



14 July 2021

Mr Greg Piper  
Chair – Public Accounts Committee  
Parliament of New South Wales  
Macquarie Street  
SYDNEY NSW 2000

**Delivery:** [pac@parliament.nsw.gov.au](mailto:pac@parliament.nsw.gov.au)

Dear Mr Piper,

**O'Donnell & Hanlon Submission: Review of the Management of NSW Public Housing Maintenance Contracts – Responses to Additional Questions for O'Donnell & Hanlon**

We are writing in response to the email received on 1 July 2021, following our appearance before the Public Accounts Committee on 21 June 2021.

Please find below O'Donnell & Hanlon's (**ODH**) formal responses to the supplementary questions, addressed to ODH in the above-mentioned email.

**AMS Contract**

- 1. What is your experience of the Compliance, Audit and Verification Teams? How often do they perform checks on your works? Do you encounter any current issues with the Teams?**

Based on KPI Data, ODH believes LAHC Compliance is on average, inspecting 5-7% of completed monthly work volumes.

Communication with the LAHC Compliance Team for the most part, has been of an open and consultative nature. There have however, been issues around the interpretation and application of the Contract and expectations regarding final work deliverables, particularly around aged and deteriorated assets. Additionally, there have been issues regarding the interpretation of work inclusions under specific WICs, particularly Total/All WICs. With a clearly defined and concise scope of inclusions for these WICs yet to be provided to the Contractor, this remains a common area of contention due to it remaining open to the interpretation of the individual.

With differing interpretations and applications of the Contract, in addition to what sometimes can be a disjointed relationship between LAHC Programs and LAHC Compliance, operational and administrative activities can at times, be extremely difficult to navigate. This is largely a result of interpretation of Contract intent and the absence of a singular point of Contract to manage all contract functions (See point 8 of our original submission).

The LAHC Audit and Verification team conduct quarterly audits with ODH. As experienced with LAHC Compliance and other Internal LAHC teams, differing views and interpretation around Contract application and intent, have caused issues throughout the lifecycle of the Contract, evident by the volume of clarifications required. While issues have been encountered in these areas, resolutions have been achieved via consultative means and escalations where required.

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**2. Do you Consider the Criticality Repairs Matrix (CRM) to be appropriate and useful? How would you like to change the CRM to improve tenant satisfaction?**

The Criticality Repairs Matrix (CRM) addresses the majority of essential maintenance needs raised by tenants.

ODH has identified a number of changes, or additions to the CRM, that we believe, if implemented, would deliver increased outcomes to the standard of living for tenants, and enhance the overall experience delivered under this contract.

Common examples that have come up time and time again include the replacement of exhaust fans and rangehoods, and window repairs for windows that will not open or will not stay open. These commonly reported maintenance issues currently fall under the Maintenance Planned Works category within the CRM. If these items were to be included as an essential maintenance requirement, not only would tenant satisfaction levels potentially increase, but issues such as mould would be combatted as a result of ensuring functional ventilation and mechanical extraction.

### **Balance of Maintenance**

**1. Can O'Donnell & Hanlon elaborate on the suggestion that there should be a structural asset review and forward planning for preventative maintenance?**

Given the average age of the current LAHC property portfolio in our region and the associated costs in maintaining aging properties, ODH believe LAHC would benefit from a structured review of all current stock and forecasted future maintenance costs. In terms of forward planning, it would be advantageous to develop and execute a long-term strategic vision that works towards the potential sale of properties, re-purposing of vacant lands, and the construction and/or acquisition of new multi-unit properties that are better suited to the current market needs and tenant requirements. This would also assist with the reduction of hoarding and rubbish dumping we encounter regularly in our region due to the high proportion of cottages.

### **Home Modifications**

**1. How do you differentiate between what can be covered by general maintenance and home modification?**

All maintenance requests are raised via the Contractor Contact Centre (CCC) and triaged via the CRM. The CRM defines maintenance issues covered by general maintenance (Responsive Works) through the application of 'response times' being urgent (U2, U4, U8) or priority (P24, P48, P20D) timeframes.

Modification Works do not fall under Responsive Works, which means the extent of modification works needs to be scoped and quoted, with approval obtained from LAHC prior to completion.

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**2. What is the budget for home modifications and what does it cover? Does the budget include it as a part of the Public Housing Maintenance Contract?**

ODH has no visibility or determination of the modifications budget. We scope the required works, but LAHC manages the approval and determination of works to be completed or not be completed.

**3. What is the process and timeframes for home modifications starting with the tenant request through to the completion of the work? How does the Head Contractor assist in the home modification process?**

The Head Contractor is required to meet contractual timeframes for the provision of Scopes of Work and Quotations, and the completion of approved modification works.

The contract stipulates that the Contractor has to adhere to the following timeframes:

- Three (3) business days from the work order issue date, to submit a scope of works and quotation for the required Modification Works.
- Three (3) business days from the work order issue date, to complete approved modification works under \$1,000.
- Twelve (12) Business Days from the issue date of the work order to complete all other approved modification works.

The Head Contractor plays a supportive role during the Modification Works process through the offering of a practical site-specific scope of works enabling the completion and delivery of the required end product. When conducting scope activities, the Contractor validates the documented work requirements, (which in most cases is provided by an Occupational Therapist), against the existing construction to ensure feasibility for completion and adherence to the Contract Maintenance Specification, National Construction Code and Australian Standards.

Where the proposed works are determined as unfeasible or not in compliance with Contract Specification or Legislative Requirements and Standards, the Contractor offers proposed solutions for consideration by LAHC and where necessary, the tenants' Occupational Therapist.

**4. What problems have you encountered with the home modification process and what are some of the constraints that you face in addressing tenant's needs?**

The contractual timeframes imposed by the Contract for the completion of modification works have been an issue throughout the Contract lifecycle. Often, timeframes for the completion of approved modification works are exceeded, affecting delivery standards. Timeframes are often impacted as a result of the:

- Requirements for special order materials
  - Components needing to be manufactured to size and purpose for installation
  - Size and scale of works involved in modifying the property to achieve the specified deliverables
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Modification Works quite often involve full bathroom replacements and/or the manufacture and installation of access ramps. Works of this nature are typically unachievable within a timeframe of twelve (12) business days. The Extension of Time process is used in these cases to extend the required completion time.

**5. Is the home modification work assessed as a part of the Head Contractors KPI's? If so, is the performance of home modification work included in the pain/gain share model?**

Performance for Scope and Quote timeliness, and the completion of Approved Modification Works, are measured under the current KPI regime.

Modification Works are performed on an as required quoted service basis. There are no tendered lump sum budgets and therefore no pain/gain share model attached to modification works under the contract.

### **Review of Previous Maintenance Work Provided**

**1. What is your experience in dealing with the LAHC internal teams? Do you consider they are helpful and responsive to queries in a timely manner?**

ODH have for the most part, a collaborative and positive working relationship with LAHC internal teams. While there have been issues encountered throughout the Contract lifecycle, the majority of these issues have been resolved through a collaborative escalation process. Some of the issues encountered have been dealt with in a timely manner, however some of the more complex issues have taken a significant amount of months to resolve.

Issues experienced throughout the delivery of this contract, have typically been encountered as a result of differences in Contract interpretation and Contract application for some aspects of the Contract. These differences in opinion and understanding make it particularly difficult for Head Contractors to successfully execute their responsibilities under the contract. As we have touched on previously, ODH believes that LAHC should implement a single point of contact for all Contract functions with the authority to make operational decisions without the need for escalation. This would streamline and strengthen the administration component of the contract and enhance overall service delivery and tenant satisfaction.

### **Contract Conditions**

**1. What is the definition of safe and liveable standard for the tenant housing or habitable property? Is this specified in the Contract?**

The AMS Contract Glossary, does not provide the definition for a 'safe and liveable' or 'habitable property'. The Contract does however make mention of the statutory requirement to ensure all LAHC properties are safe, habitable, and clean in accordance with the Residential Tenancies Act 2010 (NSW).

The Contract refers to Vacant Restoration Work as being 'Essential Works required to restore a Property to a lettable standard'. The scope and extent of these work requirements are determined by the Principal and a quotation for completion of the determined works submitted by the Contractor. All determined work requirements are completed in accordance with the scope of works and Contract Maintenance Specification.

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The term 'habitable' is utilised within the Contract to reference the state in which a tenanted property is to be left on completion of work activities each day.

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

The term 'safe and habitable' refers to the statutory need to ensure all LAHC properties are safe, habitable, and clean for tenants. This terminology is utilised when referring to Vacant Restoration Works and the need for the property to be ready for re-letting and occupancy by a new tenant.

The Contract states that any services completed by the Contractor, and materials utilised in completing the services shall be fit for their intended purpose on completion of works.

The process of assessing "fit for purpose" housing to tenant needs is the role of the tenancy manager.

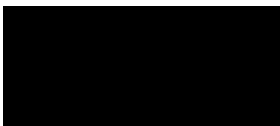
**3. What measures or requirements are in place to ensure that Subcontractors maintain a property to a safe and liveable standard? Once works have been completed, how often is the quality of work reviewed and inspections documented?**

The Head Contractor is required to perform at a minimum, inspections on 10% of the completed monthly work volume. These inspections consist of mandatory post work inspections under the Contract for all Vacant Restoration works, MPW Property based, or Capital works and Modification works in excess of \$1,500. The remainder of the Inspection volume is formed through inspection of Responsive works, Lawns, Grounds and Cleaning (LGC) and Building Essential Services (BES) Servicing Works, and Annual Condition Assessments (ACA).

ODH utilises an electronic inspection application and documents all completed inspections against individual job records. We also send inspection related tracking statuses on orders to the LAHC IT System. Passed and failed inspections are sent and recorded in the LAHC IT System.

We trust these responses sufficiently address your questions and assist further with the Committee's review.

Yours Sincerely,  
**O'Donnell & Hanlon**



**Ben O'Donnell**  
Director