

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE (PAC)

**INQUIRY INTO MANAGEMENT OF NSW PUBLIC HOUSING
MAINTENANCE CONTRACTS**

At Macquarie Room, Parliament House, Sydney on Monday, 9 May 2016

The Committee met at 9:40 am

PRESENT

Mr B. Notley-Smith (Chair)

Mr S. Bromhead

Mr M. Daley

Mr G. Piper

Mr M. Taylor (Deputy Chair)

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and a member of the NSW Federation of Housing Associations Inc. 17

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ROSS LESLIE SMITH, Private citizen, affirmed and examined:

The CHAIR: Good morning. Thank you everyone for attending this public hearing of the Public Accounts Committee inquiry into the management of New South Wales public housing maintenance contracts. I declare the hearing open and welcome our first witness. Mr Smith, thank you for appearing before the Public Accounts Committee today to give evidence. Do you have any questions about the procedural information sent to you in relation to witnesses and the hearing process?

Mr SMITH: No, thank you. I read the facts sheet. I am sure you will tell me if I do anything wrong.

The CHAIR: I am sure you will not. Would you like to make an opening statement?

Mr SMITH: I welcome the opportunity to appear. I have had a long history of involvement with public housing in New South Wales and interstate, back to the 1980s. I have written a lot of articles that have been published here, in the United Kingdom and in New Zealand. The inquiry subject is good. It is well and truly overdue. The Government has a very valuable asset and the maintenance and use of it for its intended purpose is of supreme benefit to the people of New South Wales. Congratulations on having the inquiry.

The CHAIR: Are you familiar with the new asset maintenance services contract that was introduced by Family and Community Services in April this year?

Mr SMITH: Yes. I have been briefed on it but at the regional forum level by departmental staff from both Housing NSW and the New South Wales Land and Housing Corporation. We have been watching it through its delayed early stages. It has been interesting.

The CHAIR: Have you received any feedback from tenants?

Mr SMITH: There has been a lot of feedback. The earlier communication problems are still there. The problem of the work standard achieved is still there, as is the problem with the staff of subcontractors. There are levels of subcontracting, with long lines of communication and problems all the way down. The new system is in the early stages. Hopefully it will settle down. Every new system has teething problems.

The CHAIR: Are you seeing a great deal of change from the system that existed before, with a contractor and a subcontractor who then presumably subcontract?

Mr SMITH: No. The "filter down" system is still in place. The changes have been at the hierarchy level. There is a change in who the tenant speaks to in the first place. Originally they spoke to a contact centre operated by the landlord. Now they speak to a contact centre operated by the contractor for a particular area. When they ring up, one of the first questions they are asked is, "What is your postcode?" That takes them through to a phone room operated by a contractor.

The CHAIR: Have tenants given you feedback that the customer service has improved?

Mr SMITH: The feedback is not positive. If anything, the feedback is that the system is slightly worse. I would like to put it down to the teething problems of new call centres. I understand there have been some and that they have been addressed. The ability to communicate is still a problem. It depends on the use of a phone or an internet-based system. It is not tenant friendly. Many of them have no internet skills even if they have an internet connection and a functioning computer.

The new system is rigid. For example, to report that a light in a common area is not working is a work of art. You basically have to cause the system to crash so that it offers you the opportunity to talk to someone. These problems should not exist. It should be an easy, friendly system. The ability has been removed for the tenant to walk into their local office, meet with the management team and say they have a problem with a leaky tap, and for that then to be entered into the system by someone who is familiar with it. That provided an opportunity to improve the tenant and landlord relationship and for the tenant to talk to the landlord. At present if you ask most tenants who their client service officer is they look at you blankly and say, "Who is that? Who is that person?" They don't know. It is hard to have a functional system when there is not a good relationship between the tenant and landlord.

The CHAIR: Do you remember a time when those sorts of relationships existed?

Mr SMITH: Yes, very much so.

The CHAIR: Would you tell the Committee about that.

Mr SMITH: It went back to the 1980s. Coming forward, in about 2005 the relationship between the tenant and the landlord deteriorated. We were all very upset about that because a functional relationship provides benefit for both sides. The tenant has a face they can talk to and the landlord has early knowledge of any problems with maintenance, the tenancy or the area. As with most things, if you can nip it in the bud early it is far more effective than letting it run along unattended so that it becomes a monster that chews up a lot of time and energy, which are normally fairly scarce.

From our side of things, it is much more productive to have a functional relationship. A simple example is the change in the client service officer role. In real estate terms, that is the property portfolio manager. In the old days they would walk around with an A5 piece of paper that they had run through the photocopier that said, "Hello. My name is X. I am your client service officer. My contact details are." They would put that in the individual letterboxes as they walked around and had a look at the properties. They were aware of the state of the properties, and tenants could talk to them if they wanted to in an informal, out of office arrangement. That was far more effective communication.

Nowadays that does not happen. There are a number of temporary staff. In the inner city about 60 per cent are agency staff. There is high staff turnover and the previous channel of communication is lacking. Client service officers and the attendant staff are bunkered in the backroom of an office. There is a front desk and sometimes there is someone there. There is a white wall behind it with a piece of glass with mirror strips across it. That is all the tenant sees. They do not have the relationship that used to exist. The system has become impersonal. It is perhaps being driven by bean counters. It is about cost management: If you put it all online it cuts back the number of staff and collects data at the same time. I have heard all the usual arguments. It has removed face-to-face communication, early intervention and the potential for a good relationship.

The CHAIR: You talked about the 1980s. How many properties would a client service officer manage?

Mr SMITH: It started at about 120, then it went to 250. It has stabilised now at 200 to 220, depending on where they are. Obviously in a rural area there is a greater distance between properties and there are different types of properties and there is not the same density. In the metropolitan region, 200 to 220 or a little higher would not be unusual.

The CHAIR: Thank you.

Mr MARK TAYLOR: I notice one of your comments was about communicating and the difficulty tenants have reporting online and by telephone. You have suggested an office base. For communicating the other way, with the organisation, you are suggesting letterboxing of contact details. Can you suggest other methods for the communication that you say should be happening the other way as well?

Mr SMITH: It would depend on the area. There are tenant-based group structures and so on whereby the staff can wander down and have a talk with them and attend the meetings. I am not saying that they would spend an hour or two hours there. For example, I run what are called precinct meetings. There are some 200-odd tenancies in a precinct. Every two months there is a meeting in a room. They get letterboxed about it. It is an opportunity—I always encourage it—for the client service officer or anyone else who has a particular thing they want to talk about to come down, have a talk, bring the department's side along, bring along news of what they are doing and then go back to what they are doing in their office. And the meeting carries on.

Mr MARK TAYLOR: Are you saying there has been a drop-off in that type of communication by the department through those groups?

Mr SMITH: Yes, a total drop-off. I am holding correspondence from the Minister going back two years now. In it he says: "Due to the gamut of tenant management responsibilities, staff will not be attending precinct meetings." I found that very disturbing at the time. We attempt to maintain that two-way channel because one way always leads to trouble: If you cannot talk, you have a problem.

Mr MARK TAYLOR: Moving on from customer service, in your submission you raise concerns about contractors exploiting the system to maximise profit.

Mr SMITH: We see it all the time. As the contractor, I turn up, I do the minimum amount of work to keep a recall not happening, knowing full well that this repair is a temporary one and will fail within a short period. It will just get through the payment period, if I am lucky, then there will be a new work order raised which gives me two bites at the same cherry—instead of repairing the thing properly the first time. Subcontractors are very badly paid. The admin. fees and so on come out and the final amount of cash filters down to the subbie. He normally has to supply the materials and then has to wait to be paid himself, so he will use a screw from his pocket to hold a piece of wood together.

A classic one I saw recently was a steel door frame with a steel catch for the lock to go into. The catch assembly was put onto the steel frame with two particle board screws. The piece that was fastened to the frame is floppy. The lock does not work as a lock. The bloke got paid for it. There will be a recall later on for a non-functioning lock, so he will get paid twice for turning up to the same job instead of using a couple of self-tapping metal threads to hold metal to metal in the first place. I do not blame them. He is getting paid nothing—a very low rate. He has to eat.

Mr MARK TAYLOR: But there would be an audit and checking mechanism in the department's process?

Mr SMITH: Not in the full sense of it. Some time back, as a pure risk management measure, they went to the idea that any work under a clearly low value would not be checked. If the value of the work order got to about the \$500 mark then it was a 5 per cent check rate for compliance. The people doing the checking are called technical officers. I have photo libraries of what they passed as being all right: a light switch hanging off the wall with exposed wiring, one wire hanging out the back of it, the circuit is live and so on. So they are using non-tradespeople, promoting them, giving them a title and sending them out to fill out forms. You get the odd one who is genuine and does have a trades background—even a reasonably competent handyman—and they will see stuff and say, "No." But others are ticking a box: "I went, I took photos, I came back and I wrote a report." And the job is not done.

Mr GREG PIPER: Mr Smith, based on the description you gave of the way in which a contractor works, can I assume that you have a reasonable working relationship or have had good discussions with a number of contractors? You seem to be privy to information.

Mr SMITH: I do have good working relationships with quite a few of the contractors.

Mr GREG PIPER: Have they expressed to you their concern about the system and that is informing your answers here today?

Mr SMITH: Yes.

Mr GREG PIPER: Regarding the precinct meetings that you hold that the department is no longer sending representatives to, what kind of attendance or interest do you have from the local affected community? Is it quite good? Has the department's non-attendance affected that?

Mr SMITH: The attendance is good. There would be 10 to 12 per cent of physical attendance at formal meetings, which by most standards is rather high. On an informal basis it is far higher because you are walking around the area having street-corner conversations and so on. The engagement factor is much better there. The tenants are very interested in the circumstances and the building and their community. Their problem is you will get a staffer who will turn up to an area forum and read the media release—they are not engaging. They are at best giving a briefing on what has happened. You can see the hunger in the tenants' minds for factual knowledge and that ability to have a genuine conversation.

Mr GREG PIPER: The asset maintenance services contract contains initiatives to train employment tenants. You have said that the system lacks employment and qualification-gaining opportunities for tenants. Would you mind describing that in a little more detail?

Mr SMITH: We have always had the idea that the tenants need employment. They need the opportunity to improve their earning potential and capacity. Here are some work opportunities on an ongoing basis whereby they could be gainfully employed and gain skills. There have been a variety of programs where they could gain trade qualifications and certifications. The problem is continuity of employment and opportunity. We understand that you do not want a tenant working for a contractor in the immediate vicinity of where they live because the neighbours would expect them to do things way beyond the call and there could be some personal problems. But we are not seeing the contractors actively soliciting or offering up employment opportunities.

I agree that a lot of the employment opportunities would be at the very low or almost non-skilled capacity, but even cleaning requires a degree of skill and knowledge. We are not seeing them being employed. While it may be written into some of the contracts, we are not seeing it in general. We believe it would be good if those opportunities were there.

Mr MICHAEL DALEY: The Tenants' Union of New South Wales has provided a submission to this Committee. What are your views on their recommendation 4, which is:

Properly integrate the Land & Housing Corporation's repairs and maintenance obligations into the day-to-day work of the tenancy managers and FACS Housing NSW. Allow Client Service Officers to raise work orders and liaise with contractors where required, in consultation with asset managers and the Land & Housing Corporation.

Do you want me to show you what it says?

Mr SMITH: I understand what you are saying. I believe it would be very productive for the tenant/landlord relationship and for the departmental staff to be able to raise a work order.

Mr MICHAEL DALEY: They used to be able to do that, didn't they?

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

On the complexity of it, the length of the chain imposes costs. A long chain costs more; a short chain has a smaller cost. We need to have that quick, simple process for minor work—and I understand the need to protect the major budget line items—and the ability to have the problem resolved quickly and easily by picking up the phone and talking to the contractor. The Tenant's Union is quite right—that relationship is valuable and it should be restored.

Mr MICHAEL DALEY: Recommendation 5 from the Tenants' Union says:

Provide a central point of escalation so that tenants and advocates may formally and directly raise concerns about a repairs and maintenance matter with the Land & Housing Corporation. Straightforward issues around the raising of a work order, the conduct of contractors and quality of work should not require an application to the Tribunal.

I suppose you have already responded on that point

Mr SMITH: Yes, but to expand on the problem they have identified, we have had cases where there has been a longstanding maintenance request that has not been fulfilled, the property has deteriorated and there has been an adverse impact on the tenants. For example, water may be running down the walls instead of coming out of the taps over the handbasin or things of that nature. We have been to the tribunal with those cases. It is quite a performance for the tenant. We have taken the tenants through that. And in another role I sit on the review forum for the tenancy tribunal.

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

The CHAIR: Mr Smith, the new asset management regime is supposed to reduce the number of people in between the client or the tenant and getting the repairs done. In your experience, is that not what is happening?

Mr SMITH: It is not an improved standard of service delivery, no.

The CHAIR: If that actually worked, would that be the ideal system? For example, if we have a client service manager, then that is just another step in the process. In an ideal world we would have the tenants able to phone up the contractor and raise a work order and the contractor would dispatch somebody—a well-qualified contractor who takes pride in their work and is not interested in scamming the system by doing a lousy job—who does a great job. They would get paid and everybody would be happy. If that is what they are proposing, is that the ideal?

Mr SMITH: You have just described utopia, and unfortunately we are not living in utopia. It sounds good as a model but then it meets the human component—it meets the commercial imperative and it meets the human component. The end result is that on the tenants side they are not seeing an improvement in the ease of having maintenance work done, and from the asset side there is no improvement in the quality of the asset and there is no improvement in the maintenance of the asset.

Only last week, someone way up the top of the tree in the asset management side of Family and Community Services was getting really indignant because they came out to Waterloo estate and found out that three lifts in three buildings were not working. They did not know. The system had not fed that back to them. So

there was no ability to access the building and to move around within it. It was not functional, and that manager did not know. To me that is a very sad comment on the failure of the system.

To their credit, as soon as they found out—and I would not like to have been the person on the far end of the phone call—they raised some very strong questions, shall we say, of "Why wasn't I told?" followed very rapidly by the question "when will this be fixed". For a person that far up the top of the tree to be in that position does not say much for the new system, even allowing for the fact that it is a new system. It has been live now for two or maybe three months. One of the days that they said it was going to go live was on 1 April, and we smiled at that date. I would like to put it down to teething problems. The system you have described, on paper, without humans, would be the ideal, yes.

The CHAIR: What sort of humans do we need to make this "on paper" system work in practice? I suppose I am coming at this from my experience of being a contractor—not in the government sector but in the private sector. It was a system that worked very effectively. So why is it not working in the public sector?

Mr SMITH: I wish I knew. One possibility is the length of the communication and the length of the quality assurance program. I do not really like the term "quality assurance" because it was a Canadian concept and all it did was to document a process. It did not go into checking whether the process worked, where the weak links or breakdowns were or how to improve the system. The current system allows for the head contractor to run the quality assurance program. To us, that is rather like putting the fox in charge of the chicken coop. Maybe if there were more departmental staff who had some trade qualifications or capacity then they could do spot inspections of the work done and they could be the ones talking with the tenants and saying, "Are you happy with what was done?"

If that side of things was improved, and maybe if some of the cost savings on paper were shifted to the compliance side, then there could be a better result for everyone. As a contractor, one thing you must have hated was a very loosely worded contract which made you think, "I'd like to do that but I'm not going to get paid for that", or "I'm not sure about it from there." As a contractor, you obviously would like to take pride in your work and to be happy to say, "I did that," instead of skulking past the site and thinking, "They are a bit late in paying."

The CHAIR: Some of them still have not paid me.

Mr STEPHEN BROMHEAD: So what recommendations would you make? If you had the power to make recommendations to the Government, what recommendations would you make and what changes would you suggest?

Mr SMITH: I would wind back the clock. I say that because I remember when the Public Works department had responsibility for maintenance. It was working in a localised area, for example, the inner Sydney district. The team would have their budget and that was all they did. They used tradespeople they knew, if not their own, and they would bring in specialists. They had ownership of that area. Now it is big and impersonal. There is no sense of pride attached to working in a suburb for the past five or 10 years—"I know the problems and when I go down there I am fixing up the water jug, but while I am there I notice a loose screw and I tighten it and do little things here and there".

Instead we have an absolutely rigid contract system that is so detailed that it even puts a price on removing and replacing a screw and a hinge. We should bring back the flexibility and have faith that the employees and contractors will do their job. By all means monitor them as they were and as they should be. We must bring back a bit of flexibility. Instead of it being a cost exercise, which the Auditor-General identified as a failure, it should be about preserving the quality of an asset and ensuring that it can do the job it should do. Centralisation normally brings administration problems and complexity. It chews up money and does not always produce the same quality that a localised system can. As I said, I would wind back the clock.

The CHAIR: You would have public works tradespersons doing the maintenance?

Mr SMITH: For a lot of it, yes. They have the expertise. At present you see some poor bloke with a battered utility turning up from Campbelltown to do some work at Maroubra. He is travelling a long way, it takes a lot of time, and he will never be back in the area. His interest is to get enough done to get paid and go on to the next job. He is looking for an income; he is obviously there to earn money. If he were a local person working in that one area all the time, I believe he would have a sense of pride. He would get a better income and the department would get a better outcome combined with a bit of flexibility.

The CHAIR: If quality control is so poor, why do people continue to get work from Housing NSW? Frankly, if my work was substandard in the area where I worked, I would have been shown the door. That is always an incentive to take pride in your work. You ensure that you do a good job because there is plenty more

money to be made and more jobs to get in the future. How is that attitude absent from housing in New South Wales?

Mr SMITH: Earlier I spoke about site inspections and risk management. Even when they are shown defective work and shoddy work practices, they tell the contractor or feed back into the system that it is a recall and it must be fixed. But you rarely see them come back. The only time I have seen a contractor told he was finished involved inappropriate behaviour towards a tenant that was witnessed by another tenant and the pair of them stood up. The tolerance for bad work is phenomenal.

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

The CHAIR: What about tenants in the non-government sector, that is, those in private housing or not-for-profit housing providers?

Mr SMITH: Community housing providers?

The CHAIR: Yes.

Mr SMITH: It is a complex kettle of fish. They have similar problems, but not necessarily as severe. It depends on the individual community housing provider or non-government organisation operator and their attitude. Normally the larger the organisation the closer they come to Housing NSW standards. The small boutique groups with only a dozen properties, the small co-ops or the small housing organisations have a high degree of ownership and pride among the tenants and things just get fixed. However, if you create a bureaucracy or a large organisation there are failures in outcomes. People guard their domain and pass the buck. Some of the letters are classics. It is part and parcel of a larger system.

The CHAIR: Can you speak to some of your experiences in particular to housing providers?

Mr SMITH: In the early days St George had a particular executive member who was very good, but he was headhunted by a large organisation. St George expanded rapidly and there were operating costs and length of chain-of-command problems. As a result, the quality has gone down. It is interesting what happened with two estates where there has been shared tenure. St George had part of the building and Housing NSW had the other part. There was a crossover point and the arguments over common area maintenance have been phenomenal.

A classic example was the Namatjira estate. I still have some of the photo library. There were ceiling lights hanging down, doors hanging off and electrical and plumbing problems. Because they were in common areas, the arguments between the two groups across the white line were phenomenal and work was not being done. As a result the quality of the property was deteriorating and tenant dissatisfaction was rising. Hopefully it will be straightened out, but to date the headbutting and the territory guarding has not stopped.

The problem with community housing providers is that so much of their stock is what they call "head leased"; that is, long-term leasing from a private owner. Maintenance liability and who is responsible then involves the tenants, St George as the tenant landlord, and then the property owner. That can get messy given the length of the chain of command and territory guarding.

The CHAIR: Was the issue you raised at Namatjira because of the dispute over who is responsible for the areas? Is that because the contract or lease did not stipulate who is responsible for those areas or does it stipulate it but nobody has bothered to read it to find out?

Mr SMITH: It was part of a stock transfer program. It originally had been Housing NSW property, the whole lot, and the decision to perform stock transfer and a percentage of tenants agreed to transfer over to St George and they were waiting. It would come back to the individual sides guarding their own budgets and a badly written agreement between the two for liabilities and exactly who was responsible for which. So you had two bunches of lawyers driven by two bunches of accountants having a bun fight. The tenant and the asset both suffer.

Mr MICHAEL DALEY: Are there tenants still at Namatjira who have not transferred? I thought they had all gone.

Mr SMITH: I have not been out there in the past six months but the last I heard they were getting close to saying "You will transfer". Originally they set a percentage and then they were having trouble getting to that percentage of tenure between the two different types and I understood that they were getting real close to saying to the resident Housing NSW tenants "You will transfer or you will relocate." I cannot say for sure if that has actually happened now but that has been on the cards for quite some time.

Mr GREG PIPER: My comment is that you have painted a fairly bleak picture, particularly of the morale lower down at the contractor level or the interface level and probably perhaps even up the chain of command. How is the morale of the tenants who go through this process? I would imagine it is fairly low. Is there much discussion amongst the tenants themselves through your processes such as the precinct committee? Do they have any other forms to support each other?

Mr SMITH: You are quite right, the morale is low. It is low among the contractor staff and the subbie level and it filters up, surprisingly well up the tree. It is low among the tenants, and the other group that has not been given a lot of publicity—the morale is low among the department staff.

Mr MICHAEL DALEY: Yes, it sure is.

Mr SMITH: They are that frustrated. You will get the long-term permanent employees, and the long-term ones, and they are just so frustrated you can hear it in their voice, you can see it in their body language. Sometimes they will come and talk to us over a cup of coffee and say, "Problem over there". It is a polite informal request to say, "I'm going stupid belting my head against a brick wall. Do you have some different avenues that you can go down?" It is energy sapping, morale sapping everywhere.

The tenants get to the stage where they say, "Why bother reporting?" They will try to fix it themselves among themselves. They will try to do some basic repairs. They will plug some holes. They will do a bit of painting, do a bit of exploratory work in an attempt to get the problem resolved. But it is a monster, is the politest way to say it. No-one is happy at the recipient level, at the base level in the organisations. It is an acknowledged monster.

The CHAIR: The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and will be made public. Are you happy to provide a written reply within two weeks to any further questions?

Mr SMITH: Quite happy.

The CHAIR: Thank you for appearing today.

Mr SMITH: Thank you for the opportunity to appear and to talk with you. Thank you for your questions and your interest in it because I know you are from different political groups and different backgrounds but you have all taken an interest in it, and I thank you.

The CHAIR: Did we meet at a meeting in Elphinstone Road about 18 months ago?

Mr SMITH: Yes. We were waiting for a key to arrive, if I remember correctly.

Mr MICHAEL DALEY: That used to happen when I was a member there. They still have not found the key.

Mr SMITH: It was a meeting between Mr Notley-Smith, the Minister of the day and the tenants and it was meant to be in a community room that was operated by the department. It had been booked. There had been paper notices stuck up with Sellotape half an hour before the time saying it was happening and this and that. And some department staff came hurtling around the corner half an hour after the meeting started clutching a key. Fairly accurate?

The CHAIR: Yes.

Mr SMITH: So on that happy note.

(The witness withdrew)

NED CUTCHER, Senior Policy Officer, Tenants' Union of NSW, and

JACQUELINE JANE SWINBURNE, Co-ordinator, Inner Sydney Tenants Advice Service, and Chief Operations Officer, Redfern Legal Centre, and

KIMBERLEY NICOLE MACKENZIE, Tenants' Advocate, Redfern Legal Centre, affirmed and examined:

The CHAIR: Do you have any questions concerning the procedural information sent to you in relation to witnesses and the hearing process?

Mr CUTCHER: No.

Ms SWINBURNE: No.

Ms MACKENZIE: No.

The CHAIR: Ms Swinburne, do you want to make an opening statement?

Ms SWINBURNE: I would but, if it is all right, I thought it would make more sense for the Tenants' Union to speak first.

The CHAIR: Mr Cutcher, do you want to make an opening statement?

Mr CUTCHER: Certainly. I guess I am able to speak in broader terms and the evidence of Redfern Legal Centre will get into more specifics. The Tenants' Union of NSW is the peak body representing the interests of all tenants and other renters in New South Wales, and that includes tenants living in the Government's public housing portfolio. We are also the main resourcing body for the statewide network of tenants' advice and advocacy services, Redfern Legal Centre auspicing one of those.

Across the State they take approximately 26,000 requests for information, advice and advocacy from all tenants across the State and there is a fair degree of advice and advocacy that goes towards tenants in public housing through those services. We regularly engage and consult with Tenants Advice and Advocacy Services, or TAAS as we call them, on matters of a public policy concern, and in producing our submission to this inquiry we have been predominantly informed by them and their casework with public housing tenants.

We also have our own relationships with FACS Housing and the Land and Housing Corporation at a policy level through participation in a number of reference groups. The issue of repairs and maintenance of the portfolio has been an ongoing concern of ours and we have had conversations with FACS and the Land and Housing Corporation going back a number of years in relation to the issues that have been brought to our attention through the TAASs and their casework.

With a particular focus on the impact of the maintenance strategy on the experiences and the expectations of public housing tenants in enjoyment of their homes, our concerns and the concerns of TAASs primarily relate to disputes between tenants and the Land and Housing Corporation, as the Government landlord, about the need for repair or the quality of a repair once completed. It is mostly a matter of how responsive repairs and maintenance work are handled by contractors but it also relates to the way the Land and Housing Corporation informs itself of the repairs and maintenance needs of its asset portfolio.

We note that the kinds of concerns that we have raised in our written submission echo the sentiments a number of public housing tenants have raised in their own submissions as well as those of Redfern Legal Centre. So it should be evident that tenants feel very little agency over how repairs or maintenance are undertaken within their homes. They are particularly frustrated when things do not go according to the script of FACS Housing or the Land and Housing Corporation, especially where they are the party who has brought a maintenance or repair need to the landlord's attention in the first place or where the repair is not satisfactorily completed in the first instance.

We also note recent changes to the maintenance strategy as outlined in the submission of the Family and Community Services [FACS] to this inquiry. Some of these changes, such as the ability for tenants to liaise directly with the contractors on request for responsive repairs, may alleviate some of our concerns. I guess that remains to be seen and we will watch that over time. On the other hand, reducing the landlord's involvement at a day-to-day level may decrease their interest in the repairs and maintenance processes in the long term, which would exacerbate the kinds of problems we are currently seeing escalated to the tribunal all too often. I think that would be similar to what we saw in around 2011 and 2012 when the Land and Housing Corporation was being administered by Finance and Services rather than by Family and Community Services.

FACS indicates that property assessment surveys as the primary means of informing themselves of the repairs and maintenance needs of its portfolio have provided greater clarity of priority areas for maintenance. They say they will now randomly survey 15,000 properties or dwellings each year. With a portfolio of around 130,000 dwellings, even if they were looking at every single one of them and not conducting random surveys, it would take about nine years to go through each property more than once. It is our submission that these property assessment surveys should complement a tenant's requests for repairs and that a tenant's requests for repairs should somehow—perhaps through better budget allocations—be factored into those scheduled repairs and maintenance works that the property assessment surveys seek to produce.

We have made some additional suggestions in our written submission. A number of very small policy changes at a high level could go a very long way to improving tenant experiences in public housing as far as repairs and maintenance go, such as looking at the actual funding needs of the portfolio rather than basing the funding on what has been spent on the portfolio in the last four years. As I have said, we would like to see tenants and their requests for responsive repairs being brought more formally into the process of those property assessments. I think there is room for the tenancy management side of the business to be more engaged with the repairs and maintenance processes. That is similar to involving tenants more directly. The tenancy managers have a good eye on what is going on in the houses themselves and they are looking at it from their personal point of view rather than from the point of view of the asset or that technical point of view alone.

There are a couple of other things, in particular the standard of repair. We have made quite a bit of this in our written submission but part of the problem is that when properties are only being brought up to a particular standard and there is a structural issue that is inhibiting that standard over the long run you are really only patching over it time and time again. It would make sense to resolve some of those structural issues so that the standard can be upheld over the long term and we do not end up seeing the need to demolish and rebuild public housing stock perhaps earlier than we otherwise might.

The CHAIR: Just on that point, is it because of the expertise or lack of expertise of the people who are making the inspection that they do not understand that this is a structural problem rather than a minor problem?

Mr CUTCHER: I could only speculate on that. Perhaps my colleagues from Redfern Legal Centre may have some more direct insights into the kinds of calls that are being made by subcontractors at that level. I would speculate that it is less of an expertise issue and more of a policy issue in that the objective is to get the property to a particular standard and if it means coming back and addressing that need again and again then that is what they do. Then over time the property will be earmarked for sale or redevelopment if it is becoming too expensive to continue to keep it to standard.

The CHAIR: Whilst it is early days, you made some comments on the asset maintenance services contract that was introduced last month. For how long should we cut them some slack before we should be expecting the miracles that Family and Community Services is expecting in its submission?

Mr CUTCHER: I am not expecting miracles myself.

The CHAIR: They are.

Mr CUTCHER: I do not know what length of time we would give them. What I would say is the mechanics by which the maintenance contracts are managed may well change but the expectations of the landlord are what really needs to be addressed here. This is going back a fair way when these contracts were first being discussed, but I remember having a conversation with representatives of the Land and Housing Corporation around things like quality assurance and what happens—how do we address the issue that we are currently seeing where there is a disagreement about whether the repair actually needs to happen in the first place or where a repair has been carried out but it has not been done properly. The response from them was, "The contractors will do what we tell them to do." I think that says a lot.

The mechanics of the contract are one thing. The new contracts look fantastic, make no mistake. They are perhaps a better way of doing things than we have seen in the past but they are not going to address these policy concerns that we have around the priority that is not given to responsive repairs, noting that tenants in their homes are perhaps extremely well placed to be able to identify a repairs and maintenance need. Legally, they are obliged to notify the landlord of a repairs and maintenance need but they are completely disenfranchised from doing that when their requests are not well responded to.

Ms SWINBURNE: Thank you for the invitation to appear today. We agree with the concerns and proposals put forward by the Tenants' Union of New South Wales and make a few comments in addition to our written submissions. We acknowledge that the maintenance contracting system has changed in the last few weeks although we have not yet seen any difference for our clients. We have seen some initial issues which may

be teething issues, but it seems we will have to wait and see before we can form a view on that at the moment. We would still want to see our recommendations put in place around that new system regarding the oversight and the training of contractors, including in mental health and cultural safety training, and having some tenant participation in reviewing the work that is done. We hope to see some improvements around that.

In the submission by FACS with regards to tenants' obligations to report repairs, there is a lot of discussion about tenant damage to properties and the way some properties are left when tenants vacate. We just wanted to say that is not the full story. Often what we see are cases where FACS staff also do not understand their obligations under the Act. We see many cases where a tenant has been charged for damage to the property that they did not cause. In some cases—and we have evidence of this—the property was left in a good condition and yet the tenant has, for example, been charged to repaint the entire unit. In other cases—and this is quite a common story—a tenant has left—and sometimes this is due to fleeing domestic violence, which FACS have been aware of—and then sometime later in the following weeks or months a debt is placed on the account. When that person tries to get back into housing, sometimes years later, we try to investigate that debt and no-one at FACS can tell us what that debt is for.

FACS very rarely comply with their obligations to prove those alleged debts with evidence in the tribunal within the time limits as specified by the Residential Tenancies Act. We find that, instead, many assumptions are made about tenant liability and later those incorrect assumptions lead to highly vulnerable people being excluded from safe and secure housing. I know that is not really the focus of this inquiry, but we wanted to put that balance there to what FACS have said in their submissions. Finally, in brief, with regards to public housing maintenance we find that tenants are still coming to us frustrated after sometimes years of requesting repairs. Only after we advocate for them are the repairs done but even then they are not always done. It can also take us a lot of work and advocacy to get those repairs done.

We are pleased to have a positive working relationship with Family and Community Service [FACS] Housing and the Land and Housing Corporation that facilitates this. However, the concern is for other tenants who do not know about our service or who approach us for help. We also hear from FACS Housing workers that they can be very frustrated at the lack of communication or information from the Land and Housing Corporation about the progress of repairs.

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

Despite this, we are also concerned at plans to transfer public housing functions to non-government providers. As FACS stated in its submission, social housing has over time become the safety net for the most vulnerable people and this has led to a drop in rental income for FACS. Transferring large swathes of stock to non-government providers does nothing to change this fundamental issue of low rental income while leaving vulnerable people without the same fundamental rights that they have when housed by government.

We see far less transparency and accountability in some current non-government housing management, such as in affordable housing within our local area. While similarly vulnerable people are housed within community and affordable housing, they are not afforded the same rights as tenants in the public housing system. Housing of the most vulnerable should remain the responsibility of the State, in our view.

The CHAIR: What rights do people in private housing have?

Ms SWINBURNE: There are some fundamental differences between dealing with a government body and a non-government body—for example, the right to freedom of information on your file under the Government Information (Public Access) Act 2009. There is no judicial review of decisions because they are not government decisions, so the admin. law does not apply. We do not see the same level of transparency and accountability. We find it very difficult to advocate for clients who are trying to get reviews of decisions. It is sometimes hard to get copies of policies and hard to get the provider to follow those policies.

The CHAIR: That would apply to anybody renting in the private sector, I imagine, under a standard tenancy agreement.

Ms SWINBURNE: Yes, it would, but we are talking about community housing and affordable housing. The same people would sometimes be on the waiting list for public housing but end up in the other type of housing, through chance, and they do not have the same types of rights. For example, anyone can be given a no grounds notice of eviction. However, it does not happen so much in public housing because that is about providing safe and secure housing. But that is now happening in affordable housing. Tenants who are

domestic violence victims who providers have tried to evict for breaches and have not been able to are now given no grounds eviction notices.

For example, the housing might be for people who are working in the area but people are now retiring and they are being told, "This is for working people so you have to move out. We will still charge you the higher rent, not rent based on your income." Say, for example, that someone loses their job and has a lower rent for three months until it goes back up again, those people are being pushed out. Vulnerable people in that type of housing have a lot of issues. We are concerned that the redevelopment around Waterloo will mean less public housing and more different types of housing. You need that mix and you need to retain the public housing.

The CHAIR: Ms Mackenzie, would you like to add anything?

Ms SWINBURNE: I have spoken for both of us, but we can both answer questions.

Mr STEPHEN BROMHEAD: You mentioned that you are seeing teething issues. Would you explain what those teething issues are? Do you see any other issues? I know the contract has been in operation for only a short time, but what issues are you seeing now?

Ms SWINBURNE: It is hard to know if these are one-off teething problems or a general view. I will defer to Ms Mackenzie because she does the day-to-day work with tenants more than I do.

Ms MACKENZIE: Since the new contract started we have had difficulty with getting things done and with communicating with the Land and Housing Corporation about the status of repairs. As Ms Swinburne said, maybe that is a teething issue as they restructure, but there has been difficulty in finding out which work orders have been raised and when people can expect things to be done.

Mr GREG PIPER: How is your relationship and communication with the department? If you are advocating for tenants, does any resentment come back to you from the department about the tenant having the audacity to try to find a work around? Are there any concerns about that?

Ms MACKENZIE: Are you talking about our relationship?

Mr GREG PIPER: Yes, I mean your relationship with the department in advocating for a tenant. Is there any push back from the department because it feels that a tenant is trying to circumvent the normal process by going to you?

Ms MACKENZIE: We advocate for a person only when they have gone through the usual channels. We only ever approach our contacts within the Land and Housing Corporation where a tenant has tried to report it, people have looked at it and there has still been no action. It is only at that point that we would escalate it to the staff with whom we have contact at the Land and Housing Corporation.

Mr GREG PIPER: Do you have a productive, good relationship with the people at the Land and Housing Corporation?

Ms MACKENZIE: Yes.

Ms SWINBURNE: It is difficult to generalise. It can depend on personalities. When the split between Housing NSW and the Land and Housing Corporation first occurred there was a lot more push back. Things have got better since that time. We have worked a lot on this as a systemic issue. We have done media and we had a lot of attention a few years ago. They were forced to work more cooperatively with us. We have monthly meetings with people at a high level. We work to keep that good relationship. I would not say it is always good. Sometimes we do get that push back and that attitude.

Mr GREG PIPER: Mr Cutcher, would you like to make a contribution?

Mr CUTCHER: I would like to make a comment in response. The relationships always remain professional, and they have to. That question goes to the heart of my point about the need for the responsive repairs to be elevated in priority. This goes back three or four years, but in a conversation I had with someone from the Land and Housing Corporation asset team there was an implication that responsive repairs amounted to queue jumping. The Residential Tenancies Act sets out the standard under which a tenant is obliged to notify about a repair or some damage that needs to be fixed and the landlord is to repair that.

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

At the time of that conversation, tribunal orders were not being complied with because the Land and Housing Corporation saw that as something that was not in its plan. That sort of matter seems to have been resolved, to an extent, although more through making it easier for the Land and Housing Corporation to pay those tenants compensation rather than to do the repairs in the first place. The relationship is fine, but the outcome is not so much.

Mr GREG PIPER: Thank you. That is helpful.

Mr MICHAEL DALEY: Mr Cutcher, on page 4 of your submission you say:

Specific data outlining the cost of repairing and maintaining the public housing portfolio is not readily available to those outside of Government and the Land & Housing Corporation, and projected expenditure is a matter for which there is little transparency.

Would you elaborate on that?

Mr CUTCHER: Sure. It is not an area of expertise of the Tenants' Union of New South Wales to be scrutinising budget papers or accounts and those sorts of things, so I asked for some assistance in reading through annual reports, budget papers and the like. The figures that I have made reference to in my submission were figures that were provided to me by someone with greater expertise than I.

Mr MICHAEL DALEY: Are you saying the departments were not cooperative when you asked for that sort of top-level information?

Mr CUTCHER: At the time of producing the submission there were a number of other things going on and I did not make a direct request to the department. The person I dealt with who was the principal policy officer at Shelter NSW has spent quite a bit of time looking into the accounts and the budget papers and trying to track what is happening in the public housing budget and finds it very difficult to do. I could not give a more specific answer than that, I am afraid.

Mr MICHAEL DALEY: I want to hone in on the management of maintenance contracts for a minute. Firstly in the Redfern Legal Centre's submission on page 11 you go into the split between assets and tenancy management and describe what happened in July 2011 when responsibilities went separate ways. Has that divergence made things worse in the specific area of maintenance of Department of Housing properties and the management of contractors? I know it has other ramifications, but just on those two specific subject matters that we are dealing with has it made things better or worse?

Ms SWINBURNE: I think it made things a lot worse.

Mr MICHAEL DALEY: Why?

Ms SWINBURNE: Because it took away any ability for the FACS Housing workers who are in the local office—they are the client service officers who deal with their tenants—to actually have any control over what was being done or not being done, so they could not respond to their tenants. They also could not get any information from the Land and Housing Corporation on what was happening or in response to requests for repairs.

At that time what we saw happening was at the tribunal when you are asking for repairs to be done, at first you would have, say, a FACS Housing worker turn up and say, "Well, I do not have any ability to agree to orders because I do not have that control." So then the tribunal would say, "You need to bring someone back." So the next time someone would come back from the Land and Housing Corporation, and they had no real understanding of their obligations under the Residential Tenancies Act and they would just say, "No, we have decided not to do it." And after a while they learnt at the tribunal that that was not good enough. The tribunal was going to make orders to do these repairs. Then they just did not comply with those orders. But I have to say things are slowly getting better from that.

Mr MICHAEL DALEY: After five years, it is slowly getting better?

Ms SWINBURNE: We still have problems. We also have monthly meetings with the FACS Housing workers about other management issues. Sometimes there will be inter-related repairs issues. They are just so frustrated as well that they do not have any control and there is not much communication either. There does not seem to be much obligation for the Land and Housing Corporation to report back to the FACS Housing staff.

Mr MICHAEL DALEY: On page 15 of your submission are your recommendations. In fairness, these are some of the questions we should be asking the relevant departments. In recommendation 2 you say:

LAHC should develop a better system for evaluating the work done by contractors ...

Recommendation 5 suggests:

A system be designed to check repair and maintenance work undertaken ...

Recommendation 6 states:

There should be a systematic review of the repairs and maintenance system ...

Is it your submission that there are no systems in place, to your knowledge, for the rudimentary checking of logging, identification, follow-up, quality control and behaviour of contractors?

Ms SWINBURNE: Yes. There might be something on paper that says that there is—I am not sure if there is or not—but in our experience over and over the contractor will not turn up or the wrong contractor is sent repeatedly for a particular job. Contractors report that they have done work when they have not been there. And then the tenant still struggles to say, "This is my story and this is my evidence." Obviously not all tenants are perfect either but they can be verbally and racially abused by contractors. Contractors often have no understanding of mental health issues. And we are dealing with, as FACS say, very vulnerable people in public housing, which is why they are in there. Do you want to add to that, Mr Cutcher?

Mr CUTCHER: This is something that we hear from other tenants' advice services across the State as well; this is not something that is specific to the inner-city area, I would say. The main method by which quality assurance appears to occur is by tenants calling the maintenance hotline and saying, "This has not been done properly." And then there is a question about how that tenant is responded to. Again that comes back to it becoming a responsive repair issue. The database or the log book says the repair has been completed, so the repair has been completed regardless of what the tenant is saying on the other end of the phone. I am heartened to see in the FACS submission there is some reference to improved quality assurance. We will certainly be watching to see what is happening there. But over the last five years and perhaps for even longer that has been the kind of oversight that has been in place.

Mr MICHAEL DALEY: I know you said it is early days for the new asset maintenance services contract and regime, but is there anything within that regime and/or contract that you think goes to alleviating this lack of a systematic approach to all of those things you have pointed to in your recommendations?

Ms SWINBURNE: It is very early to say—

Mr MICHAEL DALEY: I am not talking about the performance of it. In the body of published material is there anything that addresses your concerns?

Ms SWINBURNE: I think it might go to becoming a more efficient system where the tenant is talking directly to the contractors, but at the same time we still do not know how the contractors will respond to tenants and whether that actually takes away some of that quality control by having housing completely removed from this communication.

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

Presumably, from what I have heard, those FACS Housing staff who were previously on the phone taking calls and raising works orders are now likely to be diverted into quality control or quality assurance-type jobs. We may see some improvement there. As I said before, a more efficient contract is wonderful, but we also need to get to the real issue, which is the expectations of the Land and Housing Corporation and the way that it manages tenancies and assets together, not just managing assets.

The CHAIR: From evidence we have received, the Land and Housing Corporation has what would appear to be some unrealistic expectations of the condition of their asset and how it will be acceptable to the tenant. On the flip side, are there unreasonable expectations from some tenants?

Mr CUTCHER: Without a doubt there would be. That is one of the reasons why a tenant advice and advocacy service is such a useful service. It helps to manage tenant expectations as much as anything else. There are a number of submissions that have been made by tenants and you have seen the photographs that have been provided in Redfern Legal Centre's submission. Those photographs have been seen by other tenant advocates across New South Wales and none of them look at them with any great shock or surprise and say, "Goodness me, that is happening in your area?" It is happening in other places as well. The condition of some of the properties is poor. The responses given to tenants are poor. It is across the State. If anything, I would say tenants have reduced expectations in most cases because that is what they are living with.

The CHAIR: You said a bit earlier that you would be watching with interest how Family and Community Services [FACS] has gone from being, say, the provider of the service to managing quality control. So if we look at the tenant as being the consumer and the contractor as being the supplier, in an ideal world

would you not think that that it is appropriate for FACS to be the impartial administrator of that or to provide oversight of that transaction?

Mr CUTCHER: As long as the oversight is there, yes, I guess so. The analogy to the private market is that you would have a real estate agent engaging with the contractor, the tenant and the contractor would liaise directly, and hopefully the job would be done. There are clear lines of contact there. The landlord may never come into that kind of communication cycle but still has to have oversight. The landlord still has to know what is going on in their property. They still have to know that there was a repair issue and that it might, for example, trigger something that is going to have to be done again in the next five years or something like that. The Land and Housing Corporation needs to continue that oversight.

As I pointed out, the property assessment surveys appear to be the primary means of doing that; and that means that it can be expected that a property will be looked at once every decade or so. That was the case even before the new contracts, and it is inadequate. I will backtrack for a moment here. The other point at which a property will be looked at is when it becomes vacant. So we have a situation where some properties are being looked at more regularly because there is a cycle of people moving through those properties. Other properties are being looked at less regularly because there is a stable tenant in place.

So, for example, a tenant who has been in place for 20 years may never have had their property inspected by an asset or technical officer. But a property down the road may have been looked at every three years because people have been cycled through on short-term agreements. The missing link is the response to the tenant when they call up and say, "There's a problem here. Come and fix it, please." As long as the Land and Housing Corporation does not remove itself too far from that process and say, "Well, our contractors have got that covered," and the quality assurance oversight is happening then perhaps that is a good move.

Mr MARK TAYLOR: Ms Swinburne, I think you suggested that the culture or the relationships between some of the tenants and the contractors had raised some issues. Do you have any thoughts as to how to improve those relationships?

Ms SWINBURNE: I think ideally we would have cultural awareness and mental health training for all contractors. But that may not be something that can be done. Hopefully the quality assurance regulations will go some way towards that. Possibly we need a code of conduct instead as a less extreme step than trying to make sure that every contractor is trained up on those things, because we know that may or may not be possible. Definitely we need some sort of code of conduct.

Mr MARK TAYLOR: What about the experience in western New South Wales where in a small number of towns tradespersons travel in to undertake repairs? Is there anything in your submission concerning that?

Mr CUTCHER: We have had some examples provided to us by services operating in those regions. In one particular example, which I think was mentioned in our written submission, there are some small towns where a plumber will wait until there are two or three jobs in that particular area before they will travel out there. So people can be waiting for extended periods of time. They are waiting for the plumbing on their neighbour's place to go as well so that the plumber can hit them all in the one trip.

I do not how know how we deal with that kind of thing under the current structure. Looking at ways to involve more local tradespeople may be one way to do it. I guess it is a matter for the contractor as to who they are subcontracting to. But looking at ways of ensuring that local tradies are being used is important. From what I understand, one of the reasons why that is less likely to happen is that there is a perception that there is a bit of nepotism that goes on in those kinds of arrangements, that is, one person gets a job over the other because they happen to be a good mate of whoever is down at the local office. So I do not know how we strike that balance but it is something that needs to be looked at.

The CHAIR: We heard from our previous witness that when private housing providers become quite large they start to suffer the same sort of problems with regards to the oversight of maintenance as we hear Housing NSW faces. What is your experience with private providers, and I am talking about non-government providers here?

Mr CUTCHER: I would say that we hear the same thing. There are a couple in particular that spring to mind that are operating in central and western New South Wales. I expect that the Redfern Legal Centre would have experience with those kinds of providers.

Ms SWINBURNE: A lot of their stock at the moment is a lot newer than the public housing stock. So I think we will have to wait and see what happens in the years to come.

Ms MACKENZIE: I echo what Ms Swinburne has said. Their stock is a lot newer. But we would expect that in time they will experience the same sorts of problems that we are seeing with public housing.

Mr MICHAEL DALEY: They sort of cherry-pick tenants a bit too, don't they? So they do not have the really troublesome tenants dealing with mental health issues and those sorts of things. They are in a better position to take preferable tenants, aren't they?

Ms SWINBURNE: In some cases, yes. Although I think because of the waiting list for public housing it is becoming a bit of a mix and the same person could end up in public housing, community housing or affordable housing. I would say that often the types of repairs we are talking about are not really to do with tenants not looking after the property but rather just that the property is getting old, it needs to be looked at and it just has not been.

Mr CUTCHER: It is important to note there that there are parts of New South Wales where there is no public housing; it has all been transferred across to community housing providers. So the issue of whether or not they are in a position to choose their tenants is not—

Mr MICHAEL DALEY: Where are some of those areas?

Mr CUTCHER: Maitland, Tamworth and Broken Hill. They are all being managed by one community housing provider.

Mr MICHAEL DALEY: Which one is that?

Mr CUTCHER: Compass Housing.

The CHAIR: And what is your experience with them, or rather the experience of your clients?

Mr CUTCHER: I rarely hear nice things about landlords in the line of work that I do. Compass is one that comes up more often than not.

The CHAIR: For what reason?

Mr CUTCHER: I think it comes back to what the question was about—what happens as they grow. Compass grew very quickly, and perhaps were not in a position to respond to that growth in a measured, manageable kind of way. So they were employing people who perhaps they might not otherwise have employed. They were looking to private sector real estate agents coming to work in an area where the client base is extremely different to what it would be in the private sector. So they had experience in property management but not necessarily experience in dealing with vulnerable tenants and that sort of thing. They had to respond to the sort of structural issues that might present themselves as you grow exponentially in a matter of months or years. All of a sudden they had to develop their repairs and maintenance systems and those sorts of things. It is kind of across the board and I could not pick out any one single issue with that particular provider.

The CHAIR: It may be that adequate due diligence was not undertaken to determine whether Compass could take on the new workload.

Mr CUTCHER: I could not say. However, I think all community housing providers found themselves in a position, and they continue to find themselves in a position, where they are in competition with one another. There is a tendency for some to rise to the challenge that that presents in terms of getting new funding, new projects, new properties and so on. However, some community housing providers have been inclined to stick to their mission, particular communities, particular ethnic groups, and particular locations. There are others that have said, "Hang on, there are ways we can expand. We can revisit our mission and become more meaningful to more people." That is what has driven it, but it does not necessarily always happen well.

Mr GREG PIPER: Some of the comments and answers of the previous witness, Mr Smith, dealt with the morale of people in the system. Is there a systemic problem across the board that is preventing us getting better outcomes from the existing system? The existing system appears to have inherent flaws, but are the outcomes worse than the system can provide because of that lack of morale? You refer to that in your submission where you say that "tenants report a culture of disrespect amongst contractors, leaving tenants to feel patronised or intimidated or discriminated against".

Ms SWINBURNE: Some people do come for advice about repairs but do not want to take action because they do not want to rock the boat or to get into trouble with their local housing office. People get frustrated and give up trying to get repairs done. At the moment there is a great deal of low morale in the Redfern-Waterloo area because of the announcement of the renewal with not much information about when or how it will happen. With previous redevelopments numbers were provided about how many people would be able to retain their housing, but over time that changed. That could be an added factor for Mr Smith's local area.

Mr GREG PIPER: With regard to morale, I imagine that your service would not engage directly with contractors, per se. However, perhaps you see evidence of low morale because of poor workmanship and so on. Many of the poor repairs we are hearing about seem simple and should have been easily corrected to a much higher standard. Does that lead to poor morale? Harking back again to Mr Smith's comments, perhaps contractors are engaging in gaming to get additional work if they have to return to do further repairs.

Mr CUTCHER: I understand from questions on notice in Parliament a few years ago that a recall would be at the contractor's cost, and it should be. I am not sure how much of that we could say is going on. However, public housing tenants are pretty easily marginalised. You do not have to look too often at headlines in the *Daily Telegraph* or to read the comments of its readers to know that it is a pretty easy target group to pick on. Tradies and contractors going into these sorts of places will be bringing in the same kinds of biases as anyone else might. We live in a fairly cloistered world where we do not see any reason not to show a bit of respect to people who live in public housing. Unfortunately, that is not across the board and it is getting worse.

Mr MICHAEL DALEY: Correct.

Mr CUTCHER: That is the sort of thing that will go to morale. It is the kind of approach that is brought to this kind of work by someone for whom it is just one job among many.

The CHAIR: How would public housing be managed in a utopian world? Does the private sector have a role? We have heard that perhaps NSW Public Works should be brought back to undertake the maintenance of public housing stock.

Mr CUTCHER: If we lived in a utopian world perhaps we would already have NSW Public Works doing all those things. It is about recognising the experience and expertise of a tenant in their home and not necessarily always relying on a technical officer or an asset manager to take a few photos and to say that it all looks good. When a tenant calls and says there is a problem and asks for someone to come to look at it or for a repair job to be done properly, they should take the tenant's word for it. They should not simply assume that the tenant is making it up because the contractor has said that it was done to standard. That will come down to funding and ensuring that there is enough money. If you have spent all your money doing property assessment surveys and you have allocated your tight budget to a plan of works and then something falls apart that you were not expecting, you have a problem.

It is about having the money to be able to deal with those additional issues. It is about delegation and bringing the Department of Family and Community Services [FACS] worker back into the picture. They do not necessarily need to be the one raising the orders or determining how and when a repair needs to happen, but they do need to be in the discussion and perhaps provide some assistance and advice to the contractor. Perhaps they could play a liaison role to help two parties who are probably going to speak a very different language to come to an agreement about what needs to be done and how it should happen.

Ms SWINBURNE: I agree with Mr Cutcher.

Ms MACKENZIE: He said it well.

Ms SWINBURNE: It is particularly important to give some control back to the local housing officers who know their local area and their tenants and which buildings have problems. They should have some control and much better communication channels to find out what is happening and to communicate that to the tenants. That would go a long way. You would also have to have an unlimited budget.

Ms MACKENZIE: Of course.

The CHAIR: Thank you for appearing before the Committee today. Mr Cutcher, the Committee may wish to send you some additional written questions, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within two weeks to any further questions?

Mr CUTCHER: Yes.

The CHAIR: Ms Swinburne and Ms Mackenzie, the Committee may wish to send you some additional written questions, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within two weeks to any further questions?

Ms SWINBURNE: Yes.

(The witnesses withdrew)

(Short adjournment)

WENDY HAYHURST, Chief Executive Officer, NSW Federation of Housing Associations Inc., and
LEONI LYNCH, Service Delivery Coordinator, NSW Federation of Housing Associations Inc., and
DONALD CHARLES PROCTOR, Group Manager, Assets, Compass Housing Services, maintenance expert and a member of the NSW Federation of Housing Associations Inc., affirmed and examined:

The CHAIR: Do you have any questions concerning the procedural information sent to you in relation to witnesses and the hearing process?

Mr PROCTOR: No.

Ms LYNCH: No.

Ms HAYHURST: No.

The CHAIR: Miss Hayhurst, do you want to make an opening statement before the commencement of questions?

Ms HAYHURST: I will be brief. You will have read our submission. The first thing we want to say is we do acknowledge that the maintenance of public housing stock is not easy, that the income that is available to the government to do that is probably less than is required to actually keep those properties in a good standard but also, I think, more importantly, to raise them to a twenty-first century standard. That is the first thing I wanted to get across to you. We are advocating for the property transfer to the community housing sector in part because that will increase the income that is available to actually maintain and improve the condition of that stock. Community housing providers would be able to access Commonwealth rent assistance which will bring an additional circa \$3,000 per annum which will go towards making that shortfall and ensure that conditions are actually improved.

We also think there is an opportunity for the Committee to perhaps consider work that is going on elsewhere in the government in terms of reviewing rents as well because it is a very difficult tenant profile to house, particularly given the incomes that most of the people who are now being allocated properties are receiving, and, therefore, the amount of rent that can be collected. Again, that rent opportunity perhaps gives an opportunity to think about different rent models that would maximise that income. I think one of the things we want to get across is the lack of information about the condition and maintenance of public housing properties. It makes it actually quite difficult to answer in an evidence-based way a lot of the questions that the inquiry has asked. I think being able to publicise more about both the condition and performance of contracts is absolutely essential.

Community housing providers are subject to national regulation for community housing providers and that system requires that data is returned on both the condition of properties and the maintenance of properties but also the long-term management of those properties. A tenure asset management plan has to be provided. A similar sort of requirement should be then required of public housing as well. We would actually welcome the opportunity to compare and work with the Land and Housing Corporation to raise standards across both of the sectors. If we were able to share the information—which we already have offered to Land and Housing Corporation to participate in benchmarking exercises that we do—it would drive improvements as well. I have seen that happen elsewhere.

The other point that we want to get across is that the actual property standard could become something that is a little bit more transparent than it is now. We do acknowledge that there are standards for New South Wales properties but I would argue that they are quite detailed and it is more like a list of components rather than a clear standard that is measurable and understandable by tenants as well. I drew your attention to two standards that exist in the United Kingdom, not because I am spruiking those in particular but they are evidence of what can be developed and it actually gives a clearer target for providers to actually achieve, and that is the Decent Home Standards in England and the Scottish Housing Quality Standard.

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

In terms of the obligations on tenants to take care of their properties and meet maintenance obligations, again it is very difficult without the evidence to comment on that. But we have listed some of the things that community housing providers do to try to encourage that by regular visits and by being understanding of the ability of people to pay upfront for quite a lot of things. Public housing is not able at the moment to ask for bonds from tenants when they first go in and that is another positive step that can discourage and for management also to deal with problems afterwards.

Finally you asked about special maintenance requirements for people who are aged and disabled. We do know that there is work going on there. The costs of maintaining adaptations obviously adds to the overall bill but it is an important element particularly given the ageing population and the fact that many of them will be disabled and probably many of them will be ageing in place, given the lack of disability accommodation elsewhere.

The CHAIR: You just mentioned rental bonds. In your experience how many properties are wilfully damaged or neglected by tenants?

Ms HAYHURST: I might pass to Donald on that because it is a more practical issue.

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

The CHAIR: But you would say it is a small percentage of tenants?

Mr PROCTOR: A small percentage of tenants. Without having the evidence to offer here, I would venture to say that 30 per cent of responsive maintenance is above what I would call fair wear and tear. That would be maintenance that is caused by neglect in the main but sometimes also carelessness or people outright breaking things.

The CHAIR: Would you be able to provide the Committee with figures or data on that?

Mr PROCTOR: I must say that I used to work for Housing NSW for 20 years. I used to run their maintenance contract from 2009 to 2013. We did some surveys then which indicated that as the amount of maintenance cost that we thought was above fair wear and tear. We did, however, recover nowhere near that amount.

The CHAIR: Ms Hayhurst, you were saying that the federation's position is that more stock should be transferred to the not-for-profit sector. We heard from earlier witnesses that those with special needs may not be provided for by the not-for-profit sector, that you cherry pick and that those who have challenging behaviours, special needs or problems with drugs and alcohol may get overlooked.

Ms HAYHURST: I think the first thing to say is we take tenants from the same waiting list, it is the pathways scheme, and providers do not get the opportunity to cherry pick. They have to take people from the top of the list. We are running at the moment two projects using industry development capacity money from New South Wales. These projects have come from community housing providers themselves. One is to look at responding appropriately to people with complex needs, which includes mental health problems and drug and alcohol abuse. That has been requested by providers because people want to assist that group. It is challenging and you need particular skills but I think we have proactively come forward.

Similarly, there is another project on recognising domestic violence. That is another particularly difficult situation to deal with which often has maintenance implications. These are projects that are coming from community housing providers. I would be interested in the evidence to support cherry picking. I hear it a lot and I have never seen any evidence of it.

The CHAIR: Are you familiar with the new asset services maintenance contract that has been introduced by Family and Community Services?

Ms HAYHURST: Only in the fact that it has happened rather than what the outcomes have been from that.

The CHAIR: Perhaps, Mr Proctor, with your experience in housing, could you explain the shortcomings that you perceive in what took place under the old contract and what is being implemented now?

Mr PROCTOR: One of the points we make in our submission is that we do not know anything about the new maintenance contract really. I have some personal contacts that I talk to a little bit, but they are very ethical people and they keep things confidential that the public service requires be kept confidential. We do not know really about how the new contract works. If I could talk about my experience of managing the MRP08 contract—that is, the version of the maintenance contract that commenced in 2008 and ran through until just very recently in 2016—I would say that was quite a good contract. The problem was that we never had enough money to spend on maintenance.

We attended to all the responsive maintenance that was deemed urgent or high priority where there was a risk to tenants' health or safety or security. I think we did very well at that. But at the end of the day the work that you would have liked to have done—which was refurbish kitchens, replace wet areas, paint dwellings on a cycle where they always looked good rather than painting them just before the building was going to really deteriorate, like timber windows rotting away—we would really have loved to have kept our buildings looking great and where the tenants could feel a real pride of place rather than just patching the houses up and keeping them together as best we could.

The CHAIR: You do not think the landlords kept their stock up to the condition to which they are obliged under the Residential Tenancies Act?

Mr PROCTOR: The Residential Tenancies Act I think says along the lines that a house should be kept in a clean and safe condition relative to the rent and the age of the property. I think in general most public housing would meet that, but that is a definition that is not saying we should be providing a really good level of maintenance and everything should work all the time and the presentation to the street of those houses should be a credit to everybody. That is not always the case.

Mr STEPHEN BROMHEAD: Ms Hayhurst, you spoke about the guidelines in England and Scotland. What aspects of those community housing providers' approach to maintenance would you recommend Family and Community Services look at?

Ms HAYHURST: What I have seen is that when property has been transferred they have a clear standard that they wish to maintain and there are long-term asset management plans in place which are published so that people know what they are attempting to achieve over that time. This is even with only short-term contracts. It is picking up a bit on what Mr Proctor has said about not being able to do all aspects of maintenance. It is looking at those planned items where you want a regular cycle of improvements. You are also looking about extending the life of the property and the amenity to tenants as well. It is a very basic standard that is required under the Residential Tenancies Act.

You yourselves have pointed out that public housing is housing a very vulnerable client group and we should be looking to improve the standards and it might improve the care of those properties too. I think what community housing providers are doing is raising the standard of the properties that they have taken under management contract. That is probably evidenced in the satisfaction with property condition that people report, which I think is pretty high on the basis of the experience I have elsewhere. It is over 80 per cent from the returns that we are collecting under benchmarking contract.

Mr MARK TAYLOR: The Committee heard evidence earlier about a culture of disrespect or a difficult atmosphere and relationship between contractors and tenants. Have you had that problem and do you have any programs in place through which you train or educate your contractors to have a good relationship with tenants?

Mr PROCTOR: I can give the Compass example. We are one of the larger community housing providers in New South Wales. At our size, I know personally the owners of the two main contracting companies that we use on the Central Coast and in the upper Hunter and Newcastle. I also know that they employ individuals, tradespeople, to do the work. There is no communication lost between multiple tiers of contracting at that level. That is very successful.

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

The evidence is that we have a high level of tenant satisfaction with maintenance. We survey that every year and we monitor complaints. The number of our work orders going out to contractors is a few thousand a year. That is nothing compared to FACS. We find that, sure, we receive complaints but a very small number of work orders for maintenance end up as complaints.

The CHAIR: Do you think that non-government providers manage the maintenance contracts more efficiently for public housing?

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

Mr GREG PIPER: Mr Proctor, the housing stock of Compass housing would be much newer than that of the Land and Housing Corporation, would it not?

Mr PROCTOR: About 1,700 of our properties are what we call capital properties. They are properties that we manage that are owned by the Land and Housing Corporation. There is a cross-section of properties. For example, the Muswellbrook and upper Hunter properties include lots of fibro and brick veneer cottages built in the 1950s, 1960s and 1970s. Our Broken Hill and Dubbo houses are quite old. At the other end of the spectrum we are very fortunate to have been given title to more than 1,000 of the Nation Building properties, which were built from 2011 onwards. They are brand spanking new and very low maintenance. Our portfolio covers both ends of the spectrum. We have older properties, like most of the FACS properties, but we also have the newer ones.

Mr GREG PIPER: I am well aware of Compass housing. I attended the opening of the Compass office in Hamilton when it was first established. I have seen the company grow. I have also heard many reports about the struggle, the growing pains, of the organisation. Are you convinced that the structures that are in place now to handle maintenance and property management have kept pace with that growth? We have heard before that a larger organisation does not necessarily mean economies of scale. I am not quite sure where Compass sits on that scale. I believe you have 4,500 properties at the moment.

Mr PROCTOR: We have 4,300 properties, with about 3,400 in New South Wales.

Mr GREG PIPER: Do you have to address any problems due to the scale of the organisation now?

Mr PROCTOR: I would say that rather than problems there are real advantages to reaching the scale that Compass has. Under our management model we have an area manager who looks after a certain number of properties. We have two area managers in New South Wales. There is a team of tenancy relation officers and a technical officer who work really efficiently with a group of properties, for example, our Central Coast properties or our Newcastle properties. With that scale we are able to bring in expertise that we otherwise would not have. When Compass owned a few hundred properties, it was using tradespeople from the Yellow Pages and getting maintenance done just as you or I might in our own houses.

Now that we are managing a few thousand properties we have been to a price competitive tender that includes requirements for our contractors to employ social enterprises and requirements for environmental sustainability. We have a much more rigorous regime of checking that the priority maintenance is done within the specified time frames. We have been able to build a computer system, our Greentree system, where we are able to very effectively check the timeliness and track all our transactions and invoicing. Those sorts of systems and that sort of expertise to put together those sorts of contracts and manage them can only be achieved when you reach a certain critical mass.

Mr GREG PIPER: I would imagine that you have looked at submissions to the inquiry from other parties. I refer to some of the imagery that was provided by the Redfern Legal Centre and the Tenants' Union. Mr Proctor, I know I am drawing on your experience in your former role. These images show gross neglect by the landlord. They show buildings with mildew and mould right through them.

Mr MICHAEL DALEY: And rising damp.

Mr GREG PIPER: Yes. Clearly the properties are in an absolutely atrocious condition. Wendy, you referred to the English phrase "a decent home standard". This is not even remotely near a decent home standard. If the buildings shown in these images were used for livestock, action would be taken against the owners. Clearly this is a problem. I do not know what percentage of houses have this problem. Do you feel confident that this type of serious systemic problem is being addressed even though it is outside the scope of Compass housing? Would you comment on that, in view of your past experience?

Mr PROCTOR: With 140,000-odd units in the social housing system in New South Wales, as we have said, there is not enough money to keep up a good standard of accommodation in all of them. Those sorts of examples came up occasionally in my experience with Housing NSW. I venture to say that they come up

occasionally for any community housing provider that manages older stock. I have not seen those photographs. Sometime it is that tenants do not ask for maintenance. One very time-consuming thing for us is actually getting access to dwellings that tenants do not want us to enter. It makes it very expensive for us to do our annual smoke alarm checks, for example. But community housing providers do get in there eventually.

My experience in the public housing field is if a tenant paid their rent and did not complain, that tenant was likely not to be visited by a staff member for a very long time. Ideally they would be visited by a maintenance contractor at least once a year to test the smoke alarm, but even then if those tenants really wanted to make it hard for access, some of them got away without visiting. I am not saying that those conditions are the tenants' fault because I do not know the particular examples, but certainly the big issue for public housing is having enough money to spend on those properties.

Maybe those properties that you are showing are just not maintainable any more—it is time to demolish and redevelop. That is where the big dollars come in as well. Sometimes it is very expensive to keep an old fibro house or a three-storey block of walk-up flats from the 1950s or 1960s going. For example, if water is penetrating it is very hard to do anything with those properties.

Mr GREG PIPER: Ms Hayhurst, I think you spoke about that in your initial address as well, that there needs to be more money in the system. Could either of you give a comment about how you would expend more money? We are hearing from other witnesses that money that is being spent is being spent very inefficiently. Part of the testimony this morning was about the way in which contractors are performing their work. There seems to be a lack of morale and pride in workmanship leading to multiple attendances that obviously costs the system a lot more. So that you are not wasting scarce funds, how would you best use additional money if you had it?

Ms HAYHURST: There would be additional money in the system if more property was transferred to community housing providers. I think we need to be clear on that. Commonwealth rent assistance [CRA] would bring in a max of around about \$3,000 per year so we have done some modelling to look at what that might mean in terms of additional expenditure and that would probably in most cases cover the maintenance shortfall. We are talking about just ordinary responsive maintenance here. That is probably not going to be sufficient to do all of the improvement work. As well as doing asset management plans, community housing providers under the regulatory system also have to do strategic asset management plans which look at the long-term future for their portfolio.

Again I do not know exactly the location of the property you are talking about, but it could be that that property has come to the end of its useful life for a variety of reasons including lack of maintenance in the past. A community housing provider would be looking at the whole of their portfolio and deciding in terms of demand for that property, its location and its condition, whether it is a good use of public resources to continue to maintain it or whether it is better to look at provisioning elsewhere. There are also opportunities. The Land and Housing Corporation are already looking at these where there is an opportunity to relocate tenants and regenerate certain estates where the conditions are really difficult to improve overall.

And then I guess there are the efficiency gains. Mr Proctor mentioned some of the efficiencies that can come from re-tendering and particularly having local, customisable service. But good tenancy management could also reduce some of the costs as well. It is not easy. Public housing is taking some very difficult tenants who need to be housed. But more frequent visits, more sensitive management and employing people who know how to do tenancy support would make a big difference.

The key time for ensuring good management is at the point of someone moving in—giving those people who are coming in more intensive assistance. We used to call them new tenancy visits. I think it is something community housing providers do. We do not just hand a tenancy agreement out to someone and say, "Go in there and get on with it." We actually make sure that in the first few months they know what their responsibilities are and that they are coping. There is a whole range of things that could be done, particularly if thought is given to it.

Mr PROCTOR: There could be bonds so the tenants have a stake and tenants could be incentivised through award systems, for example. Compass has a gold, silver and bronze tenant reward system. If a tenant has paid all their rent in advance for a certain period and their house is in good condition then they are given an award: a gold tenant status. A big thing was made of a tenant in Dubbo not too long ago; it turned up in the local paper. What a great example that the local paper was interested enough to put it in the Dubbo newspaper—Greg Budworth shaking hands with this tenant and giving them an award. Everybody sees that and everybody's spirits are lifted by that.

That is one of the things that community housing can do a lot more freely than the government bureaucracy can do—not because they do not want to but it is a government bureaucracy and you have to get the communications people onside; it is a big thing to do. But community housing can be much more responsive in providing incentives and in following up difficult tenants.

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

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

The CHAIR: What lessons do you have for Family and Community Services and Housing NSW from how you manage your maintenance contracts? What could they learn from you?

Mr PROCTOR: I would hate for my ex-colleagues to think that I was giving them lessons—

The CHAIR: Please do.

Mr PROCTOR: If I was there, I would be in their position. It is more a factor of a large bureaucracy working in the way it has to. I am a bit of a student of the history of maintenance contracting in Housing NSW, back from when they contracted with more than 3,000 single-trade contractors at a local office level back in the times before the 1990s. Then they started to introduce the multi-trade contracting system and they went from 3,000 to 300. In 2002 they were down to 18 contractors. When I was working there we had six then five contractors and I do not know how many contractors are working under the new system. To me, that was fundamentally driven by risk management, not really by price or value. The concern was what would happen if the contract manager in the local office was found to be corrupt in some way or showing favouritism inappropriately. It was seen as a risk.

And so all the contract management was centralised—fundamentally to avoid risk not, in my view, fundamentally to achieve economies of scale. So I have gone through 20 years of working for Housing NSW and then the Land and Housing Corporation and I am now in the community sector back running the asset management in an environment—and this the key lesson I suppose—where tenancy management and asset management, the maintenance, are inextricably linked. The technical officer works in the same team as the tenant relations officer and there is no gap.

One of the real difficulties that Family and Community Services [FACS] is facing at the moment is the legacy of having the assets separated into a different department and then come back into the department but not being properly integrated back into a really integrated tenancy and asset management system. I think that is the challenge that FACS still has to work its way through. I am sure it is doing a really good job in getting there but we do not see that in community housing.

We would love to work more closely on strategy, as well as best practice, with our public housing and FACS counterparts. We feel that we are making gradual progress in that. Fundamentally, I would say that smaller is beautiful—not smaller than Compass but at that point where I am the senior person on the group executive of Compass and I have a direct line of sight to the maintenance contractors who are doing the work on our properties.

The CHAIR: And how do you manage conflicts of interest and that corruption risk which was perceived to exist in the public sector with regards to the awarding of contracts and their oversight?

Mr PROCTOR: We have a documented tender process and a tender panel, which I recommended, and then make a recommendation on to the group general manager. He is accountable to the board of Compass, and that is as far as you can go. So that is what I see as the protections in the system at that scale of business, if you like.

Ms HAYHURST: Just to be clear, the regulatory standards do include that providers have a very strict separation of duties and that they have fraud avoidance and whistleblower policies, and those have to be scrutinised by the regulator. There has been no incidence of those being breached that I am aware of. It is very transparent.

The CHAIR: Mr Proctor, would you say that the system where you had 3,000 contractors worked well?

Mr PROCTOR: It was before my time, I am afraid. But I did speak to people who used to work in that environment and of course the old-timers said that those were the days and that it worked really well. I never came across any evidence of corruption found or problems but I have to say that the risk in terms of management of the organisation is always there. In the public service everybody felt not only accountable and also very susceptible to allegations around, for example, what may be happening in one local area not being adequately controlled. So I totally understand why the centralisation of contracting and procurement happens. I think it is unavoidable.

The CHAIR: So in your experience you do you think that going to the more risk-averse model actually provided any economies of scale because of the extra layers that were required?

Mr PROCTOR: I was never able to put together evidence and I never saw evidence that demonstrated or proved that there were overall cost savings in the centralised model. Certainly there were reductions in risk and probity of a very high order and tender processes which were very safely run, if complex. So it has its very good parts in the public service context but I do not think that cost effectiveness in particular is one of them.

The CHAIR: Do any of you have anything else to add that we may have skipped over?

Ms HAYHURST: I will make one final comment, and it is really picking up on something that Mr Proctor said about the size of providers. I think we need to make it clear that the actual size of a provider does not necessarily have a direct relationship to efficiency. Compass is one of the larger providers but there are probably many in that band of about 900 properties and upwards which have very efficient systems now. Many of them have scaled up their asset management capacity in anticipation of taking on further property transfers. I would like to get across that openness and transparency are really important. This is someone's home. I think the fact that there is not a lot of information about the condition of properties and the performance of contracts is a concern.

Finally, we did not really get to talk about the way that providers have actually worked together to improve standards through things like the assets and development managers network that we run. I think that being able to include public housing in that will have an overall benefit too. It is never going to be easy. Mr Proctor made a very good point, which I hope is taken away, that is, asset and tenancy management are inextricably linked. They really are. They cannot be separated out. We all have to do a very difficult job here, and close alignment between those two elements of the service is essential.

The CHAIR: Thank you very much for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within two weeks to any of these questions?

Ms HAYHURST: Yes.

Mr PROCTOR: Yes.

The CHAIR: Thank you once again for appearing before the Committee today.

(The witnesses withdrew)

(Luncheon adjournment)

TONY POOLEY, Senior Manager, State Operations, National Disability Services, and

JESSICA LOBO, Senior Sector Development Officer, National Disability Services, affirmed and examined:

The CHAIR: I welcome representatives from National Disability Services [NDS]. Thank you for appearing before the Public Accounts Committee today. Do you have any questions concerning the procedural information sent to you in relation to witnesses and the hearing process?

Mr POOLEY: No, thank you.

The CHAIR: Would you like to make an opening statement?

Mr POOLEY: It has been a long day for the Committee and it will be even longer, so I will make some brief comments. I thank the Committee for the opportunity to appear before this inquiry. We hope that our submission is relatively self-explanatory. We have emphasised the Committee's terms of reference (c) and (f) in our submission. We note the changes that the Land and Housing Corporation has recently made in relation to repairs and maintenance contractors and understand that new contracts are ready to be rolled out. We welcome the aims of the new contracts to increase social outcomes by requiring contractors to engage with a cross-section of the community, to have traineeships and apprenticeships, and to support participation by tenants, small to medium enterprises, disability employment services [DES] providers, local industry and Aboriginal groups.

We respectfully suggest that there are still problems with the way public housing is maintained, especially in relation to tenants with disabilities. These contracts alone will not fix everything. Given the challenges for the social housing system that come with the introduction of the National Disability Insurance Scheme [NDIS] and as clients transition into that scheme, anything that improves maintenance, access and reliability is a positive thing, particularly for people with disability. The introduction of the NDIS will see an increased demand from the mainstream services sector broadly, but particularly the social housing sector, for affordable housing in the private housing market by people with disability and the services intended to support them. The NDS highlights the estimated increase in demand for housing by a number of groups with disability that will also be accessing the NDIS. Thank you.

The CHAIR: You mentioned that you are familiar with asset maintenance service contracts. In what areas are they inadequate?

Mr POOLEY: The issue relates to the local provision of that maintenance. What our specialist disability service providers report—particularly providers who are currently providing in-home supports to people with a disability in the social housing system—is that the maintenance process can be slow and that there can be confusion and difficulty in clarifying the specifics of maintenance issues. We recognise that that comes in part from the difficulty that many people with a disability have in explaining clearly what they require. I make the broader point that we understand that there are enormous challenges in maintaining housing stock, and particularly old housing stock. However, much of that housing will not be suitable for people as we go forward for simple reasons such as the width of doorways, handrails in bathrooms and hallways, and so on. That remains a challenge for us all.

The CHAIR: Given that the new assets maintenance service contracts have only just been introduced, do you have any experience dealing with clients who are affected?

Mr POOLEY: I believe that the head asset management contract has been with the same provider since 2002. I am not reflecting on the new contract signed as recently as March or April. The process involves a request going to a central call point and then being out to subcontractors of the head housing contract owner. I can only report that our members express some difficulty with the time it takes to resolve issues. There is inevitably that split. I acknowledge that that occurs on behalf of tenants of public housing whom we represent. There is a fine line between what is asset maintenance and what are adjustments that need to be made considering a person's whole-of-life physical experience—and it is overwhelmingly a physical experience. We are referring to those things that I mentioned previously that will increasingly be required, such as widened doorways and other supports. We also respectfully suggest that things like hoists will be required more often in public housing.

You would recall that in 2013 the report of the Auditor-General suggested that by 2021 50 per cent of all residents in social housing will have either a major disability or disabilities associated with their age cohort. It is a challenge for us all. I do not know if this is the point you wish me to go on to, but we acknowledge in the recent housing announcement by the New South Wales Government that all future new buildings will be built to the specifications of the Liveable Housing Design guidelines. We have a problem with the bulk of the current

housing stock, which does not meet that. I recognise that is a different issue from maintenance but it is one that confronts our members and through them the people they are supporting in public housing.

The CHAIR: Was your organisation consulted in the drafting of the new contract guidelines?

Mr POOLEY: No.

The CHAIR: You said your clients may have difficulties in articulating or getting across the actual maintenance requirements of their property. Do you suggest they need a client service manager to be the intermediary rather than going straight to the contractors?

Mr POOLEY: We think that would be a bonus. Not surprisingly, our members support clients with a range of disabilities, some of which are related to their capacity to verbally explain things—I am talking about people predominantly here with an intellectual disability. There are clients who are deaf and hence it is more difficult for them to explain things. This is a goal that I am hoping the Committee would agree would be an ideal situation for us all but we need some interface, whether that is as a support item for people that receive an NDIS package, a support item which assists them in the maintenance of their tenancy. Now that is a broad factor, but one of the issues with the maintenance of the tenancy is the maintenance of the individual property.

I can only reflect that our members report that the maintenance adjustments required are slow and sometimes it can be exceptionally difficult to explain what is required. But by no means are we suggesting that the entire thing is a disaster or anything like that. It is a particular difficulty for our clients to both recognise the maintenance issues that are emerging in their tenancy and to explain those clearly and to be able to judge whether that maintenance, if I may say so, is up to standard. There is no easy solution to that, whether it is Land and Housing Corporation or FACS client advisers or some specialist support that could be provided through a line item as part of an individual's package. Plainly, housing is key to a safe and secure existence for clients whether they have an NDIS package or not. We see that trend increasing in terms of the numbers that will take up social housing.

The CHAIR: Under the FACS Future Directions housing strategy, over the next 10 years the tenancy management will be transferred to non-government organisations. Will you comment on the impact of that on public housing tenants living with disabilities?

Mr POOLEY: The Committee may not be surprised that being engaged by an organisation that represents non-government organisations we see that as a positive thing. While the Government examines what appropriate service should be delivered by government versus non-government providers—and the clearest recent example of that is the New South Wales Government releasing the pre-EOI information around the transition of disability services entirely into the non-government sector—we think that would be a more positive outcome.

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

The CHAIR: Has your experience with community housing providers to date been a positive one for people with disabilities?

Mr POOLEY: Broadly, yes. The issue for some of our specialist disability service providers and the reason why a small proportion of those people would prefer to own and manage the properties themselves is that we have clients with significant challenging behaviours that can add a significant dimension to the maintenance requirements in a property. I emphasise that they try as well as they can, and I include FACS in this, to understand that there are challenges supporting some people that require particular attention. Clients with challenging behaviours are one such group of clients and overwhelmingly our engagement with community housing representatives affects that. But you would not be surprised to recognise that a small proportion of people with disabilities—and I emphasise this is a small proportion only—have exceptional behaviours that require both a specific kind of housing and a regular and higher level of maintenance.

The CHAIR: How do you see that the introduction of the NDIS may impact on the maintenance of not only public housing but also community housing?

Mr POOLEY: I take these figures from the reports of the National Disability Insurance Agency [NDIA]. The estimation is that across Australia between 80,000 and 120,000 additional people will require housing. In broad terms 27,000 to 40,000 of those people will live in New South Wales, given we are a third of

the population. There is only a small slice of NDIS participants who are able to access the specialist disability housing portion of the NDIS. We think that number reduced to New South Wales figures is about 8,000.

So between 20,000 and 32,000 people over the next couple of years as we transition into housing will have a package which in theory supports their capacity to live more independently—not pretending they can live independently but with appropriate supports they will live more independently. That will obviously have an impact on the social housing system. I emphasise that will also have an impact on the affordable housing system and, for that matter, the private market.

What we know for a fact is that a lot of people with disabilities currently aged in their forties and fifties are living with their parents right now who are aged in their late sixties, seventies and eighties. That works fine as long as those parents remain healthy and are able to look after their children. But as time goes on, it increases the crisis response when one or more of those parents enters hospital or something more significant and are no longer able to cope with them or manage their care. That is the purpose of the scheme, but the scheme only deals in housing terms.

You would be aware it is not a scheme designed to specifically increase the volume of housing other than that limited pool of people, which we think in New South Wales is about 8,000, that will be able to access the specialist disability housing. Some of those people will be the people with complex and challenging needs that I described earlier and they need a particular kind of housing both in design and in the materials used within that housing. But the broader pool of 20,000 to 32,000 are not necessarily only people with ageing parents.

You would be aware of young people with disabilities living in nursing homes. You would also be aware of those people in their twenties who want to make that step into independence—as in not living with their parents—that people without a disability often express the desire for. There is an increased challenge coming for the housing market in general as those people for the first time receive a package which can support their direct needs but they need a house to go into.

Mr STEPHEN BROMHEAD: In your submission you noted that in seeking repairs there are long delays and inefficient processes are often more deeply felt by people with disabilities. Are you able to say what those delays and inefficiencies are and what you think is the answer that we can take on board when it comes to the inefficient processes and what is needed?

Mr POOLEY: I recognise that the Committee will always appropriately look a second time at anecdotes, but I will tell you the kinds of things that get raised by our members in our accommodation subcommittee. Many people would find it a benefit to have lower benchtops within the kitchen and reduced height light switches. It is exceptionally difficult, nigh on impossible, to persuade FACS as the operator of housing that they are maintenance issues. Inevitably, because the light switch does work and I am not suggesting that the tap does not work, it just makes it exceptionally difficult to get those changes made and those kinds of changes. The response often is that "we will look at that when we do an entire refurbishment of the building in which a number of accessibility issues can then be addressed". That is inevitably delayed and it just makes it more difficult.

There is an issue of what is considered maintenance and there is divergence between what a tenant might consider maintenance and what is appropriately captured within the maintenance contract. It is easier to get your lighting repaired than it is to adjust what we would suggest are relatively simple things like the height of switches. It requires additional explanation and often accompanying specialist reports to get handrails implemented. We think that has improved over recent times but certainly for things such as handrails in the bathroom associated with the toilet and having no step entry into shower recesses there is always a disagreement about whether that is maintenance or refurbishment. Our members report that we often lose those discussions. I am not trying to put this in terms of winners and losers, but those requests are not acceded to because they are described as matters that would more appropriately come under refurbishment than maintenance.

Mr GREG PIPER: I recognise many of the issues that you are speaking to. I come from a background of working with people with challenging behaviours in the disability and mental health sectors. I particularly recognise the need for specialist input into building design and materials. I personally would not consider modifications to benchtops and light switches to be maintenance, particularly for an ageing population. It is more of a redesign and a modification to suit a purpose. Rather than arguing the question with the department as to whether or not it is maintenance, has there been any attempt to get a vote for funds to do actual modifications for those purposes?

It seems to me that if people who are going to have a package under the National Disability Insurance Scheme [NDIS] are not within the public housing sector then they should be able to negotiate this kind of

arrangement. Has there been any attempt to take that out of the maintenance category? If they say it is not maintenance, have you tried to get the Government to fund it in some other way?

Mr POOLEY: I can report only what our members suggest. I acknowledge that there is disagreement over what is maintenance. I accept at face value your point about refurbishment or home modifications.

Mr GREG PIPER: Home modifications.

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

Mr GREG PIPER: It is a quandary.

Mr POOLEY: We are unaware of a solution to it. This genuinely is not an attempt to drive FACS mad, but the inability of our clients to find out when those modifications will occur inevitably throws up the issue in relation to maintenance because it is a much more regular kind of engagement that we have. That is reinforced by the two-yearly check that is due on all public social housing properties. People come in and make sure that there are no holes in the ceiling and all the standard things. That check does not go to the needs of the client. It is a building-specific check. There is no automatic way through that process for them to express their need for modification. I dare say that FACS would confirm that a number of people going into properties to do those checks have that issue explained by our clients who are in a position to contract maintenance from modification.

Mr GREG PIPER: Thank you.

The CHAIR: Is the Home and Community Care [HACC] home maintenance and modification service not available to clients—

Mr POOLEY: Of the NDIS? Absolutely.

The CHAIR: No, to people in public housing.

Mr POOLEY: No, it is not available to people in public housing. That has been our difficulty. Yes, we have seen it to a limited degree in housing owned and operated by community housing providers. We have certainly seen it in housing owned and operated by affordable housing providers. We have also seen it in the housing market. But if you cannot explain something as an immediate safety issue—and, once again, there is a crossover about what is safety and what is maintenance—then, so far, you cannot get an allocation in your NDIS package for home modifications in a public housing dwelling.

The CHAIR: In summing up, would either or both of you like to draw anything to the Committee's attention?

Mr STEPHEN BROMHEAD: Do you have any recommendations?

Mr POOLEY: Plainly we see some value in localised decision-making. Not only is that to the benefit of tenants. Doubtless, members are aware of limited maintenance that can be carried out by tenants. I am more familiar with the Redfern and Waterloo housing blocks. A number of them have on-site tenants who can do minor maintenance. We support that. We think it is more responsive. We see the value of local engagement of housing people.

An important element is the capacity of whoever is doing the maintenance to understand explicitly what is requested. We acknowledge that there is a significant grey area between housing, home modifications and safety issues. The broad refurbishment agenda may be considered to be outside the terms of reference of the Committee. I do not want to suggest that there will be an avalanche, but the figures clearly show that much of the housing stock we currently have will not be suitable in 10 and 20 years time without major refurbishment. That refurbishment should cover the Liveable Housing Design Standards that we have reported on in our paper.

The CHAIR: Thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply to any further questions within two weeks?

Mr POOLEY: Of course.

(The witnesses withdrew)

ANNE SKEWES, Deputy Secretary, Land and Housing Corporation, Family and Community Services, and

GEORGE CARVIN, Executive Director Assets, Land and Housing Corporation, Family and Community Services, affirmed and examined.

PAUL VEVERS, Deputy Secretary, Family and Community Services, sworn and examined.

The CHAIR: I welcome representatives of the Department of Family and Community Services. Thank you for appearing before the Public Accounts Committee today. Do you have any questions concerning the procedural information sent to you in relation to witnesses and the hearing process?

Mr VEVERS: No.

Ms SKEWES: No.

The CHAIR: Do any of you have anything to add about your role?

Mr VEVERS: I am responsible for housing, statewide services and our southern cluster of districts.

The CHAIR: Would any or all of you like to make an opening statement before we commence with questions?

Ms SKEWES: I am happy to make a few introductory comments on behalf of my colleagues. Firstly I acknowledge the traditional owners of the land, the Gadigal people of the Eora nation, and pay my respects to elders both past and present. I also extend that acknowledgement to any members of the Aboriginal community here today. The department welcomes the opportunity to address the Committee. Thank you collectively for your interest in public housing. We have introduced ourselves. I am delighted that my colleague Paul Vevers as Deputy Secretary of the Department of Family and Community Services is here as well as George Carvin, who is responsible for assets within the Land and Housing Corporation.

The department was pleased to provide a comprehensive submission to the inquiry. I will not be going into the detail in the course of these introductory comments. However, I would like to acknowledge the clearly significant challenges in maintaining the portfolio and note the significant progress which I think has been made in developing a very comprehensive asset management framework which is now used to manage the portfolio. In particular I would also like to acknowledge the Government's recent announcement about its major Future Directions for Social Housing in NSW reform policy, which significantly impacts and will assist us in transforming and managing the social housing system in New South Wales.

The Future Directions policy will deliver 23,000 new and replacement social housing dwellings over the next 10 years. It also has a priority on delivering more opportunities to support and assist tenants in becoming independent and, in that, providing a better experience for tenants in the social housing system. These initiatives are very significant and go to the heart of addressing long-term challenges within the system. New South Wales has arguably the most rigorous and comprehensive asset management system in Australia and the most comprehensive and focussed social housing reform program through both the recent announcement of Future Directions and the Communities Plus program which has started to accelerate the delivery of new social housing dwellings.

We have as part of our new maintenance contract around 200 maintenance elements being recorded as part of our portfolio assessment tool. I know there is reference in some of the submissions to the Scottish framework around housing standards and housing quality. That is currently measuring around 55 metrics. We have placed a premium on investment in the last several years around the asset management framework. Our submission highlights the substantial change in which we are trying to manage tenancies and our assets. Since 2005 when the parliamentary accounts committees previously looked at this matter I think you will see significant improvement and transformation in public housing maintenance.

We do, however, acknowledge as part of our submission there are still many challenges in delivering timely maintenance, but we are on a solid pathway to reform. In particular I note the new maintenance contract we just commenced in April, so we are at a very early and formative stage. That new maintenance contract for us is designed to be more responsive to tenant expectations and to have a stronger framework around quality maintenance in a more timely manner. It is also driving wider and more deliberate benefits through utilising small to medium enterprises to deliver works at a regional and local level. We are already seeing within the first month of that contract some significant improvements.

We also have made a point about emphasising the opportunity for disability service providers to be a critical part of the delivery pathway of that new contract. Importantly too from a government perspective and aligned to our Future Directions policy we are looking at creating social benefits through apprenticeships, traineeships and employment opportunities for tenants. So we have placed those priorities at the heart of the new maintenance contract and we have quite deliberately spent a lot of time with our new contractors reinforcing those objectives and those priorities.

Indeed, the social benefits being derived from the new maintenance contract are significant. We have our new contractors—that being Broadspectrum, O'Donnell and Hanlon, Joss, Spotless and Lakes Maintenance—already delivering important social and economic benefits. In particular, those which are regionally based are employing local people to deliver maintenance.

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

As I said, the new maintenance contract only commenced in April, so we are still at the early and very formative stages of that. But it is already showing very positive signs of improvement. We are doing regular monitoring of tenant satisfaction on work completed—both tenant reports as well as independent reports—and that is showing very high levels of tenant satisfaction. They are currently at around the 90 per cent mark. We have also asked our contractors to achieve better quality first-time fixes instead of having people going back and forth. So there is a premium placed on getting the job done in the first callout.

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

We have also invested heavily in building stronger partnerships with our contract suppliers and our head contractor. So part of the process of this new contract was a lead-in process that had us engaging very directly with our contractors at very senior levels reinforcing the sorts of priorities that we were looking to achieve. In conclusion, I thank the Committee for its time and for its interest in our work. We look forward to Committee members participating in some site visits with us and certainly we are very happy to take any questions from the Committee now.

The CHAIR: So if I rang the 1300 telephone number now my call would be answered in three minutes. But would I then be put on hold? Would that count as having answered my call or would they deal with me straight away?

Ms SKEWES: The expectation is that your call will be dealt with in three minutes, and I can tell you that we are actively monitoring those call centre times. You will then be reverted through to the contractor who has been allocated for that area. Their job is not to put you on hold; their job is to take your call and have the matter dealt with. So there will be people who are taking that call who can do the proper diagnostic on that call. They can understand and decipher information from you so as to be able to ascertain the works that are needed.

The CHAIR: So from the time when I get my call answered they will determine where I should be transferred to. Will that be answered within three minutes?

Ms SKEWES: So your call is taken and it has to be answered. Once you ring up you will go straight to the contractor and your call has to be answered within three minutes by the contractor and dealt with.

The CHAIR: We heard from disability services that they have some concerns about this. They said they were not consulted with regards to the new asset maintenance services contract, and they are concerned that their clients in particular would have difficulty articulating or describing what their needs are with regards to maintenance. How does the department intend to manage that?

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

then go through and describe what is wrong with it. All of the contractors also have access to a hearing impaired service for people who want to use the telephone typewriter [TTY], and interpreters are available as they were when the service was provided directly by Family and Community Services.

The CHAIR: Do you know how many of your clients actually have access to the Internet?

Mr VEVERS: Yes, 85% of our clients have access to the Internet and use it regularly. We also communicate with our clients, to quite a large degree, by mobile phone. More than 80 per cent of our clients have a smartphone.

The CHAIR: Are calls to client service officers answered within three minutes?

Mr VEVERS: Yes, those are also tracked. The target is to answer 65 per cent of those within three minutes, and the average answering time is around three minutes. We track that in every office every month.

The CHAIR: Is that a new thing?

Mr VEVERS: We have had that system in place for roughly a year. We installed a new telephone system that enables us to track answering times at local offices as well as at the contact centre.

The CHAIR: Could you briefly tell us why the new asset management services contract was needed?

Ms SKEWES: The old contract was coming to the end of its lifespan so there was a need to put in place a new contract. We spent a lot of time researching models of contracts. As the Committee would probably be aware from previous inquiries, service delivery models have changed significantly. We took comparisons from overseas of international best practice and we took comparisons from other jurisdictions within Australia. We also did a lot of market engagement with the industry to determine the best of the alternative approaches. We also listened very closely to tenants and took account of the tenant experience, which is of premium importance—trying to improve outcomes for tenants and their level of satisfaction with the maintenance services. So we placed a premium on doing a fair bit of research over time.

We went to the market in the course of the last 18 months. We completed that market process and we had some very good feedback from the market around its capacity to respond to this new maintenance contract. We also told them that we were going to place a stronger premium on performance management, and we ourselves spent a fair bit of time transforming our capability set to make sure that we had the resources internally for people to manage contracts and to look at the right sort of metrics and be able to analyse data. So, given the effort and the time put in, we believe that our contract—and this is certainly the feedback we are getting from industry—is a very good contract. It is a very contemporary contract. We have also placed an expectation on our contractors that they will, as I said, place a premium on social obligations and they will place a premium on delivering more first-time fixes and getting jobs done in a more timely manner.

They will also invest in communities to which they are contracting and providing services. We are delighted that a number of our regional contractors have set up their own call centres and in the process have created 60 to 70 new jobs. That is a great outcome. In a number of regions our contractors are already reporting that the employment being generated through them and their subcontractors is 100 per cent local. Those sorts of outcomes have been very important to us.

We also placed a premium on disability service providers. They have been an important part of our service delivery model for a long time, and particularly those delivering outdoor maintenance of lawns, gardens and so on. We wanted to ensure that disability service providers did not miss out in these new contract arrangements. We have asked that all of the existing suppliers be migrated into the new arrangements. A number of our contractors are doing much more than that; they are providing a significant amount of work through those disability service providers.

We have been on a journey with this. While we were going through the procurement exercise with the contractors we had to reshape our business to ensure that we had staff who had the skills and capabilities to move into the performance space. We also needed to underpin this with a lot more direct engagement with our contractors. In the past, the model has been more at arm's length from the contractors. I deliberately used the word "partnership" in my opening comments because we need these organisations that are providing services to us to understand the Government's expectations and how closely we will be monitoring them.

Areas of performance failure in the past needed to be understood at the highest levels in those organisations. I can personally say that those messages have been well understood and that they understand the critical nature of this contract and the Government's expectations. As I said, it has been a journey. It has involved transformation on several fronts. We are in the early stages and we need to see how things transpire. I

think we have managed the transition process from the old contract to the new one reasonably well. As I said, we are seeing within the first month some very good signs of performance improvement.

The CHAIR: What were the major flaws in the last contract?

Ms SKEWES: There were issues in a number of areas. I will reflect on some of the feedback given to us directly by contractors. I will also ask Mr Carvin to respond. The previous contract effectively hinged upon a schedule of rates. Under that contract arrangement we were not necessarily rewarding people for better and improved performance. We were getting jobs done, but, as I said, we may not have been getting first-time fixes. We may not have been getting the sort of performance and outcomes we wanted. We were getting activity, but not outcomes. We have geared a lot of the principles around this to an outcome focus. We also want greater transparency. We want to be able to understand the contractors' delivery chain and their cost structure, and we want to see data and metrics around that. We have made that clear to them and they have been very open and obliging about it. They are some of the key principles.

However, the biggest change in the new contract is that tenants will be able to get straight through to the contractor's call centre—be it the Joss Group in Albury or someone else in another region. People who can deal with the inquiry immediately will answer the phone within a limited timeframe. That is a very big change. It delivers more direct communication; they will be going straight through to the call centre or housing contact centre. When they enter their postcode—which people have been doing for about 12 months—they will be diverted to a contractor, for example, the Joss Group in Albury. The minute the phone rings, Joss has a time limit during which it must deal with the call.

It is a much more direct engagement process; access is much more deliberate and the call goes straight through to the contractor. It has also enabled us to achieve some efficiencies in relationships within FACS between the Land and Housing Corporation and housing services. We can better align ourselves in supporting tenants and being more responsive to them, and also in ensuring that from our contract management space we are clearly managing the contractors' performance.

Mr CARVIN: While it is a head contractor model, as was the previous contract, it is very important that within that and with the schedule of rates we have moved more to performance-based contracts. I think that is being seen across the sector, and definitely in our experience of looking globally. As Ms Skewes said, we looked around the world to ensure that the model we employed was the best fit. We have been through an extremely important process. Part of that was to look at early tender involvement and to work with the industry locally, across the States and internationally to see who is out there. As I said, the schedule of rates was not quite giving us value for money. People are moving towards performance-based contracts across the sector as a whole.

The CHAIR: How will the performance be scrutinised?

Ms SKEWES: We have real-time performance data coming into our business. That is why I could within several weeks of the new contract coming into effect tell the Committee with confidence about the call wait times and tenant satisfaction. We are continuing to build a system that underpins data and metrics about contractors. We are also doing spot performance audits; we are undertaking reviews. A contractor might say that a job is completed and we will send someone out to check. We are doing our own random audits, so we have a lot of data.

The Australian Capital Territory Government undertook a recent performance audit of one of its contractors. One of the aspects of that was building a contractor performance framework. Our whole model is dependent upon that. There is data coming in and we can confidently say that metrics are being achieved. We have a governance regime that means I have been sitting down with every contractor every two weeks with my colleague Mr Carvin to go through those performance metrics. We are monitoring and managing this contract at a very senior level. We have had very good responses from our contractors. They understand the seriousness and importance of this. That sort of engagement helps to manage these important projects both to achieve much better outcomes for tenants and to deliver value for money for the Government.

The CHAIR: Who scrutinises performance and quality?

Ms SKEWES: We have built a whole compliance and reporting team, which sits as part of our asset area. We have gone out to the market to recruit people and we have trained them. We have a function around that. We obtained independent advice about how well the new contract was set up and the state of readiness of the contractors to perform under the new framework as part of the transition process. We primarily used internal resources, which, as you would expect, are positioned around New South Wales. If there is a job in Dubbo, Moree or the Illawarra, we have people based in those locations.

Our staff are also connected with the client services staff in those locations. Where there is a failing or an issue, we are able to address its management readily. With a portfolio of this scale there are inevitably issues of access or performance. Part of a job might be done under the responsive maintenance regime but further planned work might need to be done. We have a rigorous process. In our review of this new contract structure we knew we needed to transform ourselves, to have a stronger focus on performance management of contracts, and to build a capability set around that.

Mr CARVIN: Can I just add to that, when we were looking at what we need in regards to a performance base one of the things was also to look at the different levels of audit and compliance. So with our audit staff they are there to look at the process and that is what they are qualified in. For our compliance staff they are there to look at the trade base and that is what they are qualified in. The majority of our compliance staff are qualified as tradespeople of different varieties. It was very important that we set that up so that they can move around the State. So if a particular issue or trend comes up we have the ability now, because as Anne Skewes said, they are positioned across the State, we can actually move that staff across the State.

Mr MARK TAYLOR: Do you have any ideas from analysis or experience what percentage of the budget is on tenant-caused damage?

Mr VEVERS: Yes, I could address that. Last year \$19.7 million worth of damage was caused by tenants. This year so far \$13.6 million damage has been caused by tenants.

Mr MARK TAYLOR: I notice the submission notes "introducing rental bonds schemes for new tenants". Is that part of a program?

Mr VEVERS: Yes. The prime thing that we are doing is preventative to give tenants a much greater incentive to look after their property. So we are in the process of working up a scheme whereby all new tenants will pay an instalment until they have reach the level of the bond. The Minister has not yet determined the level of that bond. It would be of a significant size to give the tenants an incentive. The Government has also recently introduced some legislation which enables us to take quicker action where there is tenant damage. So a three-strike process has been introduced and instead of having to wait until we can take these cases to the tribunal we can now issue a strike. If three strikes are issued in a 12 month period we can go to the tribunal to seek to terminate the tenancy. Damage by a tenant is one of the actions that will trigger a strike.

Mr MARK TAYLOR: In evidence earlier today reference was made to some tenants complaining of a culture of disrespect or a difficult engagement with the contractors. Is there some program, training or code of conduct established in your negotiations with the contractor?

Ms SKEWES: Absolutely. Under the new contract we placed a premium on this, particularly, as you would imagine, we have head contractors and their sub-contractors. That is one of the performance metrics. We have got very deliberate performance metrics around tenant satisfaction. At this stage those metrics are coming in very good across all of our contractors. We have also put in place education and training programs. We are continuing that exercise so that the head contractors themselves have an obligation to ensure their subcontractors have had briefings and sessions with them around their expectations of performance. Also one of the aspects, as you realise, is dealing with the client base. Sometimes there are other challenges and difficulties in those communications.

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

In fact, a lot of effort was going into particularly the first point of contact being the call centre, where someone calls up, sometimes in a state of anxiety around something not working. We have developed a program of scripts that get used obviously at that first point of contact to help negotiate through what is the nature of the call. But I can assure you all of the head contractors absolutely understand the premium on the code of conduct requirements for their performance. For their performance we hold them accountable and we have got clear capacity if they are not performing against those client satisfaction performance metrics. And then we have got the chance to financially abate them in the contract, and they understand that we will.

Mr MARK TAYLOR: Another issue raised was in western New South Wales or any isolated area where there is obviously a small number of tenants requiring services. Are there any initiatives about meeting timeframes for those clients who may be in a small country town and you might only have one or two services to be provided?

Ms SKEWES: I think you are asking a question about if you have a job in Dubbo and is the timeframe a little more relaxed because it is a long way away?

Mr MARK TAYLOR: I am asking are there any localised initiatives in those small towns—

Ms SKEWES: To support local trades doing the jobs?

Mr CARVIN: Yes, there are. Across regional areas—and this was touched on earlier—in regards to local areas we are very keen that contractors work closely with their local communities as part of their social obligations. They need to work with a lot of local industry participation and community participation as well as small-to-medium enterprises in those communities. For example, someone like Joss has 100 per cent of their work undertaken by people in the local community, the local contractors. There is also a requirement for them to work closely with groups such as NDS or the Australian Charities and Not-for-profit Commission in regards to spending a set portion of the contract value working with local providers in those areas. So that is groups such as Fair Repairs, for example, that will be out there undertaking work. A lot of that is non-skilled, as Ms Skewes said earlier in regards to lawns, grounds and cleaning type activities as well.

Ms SKEWES: The contract, the timeliness and the structure of the contract actually incentivises local trades, where that is possible. All of the new contractors being focussed on to try to improve the quality of outcome were also quite incentivised around the fact if there were good local trades already providing services in those communities they were going to absolutely employ those people as part of their service chain. They made that very clear to us because we were obviously concerned in the transition process that we might lose the opportunity of people who had been the local electrician or the local plumber perhaps missing out on work under a new contract arrangement.

There was quite a process that the head contractors went forward with about quality assurance, briefing people who had already been suppliers under those new contracts to ensure as much as possible continuity of those arrangements, as well as what Mr Carvin has said around the premium on disability and other service providers. This contract is to do with more than just maintenance, it is also to deliver on the Government's objective around social outcomes. We have driven that very hard in this new contract.

Mr GREG PIPER: What you have described seems quite a paradigm shift from what we have heard before. Certainly in the submissions there were some very significant concerns about maintenance delivery. Have you had meaningful engagement particularly with representative organisations such as the Tenants' Union of NSW, the Redfern Legal Centre or the NSW Federation of Housing Associations Inc.? They have certainly referenced the new contract process and it is relatively early days in its implementation but they do not appear to have the confidence or understanding, one or the other, as to what is happening.

Ms SKEWES: That is a good point. You can imagine the work we have been doing to make sure this new contract moves forward and it transitions well. I will let Mr Vevers comment in relation to the Redfern Legal Centre. We have a very good engagement with the federation of community organisations and I think you have had Wendy and her team in here earlier today. In fact, they were all in my office meeting with me a week ago on our Future Directions and Communities Plus.

What is interesting is that, as you are aware, as part of the Future Directions strategy the Government is looking to transfer more property to the management of the community housing provider sector. We absolutely support that. I think a number of the community housing providers are now looking at new models of contract delivery, particularly as they scale up. We have probably not had communication to the extent of very detailed communication about the contract because it is still pretty new and we are only just into the first month of it, and we have been working really hard to make sure that we actually had the contract arrangements all locked in, but we do have a really thorough engagement with the federation and also the community housing providers who are members of that federation.

We have had briefings with the federation already about our asset management framework, so all of the data and metrics that underpin this model. We have actually had them in our offices briefing them around our portfolio assessment tools and all of the systems that underpin that. In terms of the actual principles of the contract I think the federation would be broadly familiar with it. We look forward to having more engagement with them particularly in the context of our Future Directions and Community Plus program. I will perhaps let Mr Vevers talk about Redfern Legal Centre because we certainly have a lot of engagement with those organisations.

Mr VEVERS: We do indeed. I personally have quite a lot of engagement with Julie Foreman and her team at the Tenants' Union and with Martin Barker and his colleagues at Redfern Legal Centre. As you would expect, this has been a topic of some discussion. I would not think there is a month gone by in the last 12

months when I have not had some engagement myself and then my colleagues with both of those organisations. If we need to do more specifically about this contract and getting them across that we absolutely can do that.

Mr GREG PIPER: Following on from that, as part of their submission they spoke about what you would call fairly serious systemic failures under the old model. You would not argue that there were problems, would you, because you have made such a big change? I do not know if some of the examples that they showed us still exist but they included mildew-ridden, mouldy properties with failed damp courses and water penetration through roofs and box gutters. There were a whole host of problems. My understanding is that they have tried to have them addressed for quite some time. Are these issues that we will catch up on under this new model? While much of what you are saying sounds excellent and I am not going to contest it, we obviously have a backlog of some serious problems.

Ms SKEWES: We acknowledge that. We take those images and representations very seriously. We actually spend a lot of time, as you said, with a portfolio where the average age is about 37 years. At that time anyone starts to get a little jaded. When you look at it, nearly 20 per cent is 50 years old. We know there are challenges. The images in relation to the Redfern Legal Centre submission also relate to some complexities around there often being asset management issues as well as tenancy issues. My colleague Mr Vevers cited the tenant damage issue before.

I think what you see in the world of maintenance is a coincidence of a complex range of issues, not least of which is the age of the portfolio which is now being addressed through this significant reform in Future Directions. Also there is the fact that you have tenancy issues around the circumstances of clients. But we also absolutely acknowledge the residual issues that have existed in this portfolio. It is not something that we desire to see and it is something that I can assure you we take very seriously.

To the extent that notwithstanding the very regular engagement we have with Redfern Legal Centre, when we get these sorts of representations we take them seriously and directly. Indeed, there were a number of submissions to the inquiry where we are individually following up with a number of those parties to see that matters have been rectified. Hopefully they have. If they have not been rectified then we genuinely will have them addressed. More importantly for the future, we want to be able to have a point of contact and a clarity of contact now under the new maintenance contract. If someone truly has a grievance, if something is not being done, we want a direct line of contact of who do you go to to sort this out. I think we have been trying to do that directly.

Some of the sites that you will visit will have had historic issues associated with infrastructure or the conditions of property or drainage. Under this new contract we have a direct line of sight. If someone is not happy and if a maintenance issue is not being dealt with they need a direct contact to have that matter resolved. I will perhaps let Mr Vevers talk a little bit about those sorts of examples because we were also moved by those images and have taken action around those matters.

Mr VEVERS: I am not in any way whatsoever minimising the asset-related issues. Specifically in relation to mould and some other forms of issues that arise, there are also some tenant-related issues here too. One of the challenges that we face is around about 25 per cent of our tenants would have a mental health problem. We have to rise to that challenge to help to communicate to them what are the sorts of things that will help prevent specifically mould arising. The obvious one is to ventilate your property. Some of our tenants are quite fearful about leaving windows open or their front door open with the screen door closed.

We have produced facts sheets and so on. I am not convinced that has necessarily got through to the people that we need to get through to. We are starting to use some more modern media. We have just done a film with one of our excellent tenants who cares for her property absolutely wonderfully. We have done a video which is now posted on YouTube for other tenants to look at to see some of the basic steps that she takes. It is absolutely a challenge for us to help those tenants with complex needs to prevent some of those issues arising where that is within their control.

Mr GREG PIPER: A witness this morning, I think it might have been Ms Hayhurst, made a comment about one of the solutions to this being money. Certainly a big part of the issue is whether or not enough funds are being put into asset maintenance. Under this new model and contract what are the implications for costs? Is there great demand for further money to be put into the sector and are you pursuing that through budget requests? Does this new model give better financial outcomes as well as better maintenance outcomes?

Ms SKEWES: We are very confident that the new model is going to drive more value for money for the Government in terms of its maintenance expenditure. About 18 months to two years ago the Government also increased its expenditure on maintenance. You might recall that. This Government made a commitment to deal with the circumstances of the ageing portfolio. When I go back in time and look at the 2005 report by this

Committee or its equivalent at the time I note that the number around the maintenance backlog was significantly more than it is now. The issue around maintenance and the question of whether more money is needed really comes to the heart of what the Government is looking to do under the Future Directions program.

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

No doubt the Committee has a term of reference on disability and the needs of a changing tenant profile over time. We are committed to that. When we get the chance to redevelop properties we can make them more adaptable for future use. We can put in modifications for people with a disability. We can build that into a new house as opposed to spending money on, for example, refitting a dwelling that is old and needs significant repair. It is a strategic question. It is not simply about putting more money into maintenance. It comes off the back of the strategy to deliver a new and more contemporary fit-for-purpose portfolio to meet the needs of future social housing tenants.

Mr GREG PIPER: Thank you.

The CHAIR: How often do you expect to undertake the property assessment surveys? Will they be ongoing?

Ms SKEWES: As part of getting ready for the new maintenance contract we developed a new performance management framework. We needed to get current data, so 18 months to two years ago we committed to undertaking comprehensive property assessment surveys. There are about 200 elements in those surveys, including everything from roofs to ventilation to infrastructure. Everything you could imagine is on that list.

All properties were surveyed about 18 months ago. We have now built in our sampling methodology. As you can imagine, it is quite expensive to do that. We had support at the time to do that very quickly. We commissioned and mobilised the resources to have every property surveyed over that 18-month period. We have described in our submission a sampling mechanism where we will go back and sample those surveys. On an annual basis we go into each property to do a compliance assessment, which includes looking at the condition of the property.

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

So, yes, we have to go in under our criticality matrix and deal with matters of urgency, but we also know that if we go into a street and do all the bathroom upgrades or all the kitchen upgrades we can drive better value for money. We are very mindful that being able to go into each property on an annual basis helps us to make sure that our data is current, to inform those planned programs of work.

The CHAIR: How many dwellings do you have altogether?

Ms SKEWES: There are 130,000 properties in the portfolio.

The CHAIR: Are you saying that all 130,000 will be checked?

Ms SKEWES: All the residential properties will be. A minor portion of that is land. We are obliged to go into every property to do smoke alarm servicing. It is very important for us to get into each property, and our compliance rates on that are very high. The only properties we really cannot get into for smoke alarm servicing are those where we have access issues and tenants prevent us from getting in. When we go in to do compliance audits on smoke alarms and other things we look at the condition of the properties.

The CHAIR: So you will get through all 130,000 in one year.

Ms SKEWES: Yes. We are obliged to. We service smoke alarms and go into every property. We are doing that now for the next 12-months period.

Mr MICHAEL DALEY: Thank you very much for coming in today. I am particularly keen to see an improvement in the way tenants are dealt with. My electorate of Maroubra has the third or fourth highest number of public housing tenants in the State. I have a terrific relationship with the Maroubra office, so do not take negatively in relation to them anything I am about to say. They are terrific.

Mr VEVERS: That is great.

Mr MICHAEL DALEY: I have a very good relationship with them. Every second person who walks into my electorate office is a public housing tenant. Having done this job for 11 years and having seen some of the shortcomings, it is my observation that there have been and still are some failures in the way maintenance contracts are handled. There are too many examples of failures in the maintenance of client housing. One of the previous witnesses made some recommendations about systems. They said that there should be a better system for evaluating work done by contractors; there should be systems designed to check repair and maintenance work undertaken, either by tenants themselves or by an independent body; and there should be a systematic review of the repair and maintenance systems. Do you accept those recommendations about implementing systems to check up on your contractors?

Ms SKEWES: One of the strong messages we received when we moved into the new contract environment was the need for a stronger regime of performance monitoring and management. We have taken that on board. Part of the regime under the new contract, as Mr Carvin described earlier, was to check reports that are coming in via our head contractors from their subcontractors to show that worked is being completed. We are placing a premium on the head contractors being able to assure us that the work has been completed. Not only that but we have independent sampling going on across the portfolio as work is undertaken. We are looking at the quality of that work as it is being completed. So we are sampling independently, quite apart from what is being reported to us.

Mr MICHAEL DALEY: What is the percentage of sampling done?

Ms SKEWES: Noting that we started the new contract just in the last month, we will have a regime of sampling on a regular basis out of each portfolio of work. I will let Mr Carvin talk about the metrics on that. That will be independent sampling. The other thing we are doing is that when a maintenance job is done for a tenant someone calls up immediately to find out whether they are satisfied, whether the work has been completed to their satisfaction. We are very conscious that in the past someone would think that they had done the work and the tenant would say, "I do not think the job has been done," or "The job has been half done." We are phoning up independently in real time. We are asking the contractor to get confirmation from the tenant. They sign a form saying that the work has been done. We also ring up independently to find out whether tenants are happy with the work that has reportedly been done.

Mr MICHAEL DALEY: My observation is that that is where the disconnect has occurred. Ms Skewes, you have said today that your endeavour is to ensure that when one of your tenants tries to get onto the department there is someone there to take their call. That has not been the issue. The issue is that when the complaint has been made or the shortcoming has been logged there is a disconnect between that and what then happens.

Ms SKEWES: Yes.

Mr MICHAEL DALEY: I have examples. I told my staff on Friday that this hearing was being held today and I asked them to send me a list of examples. Some of the examples are of roofs leaking onto ovens for two years. There is a long list of them. Something is wrong.

Ms SKEWES: Absolutely. That is why we have taken the action we have on the new maintenance contract. We absolutely understand that you would have such examples. The process now is that when the work is requested, when there is a problem with a leak or with an oven, the call goes directly to the contractor's call centre. It is not sitting in our call centre waiting to be allocated to a contractor to do the work. The performance metric is there. The contractor has to get the job done. They have to answer the phone within three minutes. Under our criticality matrix, as you would imagine, we have classes of work according to urgency and time frames. They are being managed and monitored by us against performance metrics: "It is this sort of job and it has to be done this quickly." We are managing and monitoring that. We are doing sampling of that. I also have the capacity to abate the contractors if their performance metrics do not achieve those benchmarks. But that does not negate the fact—and this is the matter, as you have said, you have got a very good relationship with the Maroubra office—that we can, as I cited before, if things are slipping through. I hope the examples you have got were under the old contract, but, you know, there is an open invitation.

Mr MICHAEL DALEY: Some of them are two years old.

Ms SKEWES: Absolutely. If they still exist I am mightily concerned about—

Mr MICHAEL DALEY: I have taken you on; I am writing to you.

Ms SKEWES: That is lovely. Please write to me directly or in fact to Mr Carvin; he will fix it up. But please do that. We do need to know if there are still matters outstanding. I can assure you any grievance we have with performance will be dealing with senior people in these firms who are managing these contracts who have their reputation at risk.

Mr MICHAEL DALEY: I think the system was better before the split occurred. Clients could ring the Maroubra office and log work requests with them. Things have gone downhill since 2011.

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

Ms SKEWES: I think the alignment we have around the interface of tenancy management and maintenance is very clear. We have a very good internal engagement. Now that we have our staff more connected at the local office, that is going to work better. But there is clearly an open invitation at any time if there are matters that are outstanding. We have no issue with direct contact with me, Mr Vevers or Mr Carvin. Our day-to-day business is making sure that our tenants have a better experience of the social housing system.

Mr MICHAEL DALEY: Thank you.

The CHAIR: Did you say the tenants can ring you?

Ms SKEWES: Absolutely. They frequently do. We have a lot of dealings with tenants. We have some terrific tenants who we engage well with and we do enjoy that engagement.

The CHAIR: Recognising that you want to transition to the community sector, National Disability Services said in its submission that it estimates by 2021 that 50 per cent of social housing need will be for older people or people with a significant disability. How does the Future Directions strategy take into account the maintenance and home modification needs of these residents?

Ms SKEWES: It really goes to the heart of that. Under the Future Directions strategy and the Government's program to build 23,000 new social housing dwellings, as I said, we are able to ensure that we are able to make the portfolio fit for purpose for the future. So we place a premium through our new developments and new construction projects for liveable housing standards—being able to have houses that can be readily modified, with wider hallways, wheelchair access, the capacity to put handrails and modifications into bathroom facilities and the like. We are also building a number of our dwellings with lower benchtops so they have wheelchair access into those properties. This comes back to the whole proposition about value for money as well—where does the money go and where is the best investment for the future of the portfolio?

Increasingly too we are looking at the nature of the stock that we build or ask and engage with the private sector to build on our behalf. And increasingly we recognise that even though there might be more single people in public housing or in social housing some of those people will have carers; so you actually need a two-bedroom facility as opposed to one-bedroom accommodation. So we are thinking about all of those propositions. The Government through the Communities Plus program has announced the large-scale renewal of public housing areas. It will be seeking both the community housing sector and the private sector to come forward and bring innovation into the delivery of that new housing. That is one of the important principles, particularly, which obviously has an impact on maintenance as well because we have new and replenished stock that is better suited for future purposes.

The CHAIR: Will there be a set amount of stock that has been specifically designed to accommodate the future needs—

Ms SKEWES: There is, absolutely. All of the Communities Plus sites are being put out with liveable housing standards, which is the industry standard around adaptability of buildings and houses. So we expect all of the new houses will meet those standards. One thing is to have the property in a condition that is able to be adaptable but the other thing—and you will see this from our position around Future Directions—is the support services that need to sit around those tenants to make sure that they can live comfortably as part of those

communities. So we have asked both the community housing sector and the not-for-profit sector to think about the support programs that need to sit alongside new housing as well as support services to better promote independence and opportunity for those people to live in communities.

You will also know from our submission we do spend a fair bit of money doing disability modifications to properties. That is quite a planned program where we have an existing property and, subject to the medical assessments and occupational therapist assessments, we are spending about \$8 million a year on doing modifications to properties to enable people to age in place. Instead of having to move from those communities which they might have lived in for 50 or 60 years, we are able to do modifications to those properties to help them with their future needs.

The CHAIR: The submission from the NSW Federation of Housing Associations mentions that the federation runs a survey of its tenants and is getting great feedback. And yet we have heard from other witnesses that some of the community housing providers have become so big that they are starting to fall into the old ways of Housing NSW. How do you determine the capacity for the non-government housing provider sector to meet the challenges and not be swamped with taking up these new properties?

Mr VEVERS: There is a regime of inspections of community housing providers that is undertaken by the community housing regulator. The regulator uses a whole range of criteria to assess the strength of the organisation, and that is really the bedrock of the system. Each of those community housing providers also has a board, and these days those boards are expertise-based boards. So the board will consist of people who have some experience of running a business or a large non-government organisation themselves. I think those two initiatives do mean that we can have confidence in the strength of those providers.

I would add that not one of them is even remotely close to the scale of public housing. The largest of those, depending on which one you talk to, is either Compass Housing Services or St George Community Housing. St George Community Housing has just over 4,000 properties, and most of those are in a relatively well-defined geographic area. So I think they would have to grow a considerable amount before they got to a size which meant that they lost contact with their clients and tenants.

The CHAIR: Does your department run customer satisfaction surveys?

Mr VEVERS: Yes, we do. We use the same survey that community housing providers use. New South Wales comes out at about a 65 per cent satisfaction rating. Community housing providers come out better than that. We both clearly need to learn from that. I would also say that no community housing provider at this stage runs large public housing estates. We know that the satisfaction levels on those public housing estates tend to be considerably lower. So I am not seeking to explain that away but I am saying that we do know that one of the principal drivers of satisfaction is the location of your home, when you look below the headline. But absolutely within public housing we accept that challenge—that we should be striving to reach a higher level of satisfaction.

Mr MICHAEL DALEY: I have a question on the community housing providers. Do they take tenants from the same waiting list?

Mr VEVERS: Yes.

Mr MICHAEL DALEY: But they do not take anyone from the priority waiting list, do they?

Mr VEVERS: Yes, they do. They do take them from the same waiting list. Obviously some of them have a particular policy role. For example, there is a women's housing company, so clearly they will only take women from the waiting list. But they are obliged, and we check to ensure, that they take people in the same order that public housing does.

Mr MICHAEL DALEY: So how do they take people from the priority list standard? What is the mechanism for getting those people into community housing?

Mr VEVERS: Because they have to take people in the order in which they appear on the list, as long as they have the right size property. For example, you cannot put a family with five children into a two-bedroom property. All parts of the social housing system use the same list. The priority people go to the top of the list and the providers have to work their way down the list.

The CHAIR: There being no further questions, I thank you all for appearing here today. I know we will be taking a very keen interest in the new asset maintenance services contract. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide written replies to any further questions within two weeks?

Ms SKEWES: Yes, absolutely.

The CHAIR: Once again, thank you very much for appearing before the Committee today. I thank all the witnesses who have appeared before the Committee today, the Committee members for their contributions, and our wonderful Hansard and incredible Committee staff who support us and do such a fantastic job.

(The witnesses withdrew)

(The Committee adjourned at 16:02)