

**FOLLOW-UP REVIEW OF THE MANAGEMENT OF NSW PUBLIC
HOUSING MAINTENANCE CONTRACTS**

Organisation: Joss Group

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ABN: 73 003 538 583

SUBMISSION TO THE PUBLIC
ACCOUNTS COMMITTEE

FOLLOW-UP REVIEW OF THE
MANAGEMENT OF NSW PUBLIC
HOUSING MAINTENANCE
CONTRACTS

*Attention: Greg Piper MP
Chair
Public Accounts Committee
Parliament House
Macquarie St
SYDNEY NSW 2000*

Joss^J
Facility Management

This Submission

Joss are currently one of the 5 Head Contractors currently engaged in the AMS Contract. We have recently been awarded an additional Contract Area surrendered by an existing Contractor.

We are responsible for 4 Contract Areas being North West Contract Areas 10A and 10B, South East Contract Area 16 and (from 1st July 2021) SECA 15.

About Us

Joss began as a new player in the AMS Contract with LAHC in April 2016. As a Regional Maintenance Service Provider in Facilities Management over the last 25 years, Joss started with a NSW Schools Maintenance Contract in Riverina, then with other NSW Government Departments over the intervening years, we have continually serviced regional NSW including those areas we now service under the AMS Contract.

As a quality service provider in this sector, we directly employ management and administrative staff and engage local trades and consultants to carry out contract works under a rigorous Prequalification regime. These Subcontractors and Consultants provide Joss with hourly rates for their respective trades along with documented agreements regarding on-costs for plant and materials, and other services such as quoted works being negotiated.

We maintain a physical presence in all major centres where our operations are conducted, and include staff working in isolated areas throughout North Western and Southern NSW servicing these Contracts.

Whether changes to public housing maintenance introduced in 2015/16 have delivered measurable improvements and evidence-based outcomes for public housing tenants

Without the experience of working under previous Contract regimes (i.e. MRP08 or other previous Contracts), we adopted a resourcing model consistent with our previous experience working in regional locations, engaging with the Clients and local Subcontractors living in those communities being serviced.

Our interpretation was that the new AMS Contract was a major culture shift away from the previous model being a Schedule of Rates Contract, to a reimbursable direct cost model with Head Contractors managing that work for a set service fee (in relation to Responsive Works) and an agreed percentage in addition to Subcontractor supplied quotations for Planned and Servicing Works.

From the outset, this model not only provides sustainable rates for the local Subcontracting workforce managed by Joss ensuring their long-term viability and willingness to be engaged continually in LAHC work, but also ensures that response times and Tenant satisfaction is

driven through our management processes and based on both Subcontractor and Joss' performance measures required under the Contract conditions.

Our visible presence also in these communities, from the perspective of operational staff living in these communities and the direct connection with Joss through our Contractor Call Centre also based in these locations, addresses what we believed was a high perception of disconnect that Tenants had with previous servicing experiences.

For Joss, evidence-based outcomes come from those we directly serve each day:

Feedback from Occupational Therapist- August 2017 on a Disabled Modification in Corowa:

"I attended a visit today with Denise and John of 107 Guy St to review the completed mods. Denise and John are absolutely thrilled with the completed works and had nothing but praise for the tradesman involved for their work ethic, quality of work, and the smoothness of the entire process.

I was also very happy with the completed bathroom works and front step handrail, which meet all functional needs at present, and are anticipated to continue to meet John's needs into the foreseeable future. Do you have a post modification sign off form you need me to complete??

Thank you SO much for your assistance with this modification and I think the praise John and Denise directed towards me was actually all your hard work and not mine, I'm a fraud!!! Hahaha :P Seriously though I cannot adequately express my appreciation in having such good communication, and a quick and painless process for my client to achieve such a fabulous outcome for them.

Many, many thanks!!!!"

Feedback from Occupational Therapist- March 2018 on a Disabled Modification in Wagga Wagga:

"Kim said that the builders who completed the job were professional and also friendly, and very, very helpful. She found them really easy to work with and she is really satisfied with their job – she states they "did everything perfectly to plan" – and that they "bent over backwards to help" her. She said that Joss was great, and their builders were "beautiful". She is very happy with the outcomes and she is now very confident and happy with accessing her bathroom and house.

Thanks for your hard work there!"

Feedback from Tenant – February 2019 Regarding one of our Contractor Call Centre Operators on Responsive Tasks carried out in Orange

Feedback Details

Feedback Type: Compliment
Date Received: 12/02/2019
Due Date: 5/03/2019
Received By: HCC
Completed By: [REDACTED]
Status: Closed
Method: Phone
District/Branch: Western NSW
Team: T702
Classification: LAHC Feedback & Complaint
Sub-classification: Staff behaviour
Feedback: Mitchell calling to make positive feed back of employee by name of [REDACTED] from Maintenance contractor who helped client with leaking tap on 08/02/2019. Mitchell saying [REDACTED] was extremely helpful and escalated to organise plumber next day.

Recommendation 1

The current model of a performance-based contract engaging the use of Head Contractors overseeing works whilst working in collaboration with local LAHC Programs Teams is a successful approach addressing the needs by:

- Promoting ongoing local identity and connection with Tenants
- Providing quality outcomes through local engagement with Tenants
- Ensuring public money is prudently spent and circulated in those local communities
- Promoting ongoing decentralised employment
- Understanding and comprehension of local issues and difficulties

The process of actually engaging with Tenants, understanding their needs and actioning an appropriate and satisfactory outcome in a timely manner is the least taxing function of the AMS Contract. The Administrative burden and cost behind the execution of tasks is disproportionate and ever increasing. This is the area that needs to be addressed.

Better co-ordination between LAHC, DPIE, DJC and the other stakeholders engaged in the Contract to enable Contractors to provide satisfactory outcomes is needed. Contractors are required to provide a 24-hour, 7 day a week service however often are hampered in actioning works in a timely manner due to unavailability of department officers especially in regard Tenant interaction.

Current administrative and contractual arrangements between LAHC and private providers of maintenance services

The AMS Contract focuses on three main streams of work:

1. **Responsive Works** are tasks raised through the Contractor Contact Centre. The nature and volume of this unplanned work is consistent throughout the year with some seasonal variances that can be foreseen and accommodated. The consistency of this work can be accurately forecasted and resourced both from a management and trades availability perspective. This is "Coal Face" work as it is usually initiated by Tenants, and allocation is controlled through a Contract repair identification matrix which determines criticality and response times.

Triaging of this work often results in the requested work being determined, not as a Responsive outcome, but one which is deferred to Planned Maintenance Works. This is often the area where unsatisfactory outcomes result for Tenants as Contractors are bound by Contract requirements and cannot effect repairs until approvals or programs are provided by LAHC to Contractors to address these Tenant concerns which are deemed not to be a Responsive Maintenance task.

2. **Planned Works** are developed from assessments carried out by Contractors, LAHC and external parties, determining condition of properties and components that fall below Contract standards. Programs of works are delivered to Contractors to price and execute if a value for money outcome has been determined by LAHC.

From a Contractors perspective, resourcing for Planned Works has always been difficult as this category of work has never been consistent in quantity released, suffering the vagaries of budget allocations, funding cycles and seasonal considerations (i.e. types of works that may only be carried out at certain times of the year). Without consistency of volumes of this work, Subcontractors are unwilling to expand their workforces, likewise for Head Contractors.

3. **Servicing Works**, similar to Responsive Works, this work is programmed and consistent, providing Lawns and Grounds maintenance, Cleaning and Statutory servicing on a cyclical basis. From a management, resourcing capacity and pricing perspective, the way this category of work has been incorporated into the Contract ensures consistency throughout the Contract cycles annually.

All streams of works are monitored by LAHC, quality and performance are assessed by LAHC Compliance and Audit & Verification teams constantly.

Recommendation 2

The current approach of reimbursable direct costs and quoting for works on a case-by-case basis should be maintained, but more flexibility needs to be structured into the payment process for those Contractors engaging with local small businesses to ensure that overburdening of administrative requirements does not lead to reticence and unwillingness on behalf of Subcontractor to be engaged in LAHC works.

Realistic remuneration for works being carried out by Subcontractors versus the Schedule of Rates basis is a positive initiative of the AMS Contract which can be monitored and checked for value for money outcomes within the requirements of the Contract. Feedback from Suppliers and Subcontractors has been positive throughout our currently serviced Contract Areas regarding the shift in this approach.

Better understanding and recognition of the difficulties in servicing Regional NSW regarding the tyranny of distance, response times imposed, available skilled resources in rural and remote areas needs to be better catered for in the current AMS Contract. With the current economic situation placing a high demand on regional trades, this is also limiting the available trade pool in these regions and places pressure on regional contractors to provide competitive value for money outcomes.

Better approach in the management and implementation of Planned Works to promote consistency in workloads and continuity of work which in turn would promote more resources and commitment of Subcontractors bolstering local employment opportunities.

Better communication from LAHC is required to Tenants especially stemming from issues that may be deferred from initial Responsive Works and not initiated.

Current repair status and physical condition of the public housing stock

From a Contractors perspective LAHC are continually mindful to address the main objectives of ensuring properties are clean, safe and habitable across the portfolio of sites we are responsible for and within the budgetary constraints that no doubt contribute to determination of what works are prioritised and tasked to us as Contractors.

Vacant Restoration works form part of the Planned Works spend and are prioritised to ensure handback timeframes are kept to a minimum ensuring building stock is readily available for tenancy and that rental returns can be generated.

Throughout the Contract, major programs including full roof replacements, external recladding's, solar and air conditioning installations and water saving initiatives have been carried out, fixing and refurbishing major fabric components to ensure longevity and amenity to properties that are more often decades old. This higher-level approach has no doubt taken pressure off much of the Responsive Works spending that was being generated earlier on in the Contract.

With the documented overall shift in the older age profile of Tenants, provision of modifications, disabled or otherwise, is forming a growing part of the function the Contract is performing. Better communication is occurring with NDIS services and Occupational Therapists providing specific needs-based outcomes for Tenants requiring these services.

Costs of maintenance of the current public housing stock, variations in expenditure trends over the previous five years and projected expenditure for next five years

In our existing Contract Areas, over 75% of properties were constructed before 1987, and over 30% built before 1970. With the age, quality, and quantity of the stock we could only see a continuance of maintenance at the current levels to maintain those properties in our portfolio to a habitable standard.

As outlined in other Submissions to this Committee, housing stock focusing on multi bedroomed Cottages contained on large land allotments (more than evident in our regional / rural areas) are grossly underutilised in occupancy and no doubt contributing to costs for overall upkeep especially where poor property care, availability / cost for maintaining, watering and security of these sites is well beyond the means of many Tenants. These clean-up costs are invariably born by the Corporation when a Tenant vacates the property.

Recommendation 3

The outlook as outlined above would need to be coupled with the ever-increasing level of amenity and expectations that Tenants (and the general community) have in the 21st Century.

Levels of required comfort and provision for the needs of an ageing Tenant demographic will require, we believe, additional spending to keep pace with these expectations, especially around providing infrastructure to ensure energy efficiency, local government requirements and targets being met ensuring health, safety and security issues are addressed (especially for older and vulnerable Tenants).

Methodologies and process for ensuring consistent public housing maintenance standards across NSW, including quality assurance, effectiveness, efficiency and contract supervision.

The AMS Contract is clear in its objectives, documented component specifications and workmanship requirements, nominates and requires Contractors to ensure quality and supervision targets are maintained through the performance based KPI measures in place.

Recommendation 4

Contractors are required to approach this Contract with a high level of agility, to be able to respond to ever changing priorities, ensuring the needs of Tenants are met, whilst steering any request whether it be a Contract requirement or otherwise to an amicable resolution.

Land and Housing Corporation, as a centralised organisation, often lacks that agility to respond quickly, however maintains the expectations and demands that Contractors respond often in unrealistic timeframes to issues. There appears to be a disconnect between local and centralised teams, often with teams and units overseeing works from outside our contract areas.

Better co-ordination between LAHC internal teams would enable more efficient use of Contractor resources, especially when works are carried out outside of Contract and Contractors not being informed of those activities taking place within their portfolios. This often leads to confusion and dissatisfaction for Tenants with Contractor resources being used to address non-Contract related issues.

Conclusion

As stated previously Joss has worked in these regional areas for over 25 years and during this time have seen the trade base dwindle significantly in the smaller remote townships. This has resulted in the need to travel trades long distances under short response times which inevitably increases the cost of performing the contract works.

That being said we see ourselves well placed to continue to service these contracts well into the future.

Regards

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