing a work order request to document a scope of work, quotation and proposed completion time. The scope of works must be accompanied by drawings that comply with the requirements of the Contract.
- e) The contractor is required to provide a scope of works and quotation within three business days after the issue of the work order. Works must be completed within the following times/dates for completion from the re-issue of the work order:
 - three business days for minor modifications (i.e. works under \$1000)
 - all other modifications as negotiated, not exceeding 12 business days.

Where LAHC considers a property unsuitable for modifications (following assessment), LAHC notifies DCJ within a target of ten business days with reasons to substantiate the decision. DCJ Housing then notifies the tenant of the decision. If a tenant disagrees with a decision concerning modifications to their home, they can contact DCJ Housing, and if they still disagree they can then seek a formal review

of the decision. Tier 1 appeals are assessed independently within DCJ/ LAHC and Tier 2 appeals are managed by the independent Housing Appeals Committee (HAC) (as per the policy).

Challenges for LAHC to meet guidelines for timeframes include the introduction of NDIS participants requesting very complex home modifications, the mismatch of properties to meet tenant disability needs, (including a lack of Specialist Disability Accommodation), and difficulties in achieving successful relocations due to a lack of available LAHC housing stock.

Question 12

How do you assess whether the requested modifications and the completed works meet a tenant's needs?

LAHC Response

LAHC is responsible for the provision of accommodation that is clean, safe and habitable in line with Residential Tenancies Act 2010. LAHC is not a specialist disability housing provider, however must meet its reasonable adjustment obligations under the Disability Discrimination Act 1992. Where requested by a tenant and evidenced by supporting medical advice or an OT, reasonable adjustments are undertaken to properties to meet the needs of those with disabilities. These are referred to as disability modifications.

LAHC recognises that each tenant's medical requirements are different and inappropriate modifications could have negative health effects. For this reason, even minor disability modifications, such as grab rails in bathrooms, involve professional assessment of tenants' individual needs. LAHC and maintenance contractors work closely with OTs and other medical professionals to scope and complete minor and major modifications as quickly as necessary, including by inspecting them after works are complete.

Whilst LAHC works to meet its obligations under the Disability Discrimination Act 1992, LAHC also works closely with DCJ, tenants and various stakeholders to unpack the complexities and challenges experienced by tenants with complex medical needs and engages in suitable, critical and priority modifications to LAHC's existing portfolio. This includes engaging with the nominated OT to understand the critical or priority modifications as opposed to those items that might be in a report as desirable or a 'nice to have'. Examples of complex modifications that LAHC has negotiated, co-ordinated and delivered to assist tenants in being able to live safely in their homes are provided at **Attachment 1**.

Question 13

How do you differentiate between what can be covered by general maintenance and work requiring home modification?

LAHC Response

General maintenance work is covered under the maintenance Contract and includes three categories of maintenance work; responsive, planned and servicing. These categories include eight work programs as listed below. The work programs are further subdivided into work types with specified times/dates for completion. The detailed requirements for the work types are contained within the terms and conditions of the Maintenance Contract.

- a) Responsive works:
 - Urgent Works (UW)
 - Priority Works (PW)
- b) Planned Works:
 - Maintenance Program Works (MPW) including buildings and grounds
 - Property based planned works, fire program repairs, heritage related work
 - Landscaping
 - Vacant restoration
 - Quoted services including disability modifications, acquisition upgrades,
 - Major fire upgrades and lease refurbishment
 - Property standard assessments
- c) Servicing Works:
 - Lawns, Grounds and Cleaning (LGC)
 - Building Essential Services (BES)

Work requiring home modifications are undertaken in accordance with the LAHC Disability Modification Policy, which includes the LAHC Home Modification Guidelines, and the terms and conditions of the LAHC Maintenance Contract. In addition, tenants may be able to undertake alterations to their homes after first seeking approval from LAHC, in accordance with the Alterations to a Home Policy. This policy explains how alteration requests and work to a LAHC owned property is managed and includes responsibilities and conditions that must be agreed to by tenants.

Question 14

Your submission notes that AMS contractors have continued to strongly engage community and disability service providers with engagements equating to over 18% of the contract value in October 2020, against a Contract target of 1.5%. Can you explain what these arrangements involve?

LAHC Response

The AMS Contract places a number of requirements on contractors to provide opportunities for the community to engage in the delivery of maintenance services, from both a commercial and training perspective. This includes the engagement of Aboriginal people and trades, apprentices, tenants and disability service providers as set out either by Government policy (eg Aboriginal Participation in Construction Guidelines and Training Management Guidelines – for apprentices) or over and above Government policy by the Contract itself (such as tenant employment and engagement of Disability and Community Service Providers).

The Contract target for community and disability service providers is 5% which is, as noted by the Committee in its question, being exceeded by contractors. Under this initiative, contractors engage providers who provide meaningful work and training opportunities to people with disabilities to undertake maintenance work. This work is generally lawns and grounds maintenance and/or cleaning work.

Disability and Community Service Providers engaged by the AMS contractors include such organisations as Your Town (formerly Boys Town), Wesley Mission, Aruma (formerly House with No Steps), and Job Quest.

Question 15

Your submission notes that the NSW Government has arrangements with the National Disability Insurance Agency (NDIA) for home modifications to public housing properties under the National Disability Insurance Scheme (NDIS). LAHC applies these arrangements and seeks reimbursement of its costs from the NDIA when applicable. What is covered by these arrangements?

LAHC Response

The National Disability Insurance Scheme (NDIS) sits at the core of the National Disability Strategy. The Scheme is nationally based with funding and governance shared amongst all jurisdictions. The NDIS Principles affirm that social housing providers have obligations under the Disability Discrimination Act 1992 (DDA) to provide 'reasonable adjustments' (disability modifications or relocation) to support a tenant with a disability. Therefore, LAHC will fund this obligation, considered as minor modifications regardless of NDIS funding.

However, modifications beyond "reasonable adjustments" involve substantial and highly specialised/customised modifications, including alterations to the dwelling's layout, capital intensive structural alterations or reinforcement, tailored to individual requirements and highly specialised modifications requiring components, fittings and/or finishes that are beyond LAHC's standards. These modifications are funded by the NDIS.

LAHC has developed the Home Modification Guidelines (HMG) that distinguish home modifications as either Minor or Major to assist LAHC staff to assess and make decisions on client specific home modifications. Under the HMG, "Major" modifications are equivalent to beyond "reasonable adjustments".

Under the maintenance Contract, LAHC has modification codes for

- a) non-NDIS participant requesting minor and/or major modification
- b) participants with approved modification funding as part of their support plan, and
- c) coding where the tenant may qualify for funding under the NDIS but NDIS assessment is not yet approved.

The HMG provides clear guidance as to the suitability of modification to all LAHC properties managed by the Department of Communities and Justice, and the allocation of responsibility between LAHC and the NDIS.

Question 16

Your submission notes that heating and cooling measures are provided on medical grounds in all climate zones in accordance with LAHC's Disability Modifications Policy. Are you able to provide the Committee with a copy of that policy?

LAHC Response

The Disability Modification Policy is available on Department of Communities and Justice public website at: <https://www.facs.nsw.gov.au/?a=439526>

Question 17

Is home modification work assessed as part of the KPIs? (including in the pain/ gain share model)?

LAHC Response

LAHC undertakes disability modification works to its properties based on the need of its tenants as identified and specified by occupational therapists.

Specific timeframes are identified in the Contract for the delivery of modification works as follows:

- Urgent works associated with disability modifications: LAHC may direct the Contractor to commence work immediately while preparing a scope and quotation for the works which are to be provided to LAHC within two business days. Upon receipt of a work order, the contractor must immediately commence and within three business days complete all works related to tenant risks that are identified in the OT's report or identified by the contractor while on site.
- All modification works: Upon receipt of a work order from LAHC, the contractor must immediately commence works and complete the modification within the negotiated timeframe which must not be greater than 12 days from the issue of the work order.

Timely delivery of disability modifications has been captured as a Key Performance Indicator (KPI) since commencement of the Contract. However, the revised KPIs that form part of the Contract extension (from 1 July 2021 to 31 December 2022) have increased the focus on timely delivery of disability modifications by separating this work out of a "bulk" planned and servicing work KPI into a separate KPI with other quoted works. As with all other works, the quality of disability modification is also captured in the KPIs as a result of LAHC's quality inspections. These, as with all other KPIs, are linked to an abatement if contractors fail to meet the minimum requirement of 85% on time and quality delivery. The revised KPI which encompasses timeliness of disability modifications and quality for all works are provided in **Table 2** below.

Table 2 – KPIs Related to Disability Modifications

No.	KPI Measure	Definition of Measure
6	<i>(KPIM 06) Percentage of Planned and Servicing (MPW and MODS) Work Instructions scheduled for delivery within the month completed by target date.</i>	Is a measure of the contractors performance in completing (based on the SAP PI date stamp) all Work Instructions identified for completion within the agreed programs for Planned Works within the agreed target times. Programs include MPW and MOD. Excluding all work orders for Scope of Work, Quotation.
11	(KPIM 11) Percentage of LAHC first time Inspection passes.	Is a measure of the number of the LAHC Inspections which passed on the 1st inspection.

The delivery of disability modifications was not linked to the Pain/Gain share mechanism since modification works are a quoted service and value for money is assessed through this quotation process. LAHC has an office estimate based on rates prepared by an independent quantity surveyor

and against which quotations from contractors are assessed for value for money. If a contractor's quotation exceeds LAHC's office estimate, LAHC may enter into negotiations with the contractor which may include requesting further quotations or discussions to determine if any extenuating circumstances have led to higher prices (such as higher than normal labour rates in a particular locality). If, based on LAHC's assessment, value for money is not achieved following negotiations, LAHC may have the work done by an alternative provider.

Theme 4

Contract Conditions

Question 18

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

LAHC Response

The AMS Contract includes Asset Performance Standards for Existing Dwellings which defines LAHC's strategic direction for public housing and includes; properties with universal access; that function efficiently; provide a safe and comfortable environment; reduces climatic extremes; operate on a sustainable basis and are attractive homes.

Concurrent with this strategic direction is the statutory need to ensure all LAHC properties are safe, habitable and clean in accordance with the *Residential Tenancies Act 2010 (NSW)*.

LAHC's contractors acknowledge and agree that they are required to deliver the maintenance services on a performance basis, to ensure the outcomes sought by LAHC are delivered in accordance with the terms and conditions of the Contract, including the Asset Performance Standards for Existing Dwellings and the *Residential Tenancies Act 2010 (NSW)*.

Question 19

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

LAHC Response

Clean, safe and habitable is specified in the maintenance contract, through the Asset Performance Standards for Existing Dwellings and in accordance with the Residential Tenancies Act 2010 (NSW). Properties meeting these requirements are ready to lease.

In the LAHC context, "fit for purpose" means properties are fit for the needs of social housing tenants. The LAHC Asset Portfolio Review in 2017-18 scored LAHC properties against a Fit For Purpose (FFP) rating from one to nine. This represents a quantitative measurement of the social housing suitability to social housing tenants, utilising the Portfolio Assessment Tool (PAT). The FFP rating comprised the following two components:

- Location score, which measures the accessibility to services; and
- Physical score, which assesses the physical condition of social housing properties.

The higher the score the more suitable a dwelling is considered for social housing tenants. On average, the portfolio FFP score was five out of nine.

One of LAHC's strategic priorities is to deliver maintenance and more fit for purpose homes. The public housing portfolio is diverse and ageing and LAHC is responsible for maintenance of these properties. The continued investment in maintenance supports overall social housing supply and housing quality which in turn contributes to improved tenant outcomes.

Question 20

What is the Department's duty of care in maintaining social housing properties for tenants to a habitable and safe standard?

LAHC Response

LAHC's duty of care in maintaining social housing properties for tenants to a habitable and safe standard is prescribed under the appropriate regulations and legislation, being the Housing Act 2001, the Residential Tenancies Act 2010 (RTA), the Residential Tenancies Regulation, and within the terms of the residential tenancy agreement and where relevant, LAHC/DCJ operational policies.

For example, LAHC has the same maintenance obligations under the RTA as a private landlord or other rental property providers in NSW including:

- Providing a property that is in a 'reasonable state of cleanliness and fit for habitation by the tenant' (S. 52)
- Providing and maintaining the property 'in a reasonable state of repair, having regard to the age of, rent payable for and prospective life of the premises' (S. 63).

Furthermore, the RTA and residential tenancy agreement establish obligations on both the landlord and the tenant. The tenant is required to advise the landlord as soon as practicable of any maintenance concerns, to attend to property care (eg. removal of surface mould), responsibility for tenant damage and their visitors' behaviour, and use the property for legitimate purposes. In this regard, tenants of LAHC's properties have the same obligations as other tenants in NSW.

LAHC responds by attending to appropriate maintenance within reasonable timeframes. LAHC would argue that all of its properties are maintained to meet, if not exceed, the standards required under the RTA.

it should be noted that tenants do not always comply with the RTA or the residential tenancy agreement, however every effort is made by DCJ and LAHC to sustain tenancies, even where significant costs are borne by LAHC. Tenants who believe that LAHC has breached their obligations, invariably raise complaints / feedback or instigate action in the NSW Civil and Administrative Tribunal (NCAT).

DCJ also undertakes Client Service Visits to identify poor property care or unreported maintenance issues, and Property Condition Reports at the beginning and end of each tenancy are completed in the same manner as a private rental, with the tenant afforded the opportunity to indicate any item that requires maintenance or acknowledgment of 'fair wear and tear'. At the end of a tenancy, a

Property Condition Report is also used to identify the work necessary to restore the property to be ready for reletting.

Question 21

Can the Department provide the Committee with the full criticality repairs matrix, the guide and decision tree to identify the criticality and risk for contractors?

LAHC Response

The Criticality Repairs Matrix is the reference document used to determine the required response time parameters for a range of specified failures.

Note: LAHC requests that the Criticality Repairs Matrix (Attachment 2) is not published as it is 'Commercial in Confidence' information over which LAHC holds intellectual property and should not be read in isolation from the rest of the Contract.

In order to determine the priority (and therefore the minimum timeframe for delivery) of the work, a scale of 1 to 5 (with 5 being a high priority) is applied. The criticality indicator is an indication of the severity and the level of safety risks associated to the failure. It also determines whether the repair must be dealt with as Responsive Works or part of future Maintenance Program Works.

The parameters for criticality which should be used in categorising maintenance repairs and replacements are:

- Criticality Indicator 1 (Low): where the likelihood of injury is not affected by the type of failure. The failure may be addressed via Maintenance Program Work.
- Criticality Indicator 2 (Medium - Low): where the failure has no immediate threat but the potential to cause injury if it is not addressed within a reasonable time. The failure may be addressed via Maintenance Program Works, but with a higher priority than failures with a Criticality Indicator of 1.
- Criticality Indicator 3 (Medium): where injury may occur if the failure is not addressed within a timely manner or the failure has the potential to cause damage to the property or building.
- Criticality Indicator 4 (High - Medium): where injury may occur if the failure is not promptly rectified or the failure presents a risk to the safety or security of the tenant/tenants; or damage has already occurred to the property or building.
- Criticality Indicator 5 (High): where injury (potentially life-threatening) is likely to occur if the failure is not immediately addressed, or the failure presents an immediate risk to the health, safety or security of the tenant/tenants, or the failure affects an essential service, or major damage has already occurred to the property or building.

The type of tenancy and/or additional property or building factors, such as proximity of the property to roads or water bodies, or whether the failure occurred in a location above first floor, should also be taken into consideration in determining the criticality indicator.

The Criticality Repairs Matrix (CRM) and the required timeframes for delivery in the AMS Contract are designed to address tenant risk and safety through timely responses to their requests for maintenance

repairs. The CRM is a guide for Contractors to determine appropriate maintenance delivery timeframes according to the risk identified by the tenant or their representative. It should not be read in isolation as each particular call and request for maintenance is assessed by the contractor based on information provided to it by the caller.

LAHC also has a flagging system to provide an indication to contractors on tenants with special needs while still maintaining the privacy of tenants. This indicator, along with other information indicated in **Table 3** below, is provided to contractors on a regular basis and is to be used by contact centre operators to prioritise work in accordance with their criticality and the type of tenancy (as indicated by the master data/flag) thus providing for escalated response timeframes if required for tenants with disabilities.

Table 3 – Tenancy Details Provided to Contractors

TENANCY Key Data Elements	
Facility reference number	
Tenant name	
Tenant primary contact details	
Tenant alternate contact details	
Notifications (Tenant alerts - WHS related)	
Elderly/disabled Tenant indicator	
Priority caller indicator	

Contractors have their own decision trees which assist their contact centre operators in guiding callers through a series of questions to assist in identifying the maintenance repair requirement. LAHC does not have access to those decision trees and they are likely to differ from contractor to contractor.

A copy of the Criticality Repairs Matrix is provided as **Attachment 2** to this document.

Attachment 1 – Disability Modification Case Studies

CASE STUDY 1

Eastern Suburbs

- The household consists of the head tenant and her two adult children.
- The tenant has extensive and complex medical and mental health conditions along with disabilities including mobility issues.
- The tenant was housed in a head leased property (a privately owned property leased by LAHC from a private owner to house the tenant) and advised LAHC/DCJ that they required modifications to the property.
- LAHC/DCJ undertook minor modifications with the approval of the private landlord.
- Due to deterioration of the tenant's condition, they advised LAHC that further more extensive works would be required, such as a modified bathroom and a ramp to access the property.
- As LAHC was not the owner of the property, DCJ informed the tenant that it would be better to transfer them to a LAHC owned property so the necessary modifications could be explored further and the tenant would have more certainty with the lease term (head leases are usually for one to three years as they are intended to be a short term housing solution).
- LAHC/DCJ sourced an alternative property within its existing stock in the tenant's preferred location, close to services and their support network.
- LAHC/DCJ and multiple stakeholders proceeded to work with the tenant's OT to undertake a joint assessment of the property and the tenant's modification needs. As the tenant had engaged with multiple OT's prior to the property being sourced there was conflicting information and recommendations varied as to their precise modification requirements. To facilitate the required outcome LAHC engaged an independent OT (consultant OT) to work with the tenant's nominated OT to clearly determine the extent of works required. The report, once finalised, enabled LAHC to have its contractors prepare the detailed scope of works and quotation for LAHC's approval and contractor delivery.
- LAHC undertook extensive modifications to the LAHC owned property including significant structural work, new flooring, and a modified kitchen and bathrooms in line with the modifications jointly agreed.
- These works were completed in February 2021 ready for the tenant to move in.
- Since completion of the works, the tenant engaged a different consultant OT specifying further works or changes to the existing modifications that had been completed, despite the agreement reached earlier by all parties.
- LAHC has well exceeded its reasonable adjustment obligations in this case and expended significant funds to try to facilitate modifications that would placate the tenant's evolving demands and primary modification needs.
- LAHC and DCJ continue to collaborate in relation to this case in consultation with the OTs.

CASE STUDY 2

Hamilton South:

A tenant in Hamilton South was priority housing approved on the Social Housing Register after a hospital admission for a below knee amputation. Following discharge, he was homeless and couch surfing with friends and family. His mobility fluctuated between wearing a prosthetic leg and mobilising with a walker, or propelling himself in a manual wheelchair. Family and community support was located in the Hamilton South area where LAHC identified a vacant ground floor unit that appeared suitable.

An OT attended the property to assess its suitability and subsequently provided a report outlining the required modifications to meet the tenant's needs. The modifications were extensive and required major structural changes to the walk-up apartment block in order to facilitate suitable access. While LAHC determined that the extent of works would not be feasible, further collaboration between LAHC, DCJ, the OT and the contractors occurred on site to explore other options to facilitate a suitable solution for the tenant. This resulted in a revised OT report being submitted and works being approved by LAHC. The works included:

- replacement of carpet with vinyl flooring in the lounge and bedroom
- reconfiguration of the kitchen
- widening of bathroom door and installation of a sliding door
- adjustments to the toilet slightly offset to allow for a commode seat
- a new hobless shower recess area
- Tyrex door wedges for threshold access

Works were completed April 2021 and the tenant now resides in the modified unit with family and community support nearby.

CASE STUDY 3

Gateshead:

- A single mother with two young children who is wheelchair bound and required accessible accommodation was approved on the Social Housing Register for priority housing.
- A vacant property was located that already featured ramp access, but the other existing modifications in the property had previously been completed to meet the needs of a child in a wheelchair.
- LAHC and DCJ arranged an onsite meeting with the applicant's OT to assess the overall suitability of the property and to determine what practical adjustments or modifications could be made to make the property suitable for the client.
- The property is 65 years old and therefore presented some inherent challenges due to further structural changes needing to be made, including removal of some internal walls to make the property more open plan. The kitchen was modified, doorways were widened and suitable flooring was installed.
- The works were completed in May 2021

CASE STUDY 4

South Wentworthville:

- The household comprises the tenant and three children with special needs.
- One child has various disabilities including vision impairment.
- Since the commencement of the tenancy in 2010, LAHC has performed various modifications to meet the changing needs of the children as they develop.
- This includes additions to the rear yard to ensure the children have a safe place to play and the installation of specialised lighting to assist the child with the vision impairment.
- In August 2020 a new OT report was submitted which detailed further modifications required for the child with the vision impairment including additional specialised lighting, new flooring, widened pathways at the front of the premises and a request for a carport.
- The proposed location of the carport (directly in front of the dwelling) could not be agreed by LAHC as it did not accord with local government controls for this type of structure. Despite LAHC explaining its requirement to meet the council's development controls, and an offer to install a carport to the side of the premises in line with the existing driveway, the tenant maintained that

they would not be satisfied with that outcome and chose to escalate the matter with their Local MP.

- Senior LAHC staff convened a meeting with the tenant, the OT and the Local MP to further explain its limitations in relation to the requested location for the carport and provided evidence of the development controls along with a diagram of an alternative solution that could still meet the needs of the child. Following consultation, there was a further meeting held on site at the property between all parties to further explore options for the carport with a final design and location agreed that is compliant with council requirements and still provides the required outcome for the child and family.

The works at the property are programmed to commence in July 2021.