

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTS COMMITTEE

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

At Jubilee Room, Parliament House, Sydney on Monday 10 May 2021

The Committee met at 9:00 am

PRESENT

Mr Greg Piper (Chair)

Mr Justin Clancy
Mr Lee Evans

PRESENT VIA VIDEOCONFERENCE

Ms Tanya Davis (Deputy Chair)
Mr Ryan Park
Ms Felicity Wilson

The CHAIR: Good morning and thank you for attending this public hearing, which is being held as part of the Public Accounts Committee follow-up review of its previous Inquiry into the Management of NSW Public Housing Maintenance Contracts, last completed in 2018. This hearing provides an opportunity to further examine the current state of maintenance provisions since the Committee's previous review and to see how effectively services are now delivered. Before we commence, I acknowledge the Gadigal people, who are the traditional custodians of the land on which we meet in Parliament. I also pay my respects to Elders past and present of the Eora nation, and extend that respect to Aboriginal and Torres Strait Islander people present or viewing proceedings on the internet. I ask everyone to switch off their mobile phones as they can interfere with the Hansard recording equipment. I now declare the hearing open.

NICOLE LAWLESS, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, affirmed and examined

SANYA SILVER, Manager Investigations, NSW Ombudsman, sworn and examined

The CHAIR: I welcome our first witnesses from the NSW Ombudsman's office and thank them for appearing before the Committee to give evidence. Ms Lawless, I understand you have a brief opening statement prepared.

Ms LAWLESS: Yes. I thank the Chair and the Committee for the opportunity to represent the NSW Ombudsman at this inquiry. Before I commence, I too acknowledge that we are meeting on the lands of the Gadigal people of the Eora nation. I pay my respect to Elders past, present and emerging, and extend that respect to other First Nations people present or listening online. I am the Acting Deputy Ombudsman and responsible for the branch that deals with complaints and investigations. The role of the NSW Ombudsman is to enhance governance by promoting transparency, accountability, fairness and a respect for the rights of citizens. In short, our job is to ensure that the public and private sector agencies we oversight fulfil their obligations properly. One way we do this is by receiving and investigating complaints.

In relation to the agency at the heart of this inquiry, the Land and Housing Corporation, we receive and handle complaints about a broad range of administrative issues such as delays in actioning maintenance requests; a failure of internal complaint handling processes to resolve issues; a failure to respond or provide adequate information to tenants; and communication failures between the Land and Housing Corporation, Department of Communities and Justice [DCJ] Housing and others. I note that our role does not extend to reviewing the merits of decisions—that is a role for either the Housing Appeals Committee [HAC] or the NSW Civil and Administrative Tribunal [NCAT]. Instead, we generally assist tenants by helping to resolve their complaints about maintenance requests and ensuring tenants are provided with comprehensive explanations. We often act as an intermediary between the tenant or their advocates and the Land and Housing Corporation [LAHC].

Our working relationship with Land and Housing Corporation is a constructive one. In addition to dealing directly with relevant staff to resolve individual complaints, we also have regular quarterly liaison meetings with senior staff at DCJ Housing and LAHC, and also have operational meetings with middle management when required. I briefly touch on the issues and trends that we have observed through our complaints data. I note that as the Ombudsman is required to handle complaints in the absence of the public, I will not be able to discuss specific individual complaints today, but I can provide some insights on complaint volumes and trends. On average, since 2012 we have received 400 complaints about LAHC annually and LAHC consistently ranks in the top five most complained about State agencies in New South Wales. Since the introduction of the Asset Maintenance Services [AMS] contract in 2016, complaints to our office have increased.

While I wish to emphasise that complaints are not in and of themselves indicative of a problem—in fact, more complaints can mean a more accessible complaint-handling systems or better knowledge about complaints—in the case of LAHC, we have observed that the type of complaints we receive has not changed, nor we are necessarily receiving less serious complaints. Broadly speaking, the top three complaint themes we see are: one, customer service—by that I mean delays, inaction and poor quality of work—two, complaint-handling process and complaint outcomes, for example, delays in resolving complaints and a failure to advise the tenant of the final outcome; and, three, breaches of duty of care, for example, a failure to ensure the safety and wellbeing of tenants.

Some of the most common maintenance issues complained about are: roof repairs; plumbing, in particular sewerage issues; mould; and small disability modifications, for example, installation of grab rails in a bathroom. From the complaints we receive, we make a number of key observations about the management of public housing maintenance. First, the complexity of the maintenance system and, in particular, the multiple players involved make it difficult for tenants to navigate and resolve issues when they arise. Secondly, LAHC's processes appear to be lacking in customer centricity. Our impression has been that LAHC views its contractors as the main customer rather than the tenant. As there is ordinarily no direct interaction between LAHC and the tenant, tenants' needs are often not front and centre and may not be sufficiently reflected in processes and staff training.

Thirdly, LAHC's assessment of how repairs should be prioritised, called the Criticality Repair Matrix, does not sufficiently take into account the vulnerability or particular circumstances of the tenants. Instead, it is primarily concerned with the risk to the property. Fourthly, communication breakdowns between LAHC, DCJ Housing and contractors lead to significant delays in actioning maintenance requests or resolving issues and escalating complaints. Those delays can often lead to further damage to the property and also injuries to the tenant.

Finally, when a complaint is made about LAHC, in the first instance it is DCJ Housing that manages the intake and response to the complaints on behalf of LAHC. Breakdowns in communication and in the work flowing from the complaints to and from LAHC sometimes can lead to poor outcomes and lost opportunities to quickly fix issues. A consequence of this is that many of the complaints that could and should have been resolved through internal complaint-handling mechanisms are instead escalated either to our office or to local MPs. I am happy to answer any questions that the Committee might have.

The CHAIR: Thank you for your introductory words. You have covered a wide range of the issues that we are particularly interested in. Please understand that you may well have already answered the questions that will come forward, or at least touched on those, but for our record and our specific questions I ask you to understand that we would perhaps like them answered again.

Ms LAWLESS: Absolutely.

The CHAIR: Just on that basis, however, you alluded to the types of things that you are hearing complaints about. When you are actually looking at the complaints the Ombudsman received, could you repeat those key recurring themes that you have identified? I think there are a lot of issues around water and I think sewerage—plumbing or sewerage systems. Apart from that, what are the main issues that you are seeing, and why do you think that these would continue to reoccur if that is the case?

Ms LAWLESS: I think I can answer your question by breaking those into three separate categories. The first—and probably most prevalent complaint that we receive—is around delays, that is, inaction or just simply delays in taking any action on requests for maintenance. Often I think there are two reasons for those delays—in saying that, we might add more—but the primary reasons that we see in relation to those delays are that contractors may say they are coming on a particular day and then do not show up. Alternatively, they do not make appointments with tenants and they show up and are refused right of entry because that person does not know who they are or potentially needed to have an advocate with them because they are not in a position to be able to determine who this person is.

Also, there is a lot of negotiation that goes on between the Land and Housing Corporation and contractors in order to ascertain value for money. Please understand that I am not saying that value for money is not important—of course it is. Responsible expenditure of public funds is of course important. However, there is sometimes a trade-off between timeliness and value for money. If there are extensive negotiations between a contractor and Land and Housing Corporation, it is ultimately at the tenant's expense. Often what we see through those complaints is that the delays that are caused by those negotiations result in further damage occurring to the property. The delays that we see are not necessarily minor either. We are not talking a matter of days; we can be talking a matter of months and at times a matter of years. If there is, for example, a leak in a roof, that can become cumulative over a time, so that the original issue becomes a far greater and much more expensive issue to deal with when the contractor finally attends to rectify the issue.

One other thing I would like to say about that is we also get complaints from tenants who wish to have modifications made to their properties. After a period of backwards and forwards discussions between the tenant and Land and Housing—via DCJ Housing—the tenant will be told that the modifications cannot be made and they need to transfer. The transfer itself may not happen for another year or two years. It is that knock-on effect: modifications cannot be made but they cannot transfer either for some period of time. The second area that I would say we are receiving quite a number of complaints about is the quality of workmanship. It is the quality assurance issue. We are still getting complaints from tenants who say that the contractors do a patch-up job and do not necessarily get to the root cause of the problem; rather, they see the contractors only literally patching over the ceiling when the gutter is meant to be fixed or the broken tiles are the root cause of what the issue is.

The final area that we receive a large number of complaints about is the complaint-handling process itself—I touched on that in my opening. One of the problems seems to be that there is a communication pipeline, if I can call it that, where the tenant goes to the client feedback unit in DCJ Housing, DCJ Housing then liaises with LAHC, LAHC then liaises with the contractor and then the information comes back down that chain of communication to the tenant. When that communication breaks down or when things are not adequately conveyed—or if, perhaps, LAHC does not have sufficient information when they are responding to DCJ Housing about the nature of the complaints—it is the tenant who ultimately ends up confused and does not have adequate information to know whether or not they should ask for some sort of internal review or who, in fact, the complaint handler was who made the decision about their complaint. Indeed, sometimes they are not even told about the outcome of their complaint. Consequently those complaints get escalated to us or, as I said in my opening, to local MPs to deal with.

The CHAIR: Before we proceed, I note that Ms Tanya Davies has had some problems hearing proceedings. Tanya, can you hear us now?

Mrs TANYA DAVIES: Yes.

The CHAIR: Thank you.

Mr JUSTIN CLANCY: I have got several questions, if I may. On asset maintenance, given that there are several head contractors on a geographical basis, with your trends in terms of complaints, are you seeing a geographical distribution or is it fairly evenly spread across?

Ms LAWLESS: I have not done a great deal of analysis on the geographical spread. But what I can say is that we do see less complaints from the head contractor that is responsible for the Riverina and for the Central West, which is Joss. We understand from our interactions with LAHC that part of the reason for that could be that they are a small, family-owned company. They have more direct engagement with tenants as well as with the contractors. Beyond that, I could not say too much more.

Mr JUSTIN CLANCY: I am interested in exploring a little further the social housing Management Transfer Program. Firstly, for clarification, the Ombudsman deals with complaints from community housing providers as well or only—

Ms LAWLESS: No, we do not.

Mr JUSTIN CLANCY: You do not have visibility of what trends might be existing there?

Ms LAWLESS: No, we do not have jurisdiction over community housing providers. There have been occasions in the past where I believe we have made a submission to this Committee in relation to consideration being given to giving us jurisdiction over community housing providers. We have also made similar submissions to government as well. But at this point in time we do not have any jurisdiction over community housing providers.

Mr JUSTIN CLANCY: Finally, as you said, there is a strong theme around the complaint-handling process. Can you make recommendations from your point of view as to how that could be improved?

Ms LAWLESS: I can. Some time ago the Ombudsman completed a program of work, we call the CHIP—the Complaint Handling Improvement Program. That was subsequently adopted by the Secretaries Board in 2016 and all government departments are meant to have the CHIP principles incorporated into their complaint-handling processes and policies. Our understanding is that DCJ as it now is—it was FACS at the time—has got a complaint-handling policy that incorporates the CHIP principles. That includes things such as good communication as well as taking ownership of complaint handling. However, with the separation of DCJ Housing and LAHC—and LAHC moving into the Department of Planning, Industry and Environment [DPIE] portfolio—a quick look over its website does not seem to indicate that it has transferred that policy over.

Of course, it is not just simply a matter of having a policy in place. It is actually operationalising that at a local level. We are not seeing a great deal of evidence that those principles have been incorporated at a local level. From my perspective, it is those two principles that I highlighted a moment ago that are absolutely critical to embed and operationalise in this particular circumstance—so good communication and taking ownership of complaint handling. A basic principle of good complaint handling is that the person who is the decision-maker around that complaint is as close to the person making the complaint as possible so that the complainant can have a person to speak to and can understand—particularly when we are talking about vulnerable people, as many of these people are—a person that they can ask questions of, a person that they can get an outcome from. At the moment that is quite remote.

Mr RYAN PARK: My question brings up a little bit of what you just said. Do you believe some of this should have been in place a little while? Obviously you used to have it when DCJ and LAHC were under one department per se. Do you believe that the separation of DCJ Housing and LAHC has impacted on the maintenance issues for frontline tenants?

Ms LAWLESS: As I said in my opening, complaints have increased since 2016. We have not done an analysis to try and unpick whether or not that is a direct consequence of the separation or in fact whether, as I also suggested, it is possibly because there is a lot more visibility of complaint-handling systems. However, what does appear quite clear is that the separation into different portfolio areas increases the likelihood of communication breakdowns between those two agencies. I also understand that they are no longer co-located. Again, logic would say that that would not improve the situation, as far as that separation goes.

Mr RYAN PARK: I note from the ground—I do not know if other members are the same—but that has been a challenging part of it in terms of left arm, right arm of government. I wanted to see if the Ombudsman had had a specific look at that sort of stuff, but that is fine.

Mr LEE EVANS: On our bus trip, having looked at the situation, really probably the larger Sydney area, it was quite obvious to me that maintenance are overwhelmed with the amount of complaints or jobs being generated. Is that showing up—that the complaints are being stretched out because of the sheer volume?

Ms LAWLESS: That certainly feeds into the explanations that we are given—that they are overwhelmed with work and cannot get to everything at any particular point in time. One of the observations I would make though is that when we intervene, there does tend to be a rather rapid response to those individuals. So work does happen when we intervene and perhaps also when MPs intervene.

Mr LEE EVANS: In the same vein, when an MP gets involved as well, I think they get put up the list. But ultimately there is somebody else missing out.

Ms LAWLESS: That is exactly right and that inequity is a problem for us. Whilst it is great that that particular individual gets their complaint or matter resolved quickly because of our intervention, you are 100 per cent correct. It means that somebody else is then deprioritised.

Mr RYAN PARK: I understand that the Ombudsman does not have any jurisdiction over the community housing sector. We have all got mixes of this within our own communities. Where do those people go when there are ongoing issues with a CHP, a community housing provider? We understand where they go in straight New South Wales Housing, but where do they go if they are in that mix?

Ms LAWLESS: One of the reasons that we have suggested previously that consideration should be given to us having jurisdiction over CHPs is that other than internal complaint mechanisms—so obviously trying to resolve your complaint in the first instance with the provider—the only real oversight mechanism available to those complainants is the registrar of housing. However, the registrar is limited as far as her complaint-handling role by her legislative functions. The legislation says that the registrar can only consider complaints that relate to compliance with the legislation. What we look at is far broader than that. We look at administrative issues—so delays, for example—and not just whether something was complying with legislation but much broader. Whereas my understanding is that the law says that the registrar is confined to only looking at matters of compliance of the legislation.

Ms SILVER: I will just add that they can also appeal certain decisions to the Housing Appeals Committee and the tribunal. That is only in relation to appealable decisions.

The CHAIR: On that point, if you actually sought greater oversight of private providers, what impact would that likely have on your ability to resource those? Do we have any indication that the percentage of complaints—I think it makes up about 30 per cent of the public housing stock. Would you feel that the number of complaints coming from there would be pro rata equivalent to what is still in public ownership? What impact would it have on your resources to do that?

Ms LAWLESS: I cannot answer on the number of complaints because we do not have oversight. I am not in a position to say whether or not they would be commensurate with the amount of properties that they are responsible for. However, as far as the impact that that would have on our resourcing, I am sure Committee members are aware that there have been a number of inquiries recently as well as Auditor-General reports in relation to our particular funding issues and that resourcing is something that would obviously be front and centre if there were consideration given to extending our jurisdiction to CHPs. At this present time it would be very difficult for us to absorb that kind of jurisdictional change without additional resourcing.

The CHAIR: That is, I would imagine, quite understandable. I think all the members would be very well aware of the questions around the funding for oversight agencies.

Mrs TANYA DAVIES: My apologies, I found it difficult to hear at the beginning of the hearing so I have had to dial in via my mobile. I apologise if I am going to repeat a question that you have already answered. My question is in relation to whether the maintenance contractors have enough of a penalty system if they fail to meet time lines or deadlines for responsiveness or quality of repair work. Should the contracts themselves be more rigid in a sense of expecting a certain standard of reply to calls for assistance or a standard of workplace to ensure that the partners that Government works with help maintain that standard of service delivery that we are focused on as a government?

Ms LAWLESS: One of the difficulties that we have in the Ombudsman's office is that we do not actually have clear visibility of what those KPIs and contractual arrangements are. We do not necessarily have this ability of things like abatements, for example. So it is a little bit difficult to answer your question. Ms Silver, did you have a view?

Ms SILVER: We understand that there are KPIs and there are penalties for contractors if they do not comply with the KPIs, but the impression that we get from the complaints is that that is more of the big picture

and it does not always translate into improvements in individual cases. We do not always see that a delay by a contractor actually has a consequence in the individual case, only at the aggregate level—if they are not complying with let us say 85 or 90 per cent of the KPIs.

Mrs TANYA DAVIES: Just a follow-up question: Are you aware of who does have visibility in the contractual terms and who is actually monitoring the performance of the contractors against those KPIs and terms?

Ms LAWLESS: It is LAHC. I understand that the rationale for that performance management framework not being overly visible is for commercial-in-confidence reasons and giving unfair competitive advantages to people in the market that might want to compete for that work, but we do not have visibility of that either.

The CHAIR: Besides your normal mechanism to communicate with LAHC with regards to specific complaints that you might be managing for people, do you have any other avenue for a more constructive ongoing dialogue with LAHC?

Ms LAWLESS: We do.

The CHAIR: If so, what is their response to that? Does it seem to be a positive engagement?

Ms LAWLESS: As I said in my opening, we do have a number of levels upon which we communicate with LAHC and DCJ Housing. We have quarterly liaison meetings—often at quite senior levels—to discuss emerging issues, themes and trends. It is a constructive relationship at all levels and I think there is a lot of goodwill, at least with the people that we deal with, to try to resolve issues. If we do need to also have escalated meetings on a particular issue then LAHC will certainly accommodate that. Overall I think there is a lot of goodwill; the working relationship is quite a good one. But whether that is translating into demonstrable systemic changes is an open question.

The CHAIR: I imagine that brings us to the conclusion of questions from the members and therefore I thank you both 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 21 days to any further questions?

Ms LAWLESS: Yes.

The CHAIR: Thank you very much for appearing today.

(The witnesses withdrew.)

CLOVER MOORE, Lord Mayor, City of Sydney, affirmed and examined

TRINA JONES, Safe City Manager, City of Sydney, affirmed and examined

MONICA BARONE, Chief Executive Officer, City of Sydney, affirmed and examined

The CHAIR: I thank our witnesses who are appearing for the City of Sydney. I acknowledge the former member for Sydney and my colleague at the time Clover Moore, Lord Mayor of the City of Sydney. I welcome you here today and thank you for appearing before the Public Accounts Committee. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Ms MOORE: Yes, I can.

The CHAIR: Do you have any questions about this information?

Ms MOORE: No.

The CHAIR: Would one of you like to make a short opening statement?

Ms MOORE: Yes, I will. Thank you for the opportunity to provide input to this hearing, which I think is really important, very timely and very overdue. As a local member of Parliament for the inner city for 24 years, and having doorknocked the inner city public housing on many occasions, I am very familiar with its state. The City of Sydney has one of the highest numbers of social housing tenants in metropolitan Sydney, with 9,630 properties in our local government area housing about 15,000 tenants. The city has long worked with our social housing tenants and with the New South Wales government agencies to ensure the wellbeing of our social housing communities. But the proportion of social housing in our city, estimated at 8 per cent in June last year, is continuing to decline. This is due to the combined factors of population growth and the New South Wales Government selling off public housing in the inner city. That was particularly under Minister Pru Goward. We should instead be increasing the amount of social housing so that Sydney can retain its diversity and its inclusiveness, as well as providing the homeless with a pathway into secure accommodation.

We cannot keep pushing our social housing tenants out to the metropolitan fringes. Through our community consultations on Sustainable Sydney 2050—our long-term vision for the city, which is a continuing iteration of the work that we have been doing since 2008 on Sustainable Sydney 2030—residents have told us that they value living in a diverse neighbourhood and that they fear being priced out of the city. This is especially true for our Aboriginal and Torres Strait Islander communities. That is why we recommend a significant net increase in the supply of social housing and affordable housing, and to maintain existing public housing to an acceptable standard.

First of all, concerns from tenants: Ever since I was a State member, I became a State member in 1988 as the member for Bligh, I have been holding social housing forums—I kept those going when I became Lord Mayor in 2004—for tenants so that they can come and raise issues and problems directly with their political representatives and senior staff from council, from the police, from the DCJ, from Land and Housing Corporation and other agencies. So instead of always waiting for the letters that do not come, they could come and talk directly to both the staff of those various organisations and their political representatives. And then we have to go back again in four months' time and we can be accountable in that way to them if we have not been able to resolve their issues. It has worked very, very well over many years.

We are still hearing about lengthy waiting times for relatively minor repairs and the poor quality of much of the work that is carried out. Tenants have told us that the maintenance contractor for Land and Housing Corporation is known to take an unreasonably long time to complete the work and often leaves the work half finished. The most common complaints concern plumbing, including flooding, electrical issues, carpentry, rat infestation, and waste issues. Tenants say their buildings are neglected and often uninhabitable. As Lord Mayor I have often had to advocate to the State Government on behalf of tenants about basic living conditions, and I am very concerned about the issues they raise. These are some of the examples of those issues. A resident became ill from toxic sewage that has been running down his bathroom wall for 12 months and is not yet fixed. He suffers from constant nausea and heart spasms. Another tenant reports she is taping her windows closed after 10 years because they have not been properly fixed. Another tenant says she has had flooding in her unit for five months.

At some of our city social housing forums, tenants say they fear for their lives when the security doors on the estate remain broken and strangers have access to their buildings. Their fear is compounded when they are visited by people who are on drugs. That is a regular occurrence—drug use—and it is something that I know the police work with Housing to try to address this issue. But it has been ongoing and it has been there as long as

I have been a representative of the area. As of April 2021 the city issued 13 notices of an intention to give an order to Land and Housing Corporation to improve property standards in relation to waste and pest control on public housing land. Many of the notices are related to urgent matters and they are issued in relation to high-density locations impacting thousands of residents. The city regularly receives complaints about maintenance, security, amenity, cleansing, and waste pest control and safety. These are issues that come directly to Ms Jones, others come to me in the office of the Lord Mayor. These conditions can lead to poor health, increased antisocial behaviour, and decreased actual and perceived safety in public housing.

Solutions for tenants: In 2015-2016 the review of management of maintenance contracts for public housing led to the introduction of place-based support of tenants and of maintenance issues, and this approach has shown it can work. However, it is under-resourced and more place-based support is critically needed. There is only one dedicated manager for NSW Land and Housing Corporation for asset risk, who is responsible for over 9,000 properties across our local government area and works tirelessly to resolve issues but urgently needs more support to address the many problems that are reported by tenants.

Communities and Justice have also had community development workers in two key areas: RedLink at Redfern and Surry Hills Community Connect. However, these positions are being defunded. A precursor to the Surry Hills Community Connect was the establishment of tenant support, which occurred when I was the local member. We were able to get that, I think, after three murders in a particular year and the sorts of issues I have just been describing. Those community development workers are not a desirable to improve the environment, they are an absolute essential to manage the environment. It is crucial that they work across every area within the inner city and are on the ground and can address the issues there. This is good governance because you are addressing the problems as they arise and you are not allowing them to get worse and worse, which is what happens. The city recommends that the Government commits to not just retaining these roles but increasing the number. They play such an important role to foster place-based community development in public housing estates. And, as I said, I think they are absolutely essential. Localised teams could be given their own budget and delegated to assist tenants with minor repairs and maintenance.

To conclude, the existing housing stock is ageing. The average age of a dwelling is now 37 years, with 20 per cent over 50 years. Where possible, housing could be retrofitted to meet Liveable Housing Design Guidelines. We would also like to see investment in energy efficiency retrofits to help tenants reduce energy bills and improve environmental and health outcomes. We welcome the \$270 million outlined in the 2020-21 New South Wales budget for repairs, maintenance and upgrades across the State. Further investment is critically needed. I thank you for the opportunity to speak to you today. I would strongly recommend that you go out and visit some of the sites. I suggest you visit the walk-ups in Redfern. They have been in an appalling state for years—when the Labor Government was in power and since the Coalition has been in power. You have to do a bit of on-the-ground work to see for yourselves just how neglected this has been. I do not think, for a very long time, we have had a responsible landlord of these housing properties, which is poor investment too because these are government assets. You also have a very strong responsible and duty of care to social housing tenants. I do not believe that enough human resources and financial resources have been put into this for a very long time.

The CHAIR: Thank you. I am going to—

Ms MOORE: You can call me Clover.

The CHAIR: Thank you, Clover. Can I indicate that we actually have been out to look in the Sydney metropolitan area, including—I think we were in the—

Ms MOORE: Have you been to Redfern?

The CHAIR: Yes.

Ms MOORE: Where did you go?

The CHAIR: I am not—

Ms MOORE: Morehead Street? Young Street?

The CHAIR: I would have to check, but certainly there were some fairly compelling examples.

Ms MOORE: The other thing I have here are some photographic examples of some of the current problems.

The CHAIR: Could they be tendered at this stage?

Ms MOORE: I have copies for each of you. If you want to have a quick look, Ms Jones could talk to them.

The CHAIR: Unfortunately we probably will not have time.

Ms MOORE: Okay.

The CHAIR: I just wanted to say that we actually have been down to the Wollongong-Illawarra area to look at examples down there. I guess they have these types of complaints but the nature of the buildings and the tenancies certainly are different.

Ms MOORE: I think the density is probably the thing in Sydney. It has a much higher density than elsewhere.

The CHAIR: I indicate that we have full attendance of our Committee members. I think the City of Sydney has a specific interest in this issue because of the nature of the City of Sydney and, with respect, your capacity to involve yourself in something that other councils would say "That is a State issue." You have always had that. You have a capacity to do it in a leadership role, so I want to acknowledge that.

Ms MOORE: Mr Chair, that was not the case until I became the mayor. That was probably because I had been a State member for so long and there was an expectation that work would continue, and it has. It has been very worthwhile. If it is something other councils could take on, it would also be very worthwhile. Just becoming the liaison and the opportunity for those people to come together and speak to, it makes all the difference for people to be able to raise things directly with the people who are making decisions about their lives and the people who are elected to represent them.

The CHAIR: Clover, I appreciate that. You made reference to the fact that you have forums with public housing tenants, which was something that you rolled on from your time here. I understand Ms Jones would be key to that now.

Ms JONES: Yes.

The CHAIR: If that is the case, I was just going to ask: Do you feel that the City of Sydney is now a go-to place for people with tenancy issues and complaints?

Ms MOORE: No. Alex Greenwich is a local member, Jamie Parker is a local member and Jenny Leong is a local member. They have very receptive and responsive offices and they do a lot of that day-to-day work. We have all the representatives of government departments and council at the meeting for half an hour beforehand, so those individual problems can be raised. But in the actual meetings we try to keep it to the community issues of the estate.

The CHAIR: So it is an information service and you would refer those people to the local member as the appropriate point of contact.

Ms MOORE: They go to that; I do not need to send them. They know their local member is the one who has to be their advocate. I do not get many. Compared with the Bligh or the Sydney office and compared with the work I had to do as a local member, I do not have that. They are a very important part of our constituency in the city. We try to support them as much as we can. We have a memorandum of understanding with the police and with housing so that we can work together on areas of mutual concern.

The CHAIR: In your submission there was a recommendation about the creation of a localised budget and delegation to the Department of Communities and Justice for local teams to assist tenants in completing minor repairs and maintenance works and deliver innovative responses. Could you just elaborate on that?

Ms JONES: I would be happy to talk to that. This comes from evidence from our residents who say that they are finding it difficult to navigate the process through the call or contact centre. I think this was reflected in many submissions that the Committee has received. The separation between the Land and Housing Corporation and the Department of Communities and Justice has contributed to a breakdown in communication and a difficulty for residents to navigate the system to get the outcome that they need. What we saw was we could have an increased role of client services officers and innovative responses like the maintenance pop-ups. I know that previous witnesses have talked to those initiatives. Unfortunately, we have not seen them happen since.

The maintenance pop-ups involved arriving to an estate with handymen on site. You could explain your issue and then they would get work orders very quickly executed within a fortnight period. If we could see those happen regularly across the calendar year, that would make a significant improvement to outcomes for residents. It also gives them an opportunity to have that face-to-face contact. The buildings, particularly the high density buildings, are vast and the addresses are not always known to people at the contact centre. So they will take details but then when the contact is attained they cannot find that location and they cannot find that site. Of course, not all maintenance issues are related to inside somebody's property; they are about public spaces, they are about lift

dwellings, parks, surrounding areas, et cetera. It is about having that local knowledge and it is about empowering the local teams to work closely with tenants to help resolve issues in a timely manner.

Ms MOORE: Could I just say something positive?

The CHAIR: You could. I am just checking if any of the members have any questions. If they can just let me know so that I can be ready. Please, Ms Moore.

Ms MOORE: I think that there has been an improvement in the response with the division. One Minister is responsible for the people; the other Minister is responsible for the assets. I think the representatives that we have had from LAHC have been very effective in their actions, but there just has not been enough person power. The policy seems to be right, but it needs more human resources. I think the pop-ups were very good. A social housing tenant who is poor, who might have a mental illness, who might have a drug addiction, who might be very concerned about neighbours that are doing drugs—there are all sorts of reasons why they are very disempowered. To actually have someone from LAHC come to the meetings or be able to go to a pop-up is very empowering. It can actually get some outcomes for them. It is really nice to be able to hear those tenants come back and say how much they appreciate that the sewage that has been running in their bathroom for 12 months has now been addressed. In this case it has not, but—

The CHAIR: How is the pop-up facilitated? Who actually managed that occurrence?

Ms JONES: At the time, they were coordinated in partnership with DCJ and the Land and Housing Corporation. They were an initiative following on from a similar approach around homelessness that brings all of the services together in the one location to provide on-the-day support or on-the-day triage for an issue. What does it end up looking like? For example, you have been to Waterloo, you have been to Redfern, any of the greens in those areas. There will be a marquee, there will be uniformed staff, tenants will get a notice to say, "Come out to the pop-up. Come out to the marquee." There is someone there to speak to face to face, so if you have difficulty accessing things online or if English is your second language that creates an interface that is very accessible for residents. It also helps people work through the steps that are required and helps the contractors to triage what needs immediate attention and also what can be put on planned works.

Mr RYAN PARK: Thank you, Ms Moore. It is good to hear from you again. You always do a terrific job in advocating for your community. I wish to ask about rodent management. I know that is an issue. It is becoming more of an issue in areas outside of Sydney. How is that funded? Is that funded through the city or does the State provide assistance with that program?

Ms JONES: We have funded health and building inspectors that are required to undertake works on city land and to monitor works on land within our local government area. I will give you an example: From April to May, the city has coordinated inspections at 44 addresses to respond to issues around cleansing and waste and pest management. This involved us bringing together representatives from DCJ and representatives from the Land and Housing Corporation and going out to the priority properties that residents have told us have become a significant issue, particularly for pest issues and cleansing and waste issues. Both of those challenges are inextricably linked because where we have waste we get pests. What that resulted in is significant requests to the Land and Housing Corporation to take action to improve the standards across multiple locations.

The city then, as the Lord Mayor mentioned, has issued 13 notices of intention to give an order. That is basically flagging a formal warning to the Land and Housing Corporation to say, "Please take action on these areas where we have significant pest issues." Where we have had success in the past is where we have shared our baiting network, so, "We are doing baiting here. Where are you doing baiting? Let's coordinate that so that we make the best impact to that area"; having regular meetings with the Land and Housing Corporation, which do continue and we value and greatly appreciate their commitment to those monthly meetings; and attending those joint inspections together and seeing action. As the Lord Mayor raised, the resources are not following the actions that are required. It is just not being followed up in a timely manner. There are compounding issues increasing the pest issues in the community. There are some images in the attached presentation.

Mr RYAN PARK: That is really frustrating, given that you are trying to work with them and that is an ongoing issue.

The CHAIR: Mr Park, you can have one more question. I just note that the CEO, Monica Barone, would like to comment.

Ms BARONE: I just wanted to reiterate some of the things that Ms Jones was saying in response to that question and an earlier one. What Ms Jones is describing is a place-based approach to solving problems. You cannot be looking across the whole State and necessarily know the particular issues in a building or in a particular area. The city is very happy to work in that collaborative way. There is always those interface issues. There is the

part of the land that belongs to the city where we pick up the garbage, there is the part that belongs to a State agency and there is private land. That coordination is always the best way to work. If every party comes to the party and follows through, it really empowers the residents, whoever they are—whether they are social housing or private residents—but it enables us to use our resources really, really effectively. But everyone has to come to the party with that.

If you lived in a building anywhere else you would have a building manager and if something happens to the common property the building manager would be responsible to immediately deal with it. You would not accept that the light was out in your stairwell or in your corridor; you would not accept that someone's blocked toilet affects a neighbour. It would not be acceptable and it should not be acceptable here. I think the point that Ms Jones and the Lord Mayor have made is that when it has worked is when it is place based and also when it is really respectful—when it says, "Come out and tell us the problem. We are right here to hear you. You don't have to find your way through a call centre or whatever. We are here to hear you and we've already got the tools. We're here. We're ready to go and fix that leaking tap or fix that problem." Because, of course, if you fix it early it does not become a bigger problem.

The CHAIR: Thank you for that. Ryan, do you want to ask your second question?

Mr RYAN PARK: Just one quick one. Ms Moore talked about the importance of retaining the dedicated, inner-city-placed managers. Is that something that you think might work for other parts of the State or is it something that you should focus on large density in and around the cities?

Ms MOORE: I think that that would work in every housing—whether it is an estate or a group of housing in a suburban area. Just resolving the problems before they escalate, I think, and giving the people the support they need, addressing the problems right at the beginning is absolutely critical to duty of care, I think. Do you want to add anything to that, Ms Jones?

Ms JONES: I agree, Lord Mayor. Also, it helps to provide coordination around the support for the people. So when we look at public housing we have to think about the people and the place. We have some of the most vulnerable people living in social housing who have compounding and complex needs, many of whom are housed straight from sleeping rough for many years or from complex or traumatic backgrounds, and they arrive in an environment where they are not supported and they are not linked in with services. Having a community development worker on the ground can provide significant support for those residents, help them to maintain their tenancies, reduce antisocial behaviour and improve community connectedness, which we know contributes to resilient communities, safer communities and healthier communities.

Ms MOORE: I think that is excellent, Ms Jones. The other thing is we have been doing a lot of work with the Minister for Communities and Justice during COVID of rehoming people, rehousing people. But where homeless people have gone into homes where the support is not there, they have not actually lasted very long there; they have gone back out onto the street because that is where their support is. Again, there are just issues for the other people living in that particular area because people are living and sleeping and doing everything else on the street. In an area like Woolloomooloo, for example, where we have a large number of public housing tenants and an increasing number of private tenants and then homeless people and people coming into the area to feed them, there are just complicated issues going on there between those three groups. But, of course, the homeless people are the ones that need the greater supports from society. If we can get them into homes in a respectful way and they can get the support and stay there, it really reduces that problem that just seems to go round and round in a vicious circle in Woolloomooloo.

Ms BARONE: On that point: As the Lord Mayor said, the City of Sydney not only wants to retain its percentage of social housing; we would like to see more. Because one of the wonderful things about living in the inner city is that you have access to all of the resources that the city has, and we only want to share those resources. We think the city is better for that diversity and we think the quality of life for people in a city where it is easy to walk to your library and your community centre and all of the free events and other things, leads to a better quality of life. We want to see more social housing in our area.

The CHAIR: Thank you for that, Ms Barone. The member for Heathcote?

Mr LEE EVANS: Thank you, Chair. Lord Mayor, I totally agree with your opening statement. Was it 9,000-plus dwellings you have in your area?

Ms MOORE: Yes.

Mr LEE EVANS: The average age—and this is from our inquiry across the State—is about 44 years old. There has to be a renewal at some stage where we start looking at building new properties so the age of the buildings comes down. When we went through to Waterloo it was quite evident that the buildings were getting to

the end of their usable life. If we set out on renewing them and obviously retrofitting them, I think you would probably be spending more money than actually starting from scratch again. I think with the volume of places that we had a look at it would be probably counterintuitive to start trying to refit them or modernise them because of the pure age of the buildings. Again from the inquiry, we have 160,000 properties across New South Wales. It is a mammoth task. Just with this document that you have shown, a lot of this is obviously their own residents doing stuff—dumping, for example, and throwing refuse out, which causes rats to be attracted.

Something that I just noted when we were out at Waterloo was the amount of usable furniture that was dumped. I feel that it may already exist, but a furniture bank of some description where a men's shed or something can be in control of repairing stuff so people can reuse it within that area, because there seems to be a lot of reasonably good furniture that was just thrown out in a pile out the front of some of the units. That is a suggestion. But the question for me is: Renewal within the Sydney area, how do we go about that without mass disruption to these residents?

Ms MOORE: We are very aware of that issue and have been very closely involved with the proposal to redevelop at the moment the southern part of the Waterloo estate. We have done a lot of work and we have brought in experts and looked at what is done elsewhere and what is done particularly in the UK, where they have such a very good housing policy. People living in the inner area, especially as a young family, you move into a terrace house and you spend your life renovating it. Those houses are worthwhile, even though they might be nineteenth century, and much of the public housing that has been built on the Waterloo estate is probably seventies. Our advice is that it has a very worthwhile life and, indeed, it is quite possible—especially the two towers Turanga and Matavai—to improve them with balconies and restore them.

We have a very strong policy in the city, and property developers are understanding this. Just straight demolition and removal and starting again is not a sustainable thing to do—and one of our greatest issues is accelerating global warming. So recycling is a very important part of what we do. In fact, the former Water Board site in Bathurst Street, they are recycling the whole inner structure of that seventies building and putting a new building up around it. It is going to be one of the tallest buildings in Sydney and it is going to be a very beautiful building. So I think the approach in the past was to not look after it so it gets run-down and they think, "We had better demolish it—that would be easier to do—and just build something new." But if you look after your property and then you look at what can be retained and what can be improved, you can save money but also save the environment, and that is a really crucial thing for us to be doing right now.

We have very strong policies about this and private developers are responding to those. The people who have given us advice on Waterloo believe that a fair number of those buildings could be retained and upgraded. That would also mean that if you retained and upgraded certain buildings, tenants could stay on the site rather than everyone having to move out, and that is a very important thing too. Many of the people who live in the Waterloo estate have been there for 30 or 40 years; it is their home. We know that when people were evicted from Millers Point where it had been their home for 30, 40 or 50 years, many of them have got very ill and quite a number of them have died. We are very concerned about that too.

In Waterloo there is a great sense of community. It is as mixed as all of our city communities are and I think it has a very strong, resilient spirit there in those people who would like to stay in that area because that is their home and they give support to each other in that area in those buildings. If they can just be relocated to different buildings as the other buildings are restored, that would make an enormous difference to them socially. But we think environmentally, too, there is a lot of opportunity to recycle and reuse some of those buildings. I am not saying all of them, but we have been advised that quite a number could be retained. We would love to give you a presentation on the work we have done at Waterloo if you are interested.

The CHAIR: We would probably love to hear it, too, but obviously—

Ms MOORE: We have got time restrictions, yes.

The CHAIR: We will have to make alternative arrangements for that. I will come back to you on that, Ms Moore.

Ms MOORE: Okay.

Mrs TANYA DAVIES: You mentioned the collaboration with LAHC and others to tackle rodents earlier in one of your answers. What efforts have you made to work or collaborate with other parts of our society, whether that be the not-for-profit sector, charities, schools, men's sheds, mental health support organisations, to create a more well-rounded environment, particularly to help tenants who do have specific challenges, whether that be disability challenges, mental health challenges or poverty? Can you elaborate for us on the work that you have done in that space?

Ms MOORE: I might start and then perhaps go to Ms Jones. During COVID, for example, we gave over \$1 million to OzHarvest and nearly \$1 million to about 60 other charitable groups in the area to feed homeless people and to feed our social housing community. We opened up a supermarket in Waterloo run by OzHarvest to feed people and we also produced thousands of masks for them too. That was a very important part of it. But we have very strong and collaborative relationships with charitable and not-for-profit groups. Do you want to elaborate on that, Ms Jones?

Ms JONES: Yes, absolutely. The way we work is through a collective impact approach and that means that we identify shared outcomes with the community, and that is residents, the people that work in the community, businesses, owners and operators of different types of services. We generally work together in one place and on one plan. We have got that operating right across our local government area across a range of teams. For example, in Waterloo, we are the chair of the Waterloo human services coordination group which is working towards a framework for support for people in Waterloo through this redevelopment process and also to address issues that are happening in Waterloo. We sit on the working groups for what we talked about earlier which is RedLink, and again that is a localised place-based coordinated approach, which basically just means all of the agencies working together for a shared goal. When an issue comes up, we do not sit in silence; we say, "What have you got? What can you bring to the table and how can we solve this together?"

We attend resident meetings every week. My team are out in different parts of the local government area, listening to the concerns of residents but not just taking those concerns away, actually putting the time and energy in to work with residents to be part of the solution. We do capacity-building workshops. We do things like community leadership. We do resilience-building workshops and training. Around the food relief work, we worked with 60 agencies to deliver over 600,000 meals through COVID to support the most vulnerable people in the community. We did that because we have got a network on the ground working with residents and working with agencies to understand the issues and respond to them in the most appropriate way. We are very agile because of our network and we are strong because of the people that we work with.

Mrs TANYA DAVIES: Thank you for explaining and enlightening the work that you do at the grassroots level of your community. I wonder whether there have been any other local government areas that have proactively approached the City of Sydney or whether you have gone out to share your model of collaboration that works so well with the tenants and social housing to strengthen or capacity build other local government areas for them to also support their social housing tenants in a similar way that you are doing.

Ms MOORE: I might get our CEO to talk about that because that is very much front of mind. We have seen our role very often as being a leadership role because we are the City of Sydney, the global city, and we have those resources. The work we do, we then share. A particular case of this is through our resilience work, and I will get the CEO to talk about that.

Ms BARONE: Five years ago the City of Sydney became one of the Rockefeller 100 Resilient Cities, but the commitment we undertook was that that would only operate if we could get all 33 councils across metropolitan Sydney to work together to build the resilience of metropolitan Sydney. I chair the Resilient Sydney steering committee. There are seven other local government CEOs or general managers on that. The State Government is represented through the Department of Planning, Industry and Environment. We work doing a collaboration with the Department of Communities and Justice at the moment and we also have business and insurance actually, Insurance Australia Group, on that committee because of course one of the biggest issues around resilience is that people will not get insurance if we do not build a resilient Sydney.

That group works collaboratively across Sydney. During COVID that was really accelerated. We have a number of projects underway. The one we just launched a week ago was our diverse and affordable housing working group. Nearly 20 local governments across metropolitan Sydney have already actively joined that group. We started to share what we had learnt—different ways of working in order to increase the diversity and affordability of housing. That is a new working group and on that steering committee is the Greater Sydney Commission, the Department of Planning, Industry and Environment and the local governments.

The next new project that we are hoping to launch—Ms Jones and I have to go and try to raise a little bit of support for this and perhaps some funding for this—is the food security project. One of the things we learnt during COVID was that we were able to scale up quite quickly because of our networks to get the supply of food and the distribution of food in a crisis, but what we learnt was where the infrastructure was strong and where it was not so strong. Now we are going to look across metropolitan Sydney, work with all of those different food providers and warehousing groups and see if we can get a very strong network so we can scale up in a crisis. Then we will look further afield because of course this current pandemic did not really prohibit the movement of food in and out of the country it appears, but a different sort of crisis could lead to that so the broader question is: What is the food supply system in a crisis that is even greater than the current pandemic and what would we do in that

situation? Resilient Sydney is the office—last year funded by the City of Sydney but all 33 councils contribute. That is our office through which we work with all the councils across metropolitan Sydney.

The CHAIR: Thank you very much for that. We are at the conclusion of the session. I am very interested in what you were just saying, Ms Barone. Of course, we did fare well through the COVID crisis, but we did see some very extraordinary behaviour around silly things such as toilet tissue and things like that. You can imagine that if there was a direct impact on supply lines for the very basics, sustenance of life food, that it would unravel our society in so many ways. I thank you for that. While we have not had time to address the photo montage document, it is compelling.

Ms MOORE: It is pretty shocking, is it not?

The CHAIR: Yes, it is shocking. We have seen some areas that we would consider to be examples of very poor living circumstances that deny dignity to these people. These are probably some of the worst. I acknowledge the work that you do around the city. I see it in Woolloomooloo all the time of course because it is where I stay. Thank you very much for that. I did have another question for you that I just cannot ask at the moment because I know you would not have time to address it. It is about the recommendations. We will perhaps seek to have that followed up at a later time. Thank you very much for appearing before the Committee today. The Committee may wish to ask you additional questions in writing, and indeed we will, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply within 21 days to any of those questions?

Ms MOORE: Yes, we would.

Ms JONES: Yes.

The CHAIR: Once again I thank you on behalf of the Committee. I thank you for your practical leadership in the Sydney area and your ongoing advocacy; it is very important.

(The witnesses withdrew.)

(Short adjournment)

MARK DEGOTARDI, Chief Executive Officer, Community Housing Industry Association NSW, affirmed and examined

The CHAIR: I welcome you and thank you for appearing before the Public Accounts Committee today. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Mr DEGOTARDI: I have, yes.

The CHAIR: Do you have any questions about this information?

Mr DEGOTARDI: No, I do not.

The CHAIR: Would you like to make a very brief opening statement before the commencement of questions?

Mr DEGOTARDI: Thank you to the Committee for your invitation to appear here today. I would also like to begin by acknowledging that I am here today on the land of the Gadigal people and pay my respects to their Elders past, present and emerging. Aboriginal and Torres Strait Islander people actually represent about 10 per cent of all the tenants in community housing here in New South Wales and Community Housing Industry Association [CHIA] NSW and our member organisations are strongly committed to working alongside them, our partner organisations and communities to achieve social and economic justice for all Aboriginal people. Although this review is focused on the management of public housing maintenance contracts, it is important to recognise that public housing owned and managed by the State is actually part of a broader social housing system, which includes community housing, State owned and managed Indigenous housing and Aboriginal community housing.

We have actually changed quite a lot since the Committee's first inquiry on this issue. Our members now own or manage more than 51,000 properties across New South Wales, including one-third of all social housing properties. Since 2012 our community housing providers have built more than 4,000 homes in New South Wales and contributed \$1.5 billion to the State's economy. Our growth in size has been matched with a growth in our capability and our expertise and our capacity to do more. There are clearly complex systemic issues that require Federal and State governments to share greater responsibility for social housing. Social housing is a subsidised housing model. The rent that tenants pay is not enough to cover the costs of building, maintaining and managing social housing properties. There has to be adequate, ongoing funding to meet the funding gap and to meet demand, and currently there is not. Today as we meet there are more than 50,000 people on the housing waiting list. Thousands more families are experiencing housing stress and there really is no long-term plan to address this problem. The community housing sector, as a key partner to the New South Wales Government, acknowledges that the maintenance of public housing properties is a complex challenge, as many have already acknowledged today.

It is vital that all social housing is adequate and well maintained, regardless of the management arrangements in place. These standards are set out by legislation, the Government itself and also, in the case of the community housing sector, by the National Regulatory System for Community Housing. I think it is also important for us to remind ourselves that as we talk about efficient and effective maintenance programs we should also talk about the importance of getting value for money from taxpayer funds. But even more importantly, we should remember the people who live in social housing. This is not an asset management challenge for them. This is about their home and the reasonable expectation that their home will be safe, secure and well maintained. I am sure there will be plenty of discussion today about a range of maintenance issues, but I want to be clear about the impact of systemic and long-term underinvestment in social housing. It is abundantly clear that the lack and inconsistency of funding for renewal and new supply of social housing means that our housing stock that we do have is aging. It is equally clear that aging stock simply costs more to maintain over time.

It is also clear that underinvestment in maintenance of a housing asset will also increase unplanned maintenance costs over time. So if you are not investing in new stock you are consigning yourself to a spiral of increasing maintenance costs and more homes being unavailable for tenants while they are undergoing significant repairs. One of the challenges for the Government and for the community housing sector is how to establish an effective portfolio governance structure. This is about how to maintain the 150,000-odd homes that we collectively manage and make sure that they are all fit for purpose. Once we have identified those homes that are not fit for purpose, we need to collaboratively determine how to replace them and with what mix of housing. We are working with LAHC on that challenge and we absolutely acknowledge LAHC's efforts to bring greater partnership and collaboration to the portfolio challenge. We also acknowledge the Government's recent announcements about making better data available on a range of housing fronts, including under-utilised government land. These are all welcome initiatives.

Community housing has a range of benefits for both tenants and for government. There are things that our sector can do that government simply cannot. In an environment where funds are constrained, it is really critical that all avenues for growing social housing stock are considered. We strongly urge the Government to work with us to look at the different ways that they can leverage our capacity to raise debt finance and to upgrade and revitalise homes across New South Wales. We welcome the Government's commitment to the growth of the community housing sector through the Social Housing Management Transfer Program, sometimes known as SHMT, which resulted in nearly 14,000 properties being transferred to nine CHPs on 20-year leases. As you will have read in our submission, the benefits of the SHMT program are yet to be fully realised from a repairs and maintenance perspective.

A significant precondition of that arrangement from the contracting agency—the Land and Housing Corporation—was that community housing providers were required to use LAHC's statewide contract for public housing maintenance until June 2021. This has meant that CHPs are responsible for funding ongoing repairs and maintenance while LAHC retained responsibility for structural repairs. But the contractual arrangements have required that maintenance be delivered through a head contracting framework. Whilst recognising the Government may have existing contractual obligations that must be honoured, the community housing sector would suggest that this type of arrangement be reviewed in terms of any future transfers.

We urge government to recognise that what might work for LAHC might not necessarily work for individual housing managers. It should also be recognised that whilst scale can deliver efficiencies it does not always. Even when it does deliver efficiencies, there may be greater efficiencies that can be gained through flexibility, local engagement and relationships, and systems that are fit for purpose. Again, I thank the Chair and the Committee for allowing me to be here today, and I am very happy to answer your questions.

The CHAIR: Before I ask, I will once again say thank you for your introductory remarks, which I think probably addressed—in some cases fully, but at least in part—many of the questions that members would be asking. Regardless of that, I ask that you bear with us and still answer those questions for the record. What is your experience of the asset maintenance service contract introduced in 2016? I think we know that you do not believe it is fit for purpose for your particular area, but could you perhaps elaborate on that?

Mr DEGOTARDI: Sure, I am happy to. The maintenance contract, which we completely understand was a requirement for government to enter into, constricted us. The nine community housing providers were part of the transfer program to using that framework to arrange repairs and maintenance. The contractual arrangements, as I have already mentioned, were that CHPs were responsible for a particular part of the maintenance costs with LAHC retaining the structural maintenance issues.

What we would say as local organisations in many of those areas—whole-of-area managers of social housing—is that we did not feel that we were getting sufficient transparency around the maintenance that was being conducted and that we were not getting the sort of flexibility that we would have liked to have seen through a head maintenance contract. As I mentioned in my opening remarks, it is absolutely clear why a head maintenance contract may indeed work really well for a portfolio of more than 100,000 homes. It is a very complex challenge and we absolutely acknowledge that. But for smaller portfolios where we have local relationships and have been conducting those relationships for some time, we feel that we would get better value for money and better outcomes for tenants by being able to negotiate those contracts individually.

The CHAIR: Referring to better value for money, right now the maintenance funds that are available come from tenancy rentals. Therefore, there is clearly some cross-subsidy across the range. I understand that also flows into the community housing providers for yourselves. If you were to—and it will happen, I think in June 2021?

Mr DEGOTARDI: Yes.

The CHAIR: After that, how would you see sufficient funds being made available to provide for your CHP needs?

Mr DEGOTARDI: The community housing providers are structured slightly differently. We are obviously not-for-profit organisations, so when we manage our social housing properties and tenants we have access to some things that government does not at the State level, which includes Commonwealth Rent Assistance. We can bring more funds into the system to help pay for the maintenance and management costs of the tenancies of the social housing properties that we are managing. That makes a significant difference for us and is a welcome advantage and welcome input from the Federal Government. If we plan our maintenance well, manage our properties well and engage with our tenants well it allows us to manage the ongoing maintenance costs and make small surpluses.

The difficulty we have encountered through things like the housing maintenance contract is where you are getting aging properties that cost more to maintain, but also at times aging properties that are probably less well maintained than we might have expected and, therefore, the costs are even higher. Certainly that has been one of the changes of the Social Housing Management Transfer for our members, but certainly we have absolute capacity to bring a range of funds to meet our maintenance requirements.

Mr JUSTIN CLANCY: Two brief questions, if I may. Mr Degotardi, June 2021 is obviously approaching fairly soon. What does the landscape look like? Are CHPs already engaged in developing their own contracts with maintenance providers?

Mr DEGOTARDI: I will answer them one by one. Yes, absolutely, the nine providers have been engaged in a tender process for some months now. I think it has been concluded in almost all of those cases, and arrangements around transition are underway with LAHC around how you will flip over from one system to potentially another as of 1 July.

Mr JUSTIN CLANCY: Secondly, our first witnesses this morning were representatives of the NSW Ombudsman. They have oversight over complaints processes for public housing. They said that they did not have oversight for CHPs. Do you have a view on that as to whether or not the NSW Ombudsman perhaps has a role there to play?

Mr DEGOTARDI: In terms of complaints for community housing provider managed properties, tenants do have complaints available. There is a tenant complaints appeal system, so there is something that exists through the registrar and through the Housing Appeals Committee. Whether you would need something else over the top of that, we are not seeing a level of complaints that would suggest that, but equally we are of a view that any system that gives tenants appropriate and one—you would not want both, I guess is my answer. But if it is one or the other and it is a clear system that works well for tenants and providers, we are fine with that.

Mr JUSTIN CLANCY: You would be open to that?

Mr DEGOTARDI: Yes.

Mr RYAN PARK: Just a couple of questions. Establishing a four-year social housing repair and maintenance program, how would that be significantly different to the current program of works the LAHC does?

Mr DEGOTARDI: As we and no doubt others have advised, the current funding requirements for social housing are not fully funded. There is a maintenance shortfall within the public housing stock. One of the issues that we would certainly say around this system is a bit of a lack of transparency around what is being spent, where it is being spent and how it is being spent. We think, clearly, given that that is taxpayer funding, that there should be a mechanism where the transparency around that information would be clear. What we cannot do right now is put a figure on what that unfounded maintenance liability is. I think that has been an ongoing challenge for many.

What we would say is that if you are clear about that, put a program to place to address that over time, because what happens if you fail to maintain property—this is true of public housing, private housing or any kind of housing. If you fail to invest adequately in the planned maintenance issues, then you have rising unplanned maintenance issues over time. That is going to cost the State Government and whoever manages the properties on its behalf more. So let us identify the scale of the problem, let us get a commitment to addressing it and let us be really transparent about how that is going to happen and over how long.

Mr RYAN PARK: If the New South Wales Government was going to invest in that type of a program or do more of it, how many more social and affordable houses do you think CHP could create?

Mr DEGOTARDI: That program about bringing maintenance up to standard and getting all those properties up to standard would just have us not spending money on unplanned maintenance that we had not factored for. Every dollar we save in that regard as a not-for-profit gets reinvested back into community housing in our case. We cannot put a dollar figure on that because we do not know the level of unplanned maintenance, so we have no transparency of data over that. But, absolutely, every dollar that we are not spending on things we should not be spending on gets reinvested back in community housing new supply.

Mrs TANYA DAVIES: In relation to your submission, you raised this concern:

The complexity of the AMS contracting arrangements has limited the investment and service delivery changes that CHPs have been able to implement in response to local needs ...

Can you expand on that statement a little further please?

Mr DEGOTARDI: Yes, certainly. Under the contracts that we have signed up to June 2021, when maintenance issues arise they are notified to the head contractor, who then undertakes to put those maintenance issues into their program of works. They get dealt with according to that program of works. What we do not see

is sufficient detail around when those maintenance works are attended to. We do not see enough detail about the outcomes from those maintenance works. We get a monthly statement of costs for works undertaken on properties that we manage on the Government's behalf. What we are seeing is two things. First of all, we are seeing costs that seem higher than we would be paying on properties that we manage and maintain ourselves. So there is not a direct correlation of costs. We are seeing costs that are higher through the AMS contract.

Secondly, we are seeing costs for works over and above those that we would have expected to pay for properties of that age and of the standard that we were told that they were when we contracted for them. There is, in our view, a difference in what we call the property condition between what we were expecting and what we were told and the property condition that is actually the case. That has a big impact on us. If we are told that a portfolio of properties is at a certain standard and they are at a lower standard than that, it costs us more money to maintain those properties and get them up to standard. That is money that we had thought we would have available for tenant outputs, engaging with tenants and, indeed, over time an investment in new supply. The lack of transparency or the lack of correlation between the state of the properties we received under transfers versus what we actually saw when we got into the properties was significant.

Mrs TANYA DAVIES: When I want to go around and buy a property, I recruit a pest inspector and a building inspector to do a thorough assessment as to the standard and any potential defects or challenges that the potential property I am looking at buying has. When you are looking at engaging with the State Government, what level of due diligence do you as a community housing provider undertake to assess exactly what the standard of the properties that you are taking on board—the state of that property, any hidden liabilities et cetera? What extent of due diligence do you undertake?

Mr DEGOTARDI: We do undertake due diligence around a range of things, but it needs to be recognised that when you are taking on the management of, say, 2,000 properties for a single provider, the capacity to enter into and investigate each of those properties is simply not open to us prior to entering into the contract. The way that that was managed was for LAHC to give us a portfolio aggregate score across those properties about their state in terms of their maintenance and a full list of those properties and their age. By looking at the age of the properties and the portfolio aggregate score, we developed an assessment of how much it was going to cost to maintain those properties. Now, if those properties were in fact not at that maintained standard or there were other problems that we were unaware of, then clearly our assessment or calculations around how much it was going to cost to maintain those properties is significantly changed. But we were unable to get into those properties prior to the transfers taking place.

Mrs TANYA DAVIES: You need not answer this now but you can put it to us once today's hearing is complete. Could you provide some advice as to how the Government could better prepare an assessment of these properties so that everyone involved has a clearer understanding of the liabilities that our community housing providers are going to be taking on board? Any ideas to improve that system would be welcome.

Mr DEGOTARDI: Yes. We welcome the possibility to do that. If I may, we would also have some views on how helping tenants manage the transition might be improved as well.

Mr LEE EVANS: Following on from Ms Davies' questioning, when you do take over and find that all the copper or all the wiring has been removed by a resident, would it be helpful if you could put a deviation in on a property?

Mr DEGOTARDI: In some cases that is already the case. I would say, though, tenant damage is a factor in all portfolios of management. We are not seeing particular differences between tenant damage in different properties that we manage. It is absolutely true though that, if you behave in a way as a landlord to a tenant and say, "I don't care about your property," it is probably pretty likely that the tenants are less likely to care about it as well. I think that really needs to be borne in mind. But clearly our social housing tenants in community housing and elsewhere are really decent folk. They are poor, and they might have a range of other problems, but they are not going out ripping out a whole bunch of wiring out of properties willy-nilly. The issue really though is around properties—I am pleased and I acknowledge LAHC has changed its status on this. But prior to us taking transfers on, LAHC had a policy of looking or inspecting 10 per cent of its portfolio every year. It is a big portfolio, so that is a large undertaking.

But that effectively means that a range of properties were not being seen to over some time. When the inspections are further apart, I think that does leave you susceptible to damage of all kinds, whether that is from tenants or from other maintenance issues, so there are those issues. Under our contracts we have a 30 per cent portfolio requirement and I think that makes a significant difference. I am pleased to see that LAHC has also moved its policy to that as well. The longer you leave properties un-inspected, I think that raises the risk. When they did the transfer to us, it also meant that the portfolio aggregate score was perhaps not as accurate as it might have been because some of those properties have not been walked into for quite some time.

The CHAIR: Mr Degotardi, you have some 100 members.

Mr DEGOTARDI: Yes.

The CHAIR: I imagine there is a significant range in their portfolios and their capacities. Will you speak to the range of that? I am particularly interested in whether or not there is some kind of—not necessarily a standard but some kind of understanding from your umbrella organisation of the need for ongoing dialogue with tenants and how that is managed across the sector.

Mr DEGOTARDI: Absolutely. To the first question: Yes, there is a huge diversity of members. Our members include Aboriginal community housing providers and non-Aboriginal community housing providers. They can range from having a very small number of properties—less than 20—to our largest organisation, which has more than 6,000 properties that it either owns or manages. Our members also manage social housing and special disability accommodation. They are both specific in terms of cohorts—the Women's Housing Company, for example, has a particular focus on a particular cohort—but we are also present in almost every part of New South Wales. Each of those community housing providers has a specific focus on their local community.

In terms of our engagement with tenants, I think as a group we are really proud about the way we do that. It is certainly reflected in our ongoing tenant satisfaction results, which are high, and we are always striving to do more. One of the great advantages that community housing providers have is that local knowledge. It actually means that we engage more directly with our tenants. It is very difficult as a large, centralised organisation to do that as well as many decentralised organisations and I think that is one of our strengths. It is also one of our strengths when it comes to understanding what the local community needs in terms of housing—our ability to engage with local councils about where that housing might go and what might be needed. Certainly that local presence, for us, leads to really great tenant outcomes.

Mr JUSTIN CLANCY: I think the Social Housing Management Transfer Program [SHMTP] works on a 20-year lease.

Mr DEGOTARDI: That is correct.

Mr JUSTIN CLANCY: In your submission you put the case for a title transfer. I would be interested in your views around that and/or extension of lease or longer term leases.

Mr DEGOTARDI: I think we all understand, particularly given the events of last year, that we are in a relatively constrained budgetary environment. We are not immune to that in the housing sector, but we also understand that there is significant need. To me, and certainly to the community housing sector, that means that we need to investigate every possible opportunity for creating new supply and new housing for the people that need it. We are already working with LAHC around us community housing providers [CHPs] being able to come to LAHC and say, "Look, we see this property and these properties on this land. We think they can be redeveloped. We can create new social housing and other housing and make that more effective." To LAHC's credit, that is something that they have initiated and we look forward to working with them. As part of that, LAHC is also looking at long-term leases, both for 20 years and beyond, and that certainly creates some level of certainty for CHPs around their funding streams. It allows us to raise finance through things like the National Housing Finance and Investment Corporation [NHFIC] and create and leverage more housing.

Property transfers, or title transfers as they are sometimes called, have been domestically and internationally a really important component of the growth of the sector. They do turbocharge the growth of the sector and I think that is something that we need to revisit. Title transfers give you capital, and that allows us to leverage finance again more directly and devote that to supply. We understand that there are sectors within Government that are not keen on seeing government assets removed off the balance sheet, but I would say to those folks that those are government assets that might have unfunded maintenance liabilities. They might have ongoing maintenance requirements for the Government. It is not just an asset that is producing income—far from it. There are assets that are costing the Government money to hold, each and every year. Those assets could be working to much greater advantage if transferred to us—or at least some of them transferred to us—so that we can leverage them, take the maintenance funding liability off the Government's recurrent profit and loss [P&L] and let us leverage those properties. As not-for-profits, that funding or that investment stays in the housing system. It is not going anywhere else; it is going to public and social housing and we think that is a good outcome.

Mr JUSTIN CLANCY: With a title transfer, what protection is there so that it remains social housing?

Mr DEGOTARDI: All of our members are not-for-profits, as I have mentioned, and certainly in terms of programs we would happily commit to maintaining levels of social housing. It may be, and we should be open around this, that we all develop portfolios of affordable and social housing. But if there was to be title transfers,

I think it is a reasonable expectation of Government that we would make commitments to say we will provide at least that many new homes or more on those properties or on those parcels of land should they be provided to us.

The CHAIR: We have come to the conclusion of the questions that we have for now. However, we will follow up there. I thank you for appearing before the Committee today. The Committee may wish to send you 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 21 days to any further questions?

Mr DEGOTARDI: Yes, of course.

The CHAIR: Thank you very much for your evidence today, Mr Degotardi. I appreciate it.

(The witness withdrew.)

THOMAS CHAILLOUX, Policy Officer, Homeless Persons' Legal Service, Public Interest Advocacy Centre, affirmed and examined

KIRA LEVIN, Managing Solicitor, Homeless Persons' Legal Service, Public Interest Advocacy Centre, affirmed and examined

LEO PATTERSON ROSS, Chief Executive Officer, Tenants' Union of NSW, affirmed and examined

JEMIMA MOWBRAY, Policy and Advocacy Coordinator, Tenants' Union of NSW, affirmed and examined

The CHAIR: I welcome representatives from the Tenants' Union of New South Wales and the Public Interest Advocacy Centre. I thank you all for appearing before the Public Accounts Committee. Can you confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Mr CHAILLOUX: Yes, we have.

Dr MOWBRAY: Yes, we have been provided them.

The CHAIR: Do you have any questions about this information?

Mr CHAILLOUX: No.

Mr PATTERSON ROSS: No.

The CHAIR: Would you like to make a brief opening statement before the commencement of questions?

Mr PATTERSON ROSS: We had hoped to do one for the Public Interest Advocacy Centre [PIAC] and one for the Tenants' Union NSW. Would that be alright with the Committee?

The CHAIR: I rule that that will be okay, as long as you are mindful that we are seeking for these to be relatively brief.

Mr CHAILLOUX: Thank you. I will keep it brief. The Homeless Persons' Legal Service [HPLS] provides legal assistance to people experiencing or at risk of homelessness. We also address causes of homelessness and broader housing issues through policy and advocacy work. This is informed by our casework and our consumer advocacy group, StreetCare. StreetCare brings together diverse people with lived experience of homelessness to promote structural reform, some of whom live in public housing. PIAC as a whole works across a range of issues, including equal access to services for people with disability, and access to sustainable, affordable energy and water. This explains our interest in accessibility standards, disability modifications and energy efficiency. We would like to acknowledge that maintenance, repairs and tenancy management of a housing portfolio of 100,000 properties is a significant challenge and several factors add to the complexity of this challenge: an ageing portfolio, a client cohort with increasingly high and complex needs and chronic inadequate funding. This is not to say that it cannot be done. The New South Wales Government should be, and can be, the best landlord in New South Wales.

Our public housing system should provide security of tenure and support tenants' health and wellbeing. It should be a benchmark for the low price points of the private rental market and beyond, representing best practice for asset characteristics such as accessibility and energy efficiency but also tenancy management. Best practice tenancy management would include great customer service, timely and high-quality repairs and maintenance, and support to sustain tenancies. From our perspective, LAHC and DCJ still have difficulties in meeting their obligations as landlords. Twenty-four per cent of properties do not meet minimum acceptable standards. Too often maintenance is inadequate. Repair requests are not addressed in a timely manner or completed to a satisfactory standard. Poor communication and coordination sometimes result in unacceptably long delays. Delays of eight to 12 months are not uncommon.

Sometimes it seems that the use of legal advocacy services such as HPLS and NSW Civil and Administrative Tribunal [NCAT] applications have been informally integrated in the LAHC and DCJ escalation processes. Normal repairs and maintenance should not routinely require tenants to contact legal services or to make tribunal applications. People living in public housing are entitled to adequate maintenance and repairs, just like private market tenants. This is good customer service but also sound asset management. We believe that a better system can be achieved through higher transparency, better communication and greater accountability, as well as a clear, efficient escalation process. More broadly, we need a shift to the way we approach public housing management and delivery. Current funding arrangements are not sustainable. Planned maintenance reflects available funds rather than the need of both dwellings and occupants. LAHC is increasingly relying on asset sales

to sustain its operations—on average 2½ properties a day between 2004 and 2014. Selling appreciating assets such as land to spend money on depreciating assets such as dwellings is not a sustainable strategy.

The Minister for Water, Property and Housing; the Minister for Families, Communities and Disability Services; and the Treasurer should review funding arrangements based on an audit of the condition of public housing. Back-of-the-envelope calculations suggest a need for \$500 million to fund a comprehensive capital maintenance and upgrade program, which is about four times the current annual spending on planned maintenance. The New South Wales Government should commit to adequate recurring grant funding so LAHC and DCJ can repair, maintain and upgrade existing dwellings while delivering new high-quality stock—safe, secure, livable and healthy housing. It is the right social policy, the right asset management strategy and an effective contribution to economic stimulus policies.

Mr PATTERSON ROSS: Thank you for the opportunity to speak to the Committee and for taking time to consider this issue. I acknowledge first that we are meeting on lands of the Gadigal. The Tenants' Union is a specialist community legal centre in housing law, the peak body representing tenants' interests in New South Wales and the resourcing service for a statewide network of local services in the Tenants' Advice and Advocacy Program [TAAP]. The local services speak to approximately 25,000 people each year about their tenancy issues. In 2016, when this issue was last visited, we advised just over 1,000 cases for people living in public housing calling about repairs in their home. Of those 1,000 around 45 per cent needed additional assistance, including negotiation or representation. Since then the number of public housing tenancies has reduced by 14 per cent, but over the past 12 months we spoke to 24 per cent more people and 62 per cent of those were needing additional assistance. In the past five years we have seen an increase in both the number and complexity of cases.

We want to impress upon the Committee that while the approach of reviewing maintenance contracts is a sound exercise in its own right, the contracts cannot fix a system that is being run without the resources it requires to meet the outcomes it is expected to meet. We need to seriously reconsider the current residualisation model that restricts the amount of income people can have whilst remaining in public housing and therefore the amount of rent income that the system can generate. Of course public housing should prioritise the people in the greatest need, but it need not remove that assistance from the people who take the solid foundation that public housing provides and begin to earn higher wages. There is a range of economic and social benefits to this, but primarily for this Committee it returns the system to its own self-sustaining income base from which to carry out maintenance in an effective way. As the Land and Housing Corporation noted in its submission, public housing is primarily funded by the tenants themselves. It is very close to self-sustaining already, with tenants paying \$5 in rent and other charges for every \$1 of other income, primarily government contributions. This would allow government greater ability to also start addressing the shortfall in genuinely affordable housing. Conservative estimates of need from the UNSW City Futures Research Centre show we need to be building or converting from the private market around 20,000 additional homes a year to meet the projected need in 2036. We are currently achieving less than half that number.

The inability to meet the maintenance needs of the portfolio are indicative of the inability to meet the needs of the community. The Committee is rightly asking whether the changes to the maintenance contracts have delivered improvements for tenants. We hope, like a good tradesperson, the Committee recognises there is no long-term benefit from a patch-up; we need to get to the real fixes. We have provided a significant number of recommendations that we are happy to talk to and answer questions around, as well as some other submissions that have come in, particularly from the Land and Housing Corporation. Before I move on, I would like to name an area that has improved since the previous inquiry. The Bott decision, where Land and Housing Corporation came very close to being found in contempt of the tribunal, has led to significantly improved processes once applications are made to the tribunal, but we do not think that is acceptable for the repairs to need tribunal input. My colleague Dr Mowbray will share one very short story of how a person has been assisted by the advocate.

Dr MOWBRAY: Thank you, Mr Patterson Ross, and thank you to the Committee for having us here today. I know I am eating up a little bit of time, but I do want to share a story because I think these are very important. I know that in our submission we shared around 20 case studies, so almost one case study for each recommendation, but I was hoping that you would not mind if we shared one more today. This story is about Anne. She lives in public housing on the Central Coast. In May last year, so May 2020, during a storm a large tree branch fell on the roof of her house. It was just over her bedroom. Contractors attended actually quite quickly. What they were able to do was put a tarp over the area where the tiles had started to fall off. They said, "You are going to need a more significant repair on this but we are not going to be able to do it." She asked them, "Who is going to come? When are they going to come?" And they did not know. The contractor left. Despite her calling again and again to the maintenance line, she did not get an update on when the permanent solution would happen for her roof so she still had that tarp on her roof.

Just before Christmas, just as submissions were closing for this inquiry, the roof in her living room fell in. It caved in. She had actually been sleeping in her living room because the leaks in her bedroom had created so much mould that she was unable to sleep in her bedroom anymore. Once the roof caved in, her support worker called the local tenants advocacy service. They got immediately in touch with LAHC and escalated the repair. A contractor attended, but the contractor just put another tarp on the roof and said, "Look, this is going to need more significant work and we have to get that approved, so we will come back and see when that will happen." She asked again, "Who is going to do the work? When will they do the work?" They said, "We don't know, but somebody will let you know what happens." So at that point she had an advocate. The advocate kept chasing up with LAHC engagement, but it was not until they again escalated the repair to the Land and Housing Corporation and escalated through the Tenants' Union that we were actually able to get a permanent repair to the roof.

At that point, instead of just a fix to the tiling on the bedroom roof they had to do the schedule of works. It looked something like: replace ceiling and walls in two bedrooms and living room, remove and replace the full carpet in one of the bedrooms and they had to do guttering. I could send you the schedule of works. It was significant. I imagine that you are getting the picture of what this looked like. LAHC recognised that this was a failure in their systems, and it was part of that working back and forth, back and forth and having the tenant lost in the midst. Part of that recognition of the problem was that they reduced the rent for the tenant by 40 per cent for the 10 months that it took. It took from May until March this year to get a roof over her head. I got a little bit passionate because I think it is a really hard story. That is the kind of story that we hear all the time and that the advocates are working through. I think it is really important to keep those stories as a focus and that we are keeping in mind the experience of the tenant who is seeking that repair. I think that is going to really drive our passion to find a solution to the problems that we know still exist within the system.

The CHAIR: Thank you very much for that. Does that conclude your very brief opening statement?

Mr PATTERSON ROSS: It does. Thank you.

The CHAIR: It was important and I understand that, as I am sure the members do. How many of you may have been around at the time when the changes in 2016-17 occurred? Do you have the direct knowledge of that change that occurred?

Mr PATTERSON ROSS: I was a policy officer for the Tenants' Union at the time.

Dr MOWBRAY: Similarly, I was a policy officer for the Tenants' Union at the time.

The CHAIR: So that is a really good understanding you have at that point. The Department of Planning, Industry and Environment states that since 2016-17 significant improvement has been achieved in the value for money delivered from planned maintenance programs. I was going to ask if you agreed, but I suggest that you have sort of indicated that there. What I would like to know is do you believe that we are at the same level, are we improved or are we in a worse situation in some ways than prior to 2016-17?

Mr PATTERSON ROSS: I would say that there are areas where there has been improvement. On a unit cost level, I would not be able to dispute or say whether there was greater value for money. I think that is a matter for the contractors and so on to assess. The issue for us is the experience, and that has not substantially improved, I think is our feeling. There are still very significant delays in getting very important repairs completed. Our impression is that the system is struggling to meet its obligations. So the cost per unit is an important part of doing that, but if there is not the money to get the work done in the first place then it does not really matter what the value is per transaction.

The CHAIR: Dr Mowbray, did you want to reflect on that at all?

Dr MOWBRAY: I think one of the things that we noted in our submission with PIAC was the lack of data and the lack of transparency around the contract but also the backlog in terms of maintenance. I think that that transparency has actually decreased since 2016 when the contracts came into play. In terms of the figures that we can get around that, there was more clarity in the annual reports prior to probably around 2015. There is much less clarity around what is being spent on repairs and maintenance but also the backlog of what works are being done. I think the other thing that we would point to is that we always recognise that when people come to us and what we are seeing are some of the worst cases. We know it is a very big portfolio. One of the things with public housing tenants is actually that they will often not want to bring up a repairs issue. They are worried about bringing up a repairs issue. They worry that that will have an impact on their relationship with the CSO or with the housing provider.

Often when we see them it is at the very last stage because things have gotten so bad that they cannot avoid coming to get further support because their housing is now making them unwell. I think that we are seeing an increase in the number of social housing tenants who are coming in is actually a bit of an indicator that while

it is hard for us to speak to the whole portfolio, certainly those pressure points are still there—so the things that we identified. We came across this as we were writing the submission as well. These were not new points, and we felt a little bit like we were repeating some of the same things that we have said previously. But that is because, I think, the AMS contract did not correct some of the underlying problems with the system.

The CHAIR: Just before I move on, Mr Chailloux, if I can go back to your opening statement where you referred to a dollar value of I think you said a back-of-the-envelope calculation in the order of \$500 million. Were you referring to a direct one-off injection to raise the level of the standard of maintenance or is it for other purposes as well?

Mr CHAILLOUX: Yes, it would be a direct injection of funds to address the backlog of maintenance, which was estimated to be \$302 million in 2013 by the Auditor-General. Then you would add a number of improvements to the properties. For example, you could improve 15,000 properties at about \$3,800 for energy efficiency upgrades. That would cost \$57 million. Then you could do some renovations of another 10,000 or 15,000 properties around \$15,000 per dwelling. That is the back-of-the-envelope calculation that gives you a significant spend that would start to address the maintenance backlog, and even make some upgrades to the portfolio.

The CHAIR: Thank you for that. I am just going to look to my colleagues to see if they have further questions at this stage. I will just reference the fact that we have a number of members who are remote. We have the Deputy Chair, Tanya Davies, the member for Mulgoa, who is with us; the member for Keira, Mr Ryan Park; and I am not sure if the member for North Shore, Felicity Wilson, is still with us or not, but she may come in. Mr Clancy will have questions but I will go to Mr Park at the moment. Ryan, please proceed.

Mr RYAN PARK: Of the number of calls that the Tenants' Union receives, roughly what portion of these are from people who have got maintenance and repair problems? It does not have to be an exact number but just roughly.

Mr PATTERSON ROSS: Of the 25,000—again, it does go up a little bit each year, but roughly 25,000 a year—1,000 are public housing tenants with repairs issues. There are roughly about another 800 or 900 that are community housing tenants with repairs issues.

Dr MOWBRAY: That is approximately one in three of all of the calls that come through for social housing tenants.

Mr RYAN PARK: That is what I wanted to know. Are there specific maintenance contractors that stand out above others in some of these issues?

Mr PATTERSON ROSS: The Broadspectrum, who were previously known as Spotless, have a certain reputation. It may be that the reputation that they achieved for themselves has carried through, whether or not in any particular job they have deserved it. But certainly they have a very poor reputation, particularly in some areas of Sydney. The other contractors, there have been issues at various points with, I think, all of them. So there are not areas of the State that have more or less visible problems; we hear more from particular areas, but I cannot think of an area that we have not heard any issue from.

Mr RYAN PARK: I know that this is an issue in my local community and I assume it is in others: What sort of percentage is around mould and the problems of mould and vermin?

Mr PATTERSON ROSS: We could give that answer. I do not have the specific number on hand, so I am happy to take it on notice, unless Dr Mowbray has it.

The CHAIR: Dr Mowbray will further answer.

Dr MOWBRAY: I do not have those figures. We can take that on notice. But one thing I did want to note, and we raised it in our submission, was that some tenants have trouble having issues with mould and vermin actually logged. They are told immediately that this is a tenant care issue or a property care issue and that the contractors do not have any obligation to deal with those problems because it is clearly tenant care, and they are often given links or a resource that tells them how to take care of the property properly. Unfortunately, we know, and to some extent LAHC actually acknowledges that some of the design of the properties and the stock that they hold is such that mould is a persistent problem and it is a structural problem rather than a property care problem. But even the eRepair system on the DCJ Housing website does not allow you to log some of these problems because it is assumed it is property care. It is very hard, I think, to accurately capture how many people might be having issues with mould because there are challenges or barriers for them to report the problem.

The CHAIR: Thank you for that. Ryan, does that complete your questions at this stage.

Mr RYAN PARK: Thank you, Chair.

The CHAIR: I will just ask the Deputy Chair if she has any questions.

Mrs TANYA DAVIES: Thank you, Mr Chair. In relation to your submission, you noted the strategic focus on renewal to replace ageing properties rather than ongoing maintenance and repair has seen the condition of stock continue to deteriorate. What recommendations do you think this Committee can make to address that trend?

Dr MOWBRAY: I am happy to take that. I think the recommendation that we make is that there is an audit of the properties to understand what maintenance requirements are needed and then that gives you the information to know. We have done, as Mr Chailloux describes it, a back-of-envelope calculation around \$500 million being required to bring all of the properties up to standard. But in terms of how you fund that, I think it is about the Government making a commitment to inject the money that is needed to bring the properties up to scratch. One of the issues that we talk about in the submission is that when you do a portfolio management where you sell off some properties and create new properties, there are tenants who are displaced in that process and there are quite a lot of consequences as a result of that for the individual tenants and for the communities in that area.

Mr CHAILLOUX: If I may just add to this? I think it is important to recognise the fundamentally unsustainable character of renewal programs like Communities Plus, because basically what you are doing is selling land to renew dwellings. You manage to keep the same amount of dwellings by increasing density by basically selling land as airspace, but you can only do that once because once you have sold a significant amount of public land to renew dwellings and maybe add a few additional dwellings, you will not be able to do that next time. So you might be able to keep that program going by playing on differential land values, that is, by selling land in inner-city Sydney to buy land in outer Sydney, but this has its limits as well.

The CHAIR: Thank you for that. Tanya, does that cover your question at this stage? Would Mr Evans care to ask a question?

Mr LEE EVANS: What recommendations could this Committee make to improve the management of housing maintenance contracts in New South Wales within its current budget?

Dr MOWBRAY: I think one of the things that we pointed towards was the current structure with having Land and Housing Corporation and then DCJ Housing and then the contractors and then the subcontractors all in play when you have a repair, a responsive repair request, leads to a range of problems that we identify in the submission. We go into quite a bit of detail about some of the processes and the failures within the processes. We do not have a view as to whether or not LAHC and DCJ Housing, the property and the tenancy management should be split. I think it is more about—we have identified there are quite a few gaps in communication, in the escalation processes and the understanding of how that works between all of the parties. For example, it is reasonably clear to us, at least at the policy level, that DCJ tenancy managers do have a role within the escalation process, but for many CSOs, or client service officers, and local officers they are not aware of that role within the escalation process.

What that leads to is a tenant who has reported an issue on a maintenance line to a contractor, trying to get in contact with Land and Housing Corporation, talking to the DCJ client service officer—because that is the person that they are familiar with—and then because of this lack of communication the CSO will tell them, "Well, I have no jurisdiction in that area." The contractor will have told them, "You need to escalate that to Land and Housing Corp", and they do not have a way of doing that. So I think that there are recommendations that can be made around the process and procedures so that all of the parties involved are more aware or there is some cleaning up of those processes and all parties are aware of what their role is within that. I think we make some of those recommendations probably from—we have a series of recommendations within our submission that speaks to some of those internal processes.

Mr CHAILLOUX: One of those I think is the quality assurance process. You could have better and more efficient quality assurance processes that are based a little bit more on the tenant experience. At the moment, any works where the value is above \$1,500 is being inspected and about 10 per cent of the total works are being inspected, though we are not entirely sure how that works sometimes. But I think if you had a commitment to inspect any work undertaken by contractors where there has been a complaint by a tenant, you could see some quick improvement in the quality assurance process there.

Mr LEE EVANS: When we had our inquiry we went around to have a look at some properties and they were saying the lower level—and I imagine that might be under \$1,500—had up to a 20-week wait to get that done. I do not understand how we could not get a better system than 20 weeks for a minor repair, and it could be just a dripping tap.

Dr MOWBRAY: We see those kinds of repairs all the time. I think one of the things is, you look at the time frames and some of the reporting outcomes from Land and Housing Corporation and we do have some concerns around how the tracking of that is occurring. It is hard to monitor, but we are aware that tenants who have issues with jobs getting done will call back and find out that their job has been closed and completed and then they will be asked to just make a new request. It does not turn up as a request that was not completed or a request that has been waiting for 20 weeks; it turns up as two or three requests that are completed within time. It is hard, because it is a large portfolio, to judge what the numbers look like, but we are concerned about the fact that those numbers might not accurately reflect the experience of many public housing tenants.

Mr LEE EVANS: So really we need a flag for one of these minor repairs as a sector of what we are talking about. They should be flagged and have a true time line of how long they are taking to get repaired.

Mr CHAILLOUX: The maintenance pop-ups were also working reasonably well. One of the ideas from our consumer advocacy group StreetCare, which includes public housing tenants, is to have a team of handymen who would know certain areas really well and who would develop relationships with the tenants. In a way we would be integrating some of the minor repairs back into the department. But I think the maintenance pop-ups to an extent were -planning that role as well.

Mrs TANYA DAVIES: I was interested in what you mentioned about ensuring that public housing staff contractors, sub-contractors, et cetera, had comprehensive cultural competency training. Can you just elaborate further on what you mean by cultural competency training?

Dr MOWBRAY: I imagine that what that would look like is a training course where the supplier or the contractor would require their staff to go through cultural competency training. Our key recommendation in that section is really to look— I know that Land and Housing Corporation and the contractors are meeting the 1.5 per cent requirement to have Aboriginal workers. They are often meeting that and going above and beyond that. But what we have heard from local coordinators, especially regionally, is that you may have Aboriginal workers but they will not be in particular regions and they will not be in particular regions where there is actually a large Aboriginal community. They have suggested, as we kind of lay out in our submission, that having Aboriginal contractors come out and do the work is the ideal situation. The fallback is to ensure that the contractors who do secure a contract for that area have some cultural competency training, which would look like a form of professional training that they would undergo that would be provided by the employer once they received employment through them.

The CHAIR: I want to come back to the issue about the direct advocacy for tenants. We do have Ms Levin here and I am not quite sure if you deal with all of these issues in relation to representation with NCAT and things like that. How many people would the Tenants' Union assist with NCAT? I will just broaden the question. We all know that there is a range of capacities amongst public housing tenants. Some are perfectly capable of mounting a very good argument for themselves and getting through the system or representation in the system. Others I imagine would even probably struggle to reach out to the Tenants' Union. Could you just talk to the difficulties of engagement to provide that advocacy and how many would you generally advocate for in a given year perhaps?

Mr PATTERSON ROSS: I might take the question of representation at the tribunal on notice. We measure a range of services provided and the approach of the advocates generally is to try to avoid the tribunal unless it is necessary. We do have escalation processes internally at FACS and LAHC to try to avoid tribunal work because it is more complicated and expensive for all sides and so on. As I said in the opening statements, of the nearly 2,000 people who approach us for social housing repairs, around 60 to 70 per cent need some form of representation. A lower proportion of that will be at the tribunal, and historically we have known that there is a reluctance or a hesitancy from tenants to go to the tribunal.

That is changing because, as I mentioned, following the Bott decision the processes have improved once you have made a tribunal application. There is a real incentive to put in the tribunal application because that kicks in the communications processes between DCJ and LAHC and ensures a response. This is a point of conflict actually between often the tenant advocates and DCJ staff. The escalation process is designed to keep people out of the tribunal, but it is not in our clients' best interests to continue down a path that is not getting results. There is a conflict there where DCJ staff, who we try to maintain quite good relationships with, are saying, "Please, can you not apply to the tribunal so often." And we say, "We need the repairs done. This person's roof is falling in. This person's toilet is not working"—and so on. There is a conflict there, but the communication processes following tribunal application are currently heightening the need to make tribunal applications. I will get a specific number and provide it to the Committee.

The CHAIR: It does not have to be specific. I am just trying to get an idea of what the demand is there. If you could give an indication later on, that is fine. It can be taken on notice. Dr Mowbray?

Dr MOWBRAY: I was just going to say, we have quite a lot of services that do tell us that social housing repairs issues eat up a lot of their time. They are often very complex matters. You are often having to do lots and lots of phone calls. You do try to avoid tribunal, but often avoiding tribunal—it is a tricky thing now, as Mr Patterson Ross was explaining. You know you might avoid tribunal by putting in an application to tribunal, which sounds ridiculous but is a result of the fact that there is this attention paid once an application is made. We have even had instances—Mr Patterson Ross talked about the conflict in the sense that DCJ Housing often does not want you to put in an application and will try to resolve issues prior to that. But we have actually had instances where DCJ Housing local offices will say, "We cannot see any movement. Why don't you put in an application to the tribunal?" They themselves at the local office level are recognising that there is a failure in this process but you might get more attention paid if you put in an application. They would like to see movement and so you see this strange alignment.

The CHAIR: You obviously have some kind of a working relationship with LAHC and DCJ. Can you just explain what arrangements that you actually have in place between you and whether or not they are effective or they could be improved?

Mr PATTERSON ROSS: So essentially there is an escalation process that requires the tenant to have first reported the repair through the usual channels—to call the line or do through eRepair—and then proceed up management levels until we get to essentially the executive level at DCJ and LAHC. Really it is designed for the coordinator to manage that. The Tenants' Union can take on the escalation process, because we do sometimes have stronger relationships with the executive level staff and essentially they are following up the job through the system to find out where it is at. Its effectiveness is varied. It does depend really on whether the work was going to be done eventually, but it is a matter of quickening it really if it is in this sort of limbo state that quite a lot of repairs find themselves in, particularly when they become classed as planned maintenance. The responsive time frames—as Ms Levin said, 20 weeks for a minor repair is quite long. You might possibly be able to justify it.

Under the Residential Tenancies Act the requirement is to attend to work in a reasonable time frame. Perhaps there is an argument that in some cases 20 weeks is reasonable, we suspect mostly not. But the higher level, more urgent work is within 24 hours. It is very quick. So at that higher end they are perfectly reasonable time frames. The planned maintenance is a movable feast. The work seems to get pushed back very easily and work that really is responsive, it is responding to a structural or some other high-level issue with the property, gets classed as planned maintenance when a private landlord would not have that ability, and then it can be months and months. The way to pull it back is to go to the tribunal and ask for orders to repair and the tribunal will say, "Yes, that is clearly a failure of the building. You need to get the work done." So that split between responsive and planned maintenance is often a point of advocacy, to say, "Actually, no, you need to respond to this rather than put it into the planned cycle."

Dr MOWBRAY: It is worth noting too that under the Residential Tenancies Act there is no responsive repair request and some kind of planned maintenance. There is just the obligation to repair and keep the premises up to standard. I also just wanted to note that we have developed a really useful and good process with DCJ Housing where we meet with them quarterly to raise issues. They have also opened up channels of communication between ourselves and the executive level, who can then speak to local services where there are issues. So that has been really helpful and really productive, we have found, with both policy issues but also some of these day-to-day repairs issues when advocates are having problems getting things moving.

Very recently, at the last meeting, because we put some repairs issues on the table at that quarterly meeting, Land and Housing Corporation also came. They thought that it would be useful, and we agreed, that we should also try and meet with them quarterly and have that open channel as well so that coordinators could potentially escalate straight through to Land and Housing Corporation once they had already exhausted the engagement team process. That is actually how the roof was fixed on Anne's house. So there have been some improvements and we are really positive about those quarterly meetings with Land and Housing Corporation alongside the meetings with DCJ Housing.

Mr LEE EVANS: Could I just make one more comment? With the maintenance, we were talking about maybe 20 weeks to get a dripping tap fixed. Ideally, if a handyman went in to repair that tap they would check all the taps, check the fluorescent tubes, check the cistern in the toilet, all that sort of stuff—like a McDonald's checklist—when they are there. That would probably fix a large or a reasonably large proportion of some of these minor things and instead of the tenant waiting 20 weeks it could get down to 10 weeks but also get everything checked for maintenance. That would probably be a better outcome than just going and fixing the washer and walking out and then the next week the other washer goes and it is 20 weeks for that, or the cistern starts to run, or whatever.

Mr PATTERSON ROSS: I agree. The issue is that each of those 20 jobs is paid for as a line item and whether it is intentional or unintentional it is effectively a budget management tool to only do the one job and not the 20. Tenants often express this as a real frustration that a particular subcontractor has come out, they see problems and they mention that "You should get that fixed", but then that has to be a whole new job, a whole new work order and LAHC will resist because they have paid for that work to be done and they have not budgeted for the other stuff. LAHC staff will often express a frustration with the subcontractors for essentially what they perceive as shopping for more work. But the tenants are left with a qualified tradesperson who has told them there is an issue in the house that has not been fixed.

Mr LEE EVANS: Or otherwise known as gouging.

Mr PATTERSON ROSS: Yes.

The CHAIR: With that then we come to the end of the giving of evidence. I want to thank each of 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 within 21 days to any further questions?

Mr PATTERSON ROSS: Yes.

Mr CHAILLOUX: Yes

Ms LEVIN: Yes.

The CHAIR: Thank you very much for that. That concludes this period of evidence. Once again, thank you for coming along and for your submission of course, which was quite extensive.

(The witnesses withdrew.)

STEPHEN ALEXANDER GRAY, Chief Executive Officer, RTC Group Holdings Pty Ltd, sworn and examined
MICHAEL JOHN RIGBY, Director, RTC Group Holdings Pty Ltd, before the Committee via videoconference, affirmed and examined

The CHAIR: We will resume our hearing. I welcome representatives from RTC Group Holdings and thank them for appearing before the Public Accounts Committee today. Mr Rigby, I appreciate your effort to be with us via Webex from Adelaide and understand we are likely to have a little bit of difficulty. Mr Gray, I understand you have come all the way from Tasmania?

Mr GRAY: Correct.

The CHAIR: Thank you very much for being here. Can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

Mr GRAY: Yes, I have.

Mr RIGBY: Yes.

The CHAIR: Do you have any questions about this information?

Mr GRAY: No, sir.

Mr RIGBY: [Audio malfunction]

The CHAIR: I will take that as a no, Mr Rigby?

Mr RIGBY: None from me.

The CHAIR: All right. Mr Rigby, we are having significant problems with your audio. I do not think it is just lagging; I think it is somewhat missing pieces. Mr Gray, would you like to make a brief opening statement before the commencement of questions?

Mr GRAY: A very brief one it will be, Mr Chairman. By way of introduction, the RTC Group is an Australian-owned company with its shareholders actually working within the group of companies. Operations were initially established in Newcastle in the 1980s and that has now grown to operate in New South Wales, South Australia and Tasmania. The group supports the specific sectors of the maintenance, building and construction industries. Its core focus is on services to housing authorities in multiple jurisdictions, with a range of clients including the New South Wales Government's Land and Housing Corporation as well as the management of community, corporate, private and defence housing properties.

Our core philosophy incorporates the often variable and challenging needs of our clients, and we have always attempted to ensure maximum flexibility to ensure client objectives are achieved. In other words, it is not just about being viable and making a profit but looking at delivering services differently to achieve better outcomes and solutions to real asset- and tenant-related issues. We chose to provide a submission to the review of the management of public housing maintenance contracts with a view to providing better value for governments. Our submission was based around the quality assurance, effectiveness, efficiency and contract supervision of maintenance contracts—quite a fairly narrow focus, from our perspective.

The CHAIR: Thank you very much for those introductory comments. I note that I believe yours was the first submission by one of those head contractors to be received and it was greatly appreciated. It was not something that was forthcoming from other people who we had anticipated would do so. RTC Group is known to me personally; obviously, as you say, it started up in the Newcastle area. It is quite well known, though I do not have any personal dialogue or any other communication with RTC. But I do appreciate the fact that RTC did provide that submission. While you have touched on this question in your remarks, can you further elaborate on the experience of RTC to date in delivering maintenance services to public housing tenants, including your geographic reach and the scope of the type of work that you do? It would be appreciated for the record.

Mr GRAY: Thank you, Mr Chairman. We cover all aspects of the maintenance services, whether it be preventative, responsive or planned maintenance. We operate in those three jurisdictions that I mentioned, so we do see some differences between those jurisdictions. Our focus is particularly on the client. We are actually interested in solving the problems with the client. Whilst it sounds like a sales pitch, it is certainly not that. What we are particularly interested in is that when we see some of those inefficiencies we are actually quite keen to provide solutions for those. It is not just purely profit motivation, from a company perspective, because we do get

involved in philanthropic ventures as well. We like to see those funds poured back into the community. We have a slightly different perspective on service delivery from a maintenance contractor provision.

The CHAIR: It is good to hear that you have a slightly different perspective. Philanthropy is not something we have heard talked about much in this space, I have to say. The nature of the complaints around maintenance in public housing—I am sure you are well aware of it, not necessarily from your own organisation, but I am sure you have an overview of complaints across the sector. You will have heard some of them today, of course.

Mr GRAY: Yes.

The CHAIR: Could you or Mr Rigby reflect on any general observations you might have about the current asset services maintenance contract compared to the previous? You have been in the space quite some time, so you are very well placed to reflect on what has happened since those changes occurred in 2016-17. I would really appreciate your opinion there.

Mr GRAY: I think Mr Rigby might be best placed for that.

The CHAIR: Mr Rigby, I think it has been given to you.

Mr RIGBY: Is the audio working?

The CHAIR: It is okay at the moment, yes.

Mr RIGBY: Let me know if it becomes a problem. Our observations in regards to many of the issues that may have been highlighted tend to hinge around the dissatisfaction potentially of subcontractors at the rate at which they are remunerated for doing the work. I think that there has been a marked change from the previous MRP08 contract in the transition into the AMS contract by way of the decreasing reliance on the schedule of rates system. However, there is still no transparency in terms of the rate that is paid for a particular portion of work to the head contractor and the pass-through of that amount of money to a subcontractor. I think that a lot of what our submission hinges around is removing that tension that often exists in the transparency of the pricing that ends up with the subcontractor. We have witnessed and worked within a number of different contracts whereby there is an increased amount of transparency in that rate that is passed through to a subcontractor.

The CHAIR: Mr Gray, I imagine that covers a lot of it, but in simple terms and from your observation from a tenant's perspective, do you think that they have seen an improvement in their situation regardless of the difference between head contractors and subcontractors and those processes? What is the bottom line for the tenant?

Mr GRAY: Mr Chair, I think we can say that we have seen some improvement, but we think there is a long way to go and much more can be done. Particularly, the value that the transparency adds to that is the tenant does not feel that they are not getting a result because somebody is making a profit somewhere. I think that is the value from our perspective: If there is transparency, tenants should be able to believe that they are getting value even if they are not personally paying for it and they can actually see the value to the taxpayer and to them.

The CHAIR: I would be surprised if Mr Evans does not have a question along those lines because in my mind that is one of the main things that he has raised.

Mr LEE EVANS: Thank you, Mr Chair. That is probably why you are sitting in the chair today. Those who are in this space are not necessarily going along those lines, but I do congratulate you for standing by what you have spoken about. It is a great thing. That is one of the things with our inquiry. I do not want to say desperation, but people—and I am talking about elderly people—are waiting 20 weeks to get a simple thing repaired because it is not high on the priority list. As I said earlier, they go out and do one washer and the next week something else is wrong. As far as ongoing maintenance is concerned, I am not suggesting that you do not get paid for it but while you are there and you already got the call out, those little things of changing a light globe or checking the system, for example, to make sure that is not going to go bung the next day would probably end up saving the system a lot of money in the long term.

Mr GRAY: Yes, I think we could see areas where there would be significant savings without increasing the budget. By that, I guess I am saying there are efficiencies. It is very frustrating for the contractor to be out there noticing things that are wrong but they cannot fix it because they are not allowed to. That is a significant frustration. It is something that we do not advocate that our subcontractors engage in with tenants as to the politics, but it is a frustration for us. I guess what I am saying is there is a lot of bureaucracy tied up with the processes that can be simplified. We have seen that simplified in other States and we have seen significant increases in budget allocations as a result of that—more bang for buck quite simply.

Mr LEE EVANS: Following on from that, if you get somebody out for an electrical issue or an oven or whatever, they are there for an hour. They charge you for an hour but the repair takes three and a half minutes and they are out the door. In that circumstance, where you had maybe a period of time, you could say, "Look, is there anything else I can help you with?" or just do a general check to make sure.

Mr GRAY: I think we have seen some jurisdictions provide opportunity for the subcontractors when they are on site to immediately obtain approval for other items that they come across. It is either a variation on something that is there—they find out that it is not quite what the tenant reported. That is okay. They will still fix it. But it is about letting the head contractor have some flexibility to make some decisions and get some repairs done that need to be done. I think what we are saying is a greater partnership. This should not be a master-servant relationship. This is a partnership where the head contractor—they are the experts. That is where the dollars are being paid to provide a service. What we would like to see is us being able to provide that service in a way that gives an outcome that everybody is interested in. The reality is that we have exactly the same interest as the State authority. We want to see repairs done. We want to see people in properties and yet we see properties that are not completed. Works are not completed because approval has not been given. That clearly is a property that could be allocated to a tenant. We actually see that frustration as well. I am not trying to be overly critical of anybody here. It is really about a better way of doing that. We should explore that.

Mr LEE EVANS: I think probably a prism through a human eye might be a better way of saying, "Look, people out there are struggling and these repairs could quite easily be done by a professional person in a minimum of time and efficiently."

Mr GRAY: Correct. It is actually harder to get it wrong. It is easier to get right.

The CHAIR: I want to follow on from your answer to Mr Evans. You did throw in that there are other jurisdictions that do it better. Could you please point to one that we might benefit from looking at?

Mr GRAY: One that comes to mind is Tasmania. It is only a small place so they are able to do some things fairly quickly there. But we explored some contracts. In a previous life I was the general manager of portfolio maintenance for Housing Tasmania. So I have got some interest from both sides of the fence, so to speak. We broke the contract into three components. Some of the stuff that Michael Rigby was talking about—the pass-through side of it. How much do subcontractors get paid? Let's put that on the table and make it very clear. This is exactly what they are paid. Let's report that. Let's separate the cost of running the company and the cost of profit. Let's separate those out—almost a tripartite arrangement.

Pay the subcontractors what is reasonable and fair. They have to make a living. They work in the community generally that they are servicing. So let's get that really clear. How much does it cost to run the company? XYZ. We know how much that is. Now, if you do a good job, you do really well and you complete your works within time and at a high quality, there is a performance bonus that is actually budgeted into the overall cost anyway. The difference is you can see what that is. That is the difference between schedule of rates and other items, where all of that is in this one amount that a subcontractor gets paid and it is very difficult to work out who got what and where did that profit go.

Mr RYAN PARK: I thought your submission was excellent and today's discussion has been very good. Obviously a number of senior, highly paid, well-resourced public servants manage the contracts. I would have thought, with a footprint like yours and a history like yours, you would have had a number of discussions with those people about improvements and some of what I think are fairly simple but perhaps innovative changes to the way we do things. What feedback have you got from them when you have discussed the types of issues that came up through your submission and in today's inquiry?

Mr GRAY: It is generally about contractual arrangements. This is a contract; you have signed a contract and we are judged according to how we deliver against that contract. That is entirely appropriate. However, the contracts that we see are not designed around creating innovation. I think that is the difference. We would see that our esteemed colleagues in the public arena would see that they are hamstrung as well. What more can we do? You have to deliver; this is what you have to do.

Mr RYAN PARK: Who are they hamstrung by?

Mr GRAY: The system. It is actually the contracts.

Mr RYAN PARK: But who is the system if it is not them?

The CHAIR: Sorry, Mr Park. For most of that last part of the question our audio feed was breaking up. Will you please repeat that?

Mr RYAN PARK: Sorry, Chair. If they are saying their hands are tied and they are the ones administering it, whose hands do we untie?

Mr GRAY: I think that has to be done at the contract development stage. The contracts that are developed—it is often the only time you can legally put a framework in place that is accountable, is also transparent and makes provision for some of the things that I was talking about. I think that is the reality: Their hands really are tied.

Mr RYAN PARK: So through Treasury?

Mr GRAY: Treasury would have a component of that in terms of allocating sufficient funds for the contracts to be administered, but it is also about being a bit creative about what constitutes those funds. If you can improve the services and make that more efficient, on the ground you can have—in Tasmania, for example—an 8 per cent increase in outcome with zero increase in the budget. That is actually a sizable amount, but you have to have contracts that are simple. They do not have to be complicated. The contracts that we see in some jurisdictions, and certainly in New South Wales, are complicated contracts. They are not designed around ease of interpretation. They are almost confrontational-type contracts. It is really about: What are the things that we really want for tenants and that the Government wants? They want works to be done on time, when they are asked for. They want it to be done to a high quality and they want some performance management in terms of accountability. That is three key things. Yes, a lot of contracts will have six or seven. But get those three things right and you have made exponential gains in outcomes for tenants and contractors.

Mrs TANYA DAVIES: Thank you very much for your presence today. If I recall correctly one of the witnesses mentioned that they had a period of time working in Tasmania and their system in Tasmania reflected this innovation. Is that correct?

The CHAIR: Yes. That is Mr Gray, who is with us here in the room now.

Mr GRAY: I was the architect of those contracts, yes.

Mrs TANYA DAVIES: So Mr Gray was the architect of those contracts.

The CHAIR: Yes.

Mr GRAY: Correct.

Mrs TANYA DAVIES: After this hearing will you provide this Committee with some more detail around those contracts—specifically the terms of reference and those three key points you mentioned earlier, which were the key outcomes of the contracts that we are seeking to achieve?

Mr GRAY: I would be more than happy to provide what I can. Now that I work with RTC Group they are not my contracts. I am sure the State Government would not have an issue with that, but I cannot speak for them.

Mrs TANYA DAVIES: Here in New South Wales we have a Minister for Digital, Minister for Customer Service and an innovation Minister. I am sure we could look at engaging with those portfolios to see how we can get that innovative approach into contractual terms and conditions. If it has been done before, I am sure it can be done again. I think everyone in this hearing is keen to ensure that we increase the standard of delivery for our tenants, knowing that the budget situation in New South Wales after the pandemic is a little bit stretched so we need to look at creative ways to see the current budget produce more without increasing the budget. Any information or advice in that regard I personally would be very interested to see.

Mr GRAY: Mr Chairman, could I give an example?

The CHAIR: Yes, please.

Mr GRAY: When it comes to things like deferred maintenance liability—and I have heard that mentioned in a few areas today—one of those innovative items is about the data, and I have heard that mentioned as well. The data is absolutely key to being able to adequately manage a portfolio, in our view. It is the core of how you know how you are going, but also what work needs to be done. Many jurisdictions spend millions and millions of dollars on doing property assessment surveys, condition assessments—call it whatever you like in different jurisdictions. Often that money is spent and that data is held and not utilised. In Tasmania, for example, they keep that data alive. When works are done the data is updated and the condition assessments at any point in time—they can actually look at it and it is not aged data. They are not spending millions every two years on doing new property assessment surveys.

If you look at New South Wales, there is a lot of money spent on property assessment surveys. Just recently one of our staff advised that it would appear that has now just started to be utilised for undertaking

programmed and scheduled maintenance. That is great, but that should have happened 10 years ago. It is no good worrying about that now, but the reality is that is the kind of stuff. It appears that has started; I would strongly encourage that that be resourced appropriately. When I say "resourced appropriately", it is not additional resourcing. It is being smarter with the resources that are currently being allocated. That work can be identified and you have a program of work that can go for 12 months. You can tell in nine months' time which properties you are going to go to and what work you are going to do. That is a benefit for everybody.

The CHAIR: Thank you for that example.

Mr JUSTIN CLANCY: Mr Gray, you make a compelling argument around contract design and as you said you have evidence there in Tasmania. I am looking at it as a devil's advocate and there is resistance to change when we look at those sorts of things. Being that devil's advocate, what is the risk around looking at contract design that captures innovation? If we are trying to convince others in particular departments and agencies to embrace that change, what are the risks that we need to be aware of? How do we convince not just us but the agencies about that need?

Mr GRAY: I think the only risk is—you try to mitigate that risk in the contracts by putting the profit of the companies at risk, so to speak. In other words, if you do not perform then you do not receive the profit component. You cannot advance; a company that is not making a profit is not advancing. So the incentive or the disincentive, depending on which way you look at it, is there. Why would we reward poor performance? When I hear of things like 20 weeks, that is crazy. That is just crazy. A complete bathroom-kitchen upgrade contractually, for example, in the Tasmanian contract—15 days. That is the turnaround: 15 days.

Mr LEE EVANS: But you cannot get a washer replaced.

Mr GRAY: That is why it requires a program. You know six months out that you are going to be putting a kitchen in Mrs Brown's property, so you make sure that you have planned for that. It requires a rethink of how people approach this whole concept of providing maintenance. It has got to be coordinated at every level. New South Wales has a very big system, and big systems can become unwieldy. Again, I am not critical of the New South Wales system—I am sure there are lots and lots of issues to work through—but I think doing the same thing over and over again and making no change is not sensible.

Mr JUSTIN CLANCY: Obviously you have drawn on Tasmania as an example. You have touched on Defence housing. Are there learnings from Defence housing that we should be capturing as well?

Mr GRAY: Not so much, but certainly in the community housing sector there are. There are benefits that can be pulled from some of these community housing providers as well. They still have to provide maintenance for the services. In a lot of cases it is just different tenancy management, but often the maintenance provider is very similar or the same. So the same principles apply. Often these things are contracted out, but where are the performance measures that go with that to make sure that the result is being achieved? We are very strongly supportive of having adequate performance measures. And yes, we have paid the price for some of those areas where we have not performed as well as we would have liked for a whole range of reasons. We do not believe we have the solutions for everything, but we want to be part of the solution and we want to work collaboratively with the relevant jurisdictions together on solving problems—not be seen as part of the problem but be part of the solution.

The CHAIR: You raise a number of ways in which we can do things better: innovative ways, certainly efficiencies. However, we know from other submissions and from testimony this morning that we have some very significant—I will call them failings, but certainly challenges in bringing a lot of this housing stock up to a standard that you would call fit for purpose for anything other than maybe some kind of keeping livestock, and even there I think you would not get away with it. It is terrible imagery that was seen. The representative who appeared for the Public Interest Advocacy Centre—I am not sure if you were there at the time, Mr Gray.

Mr GRAY: I was, Chair.

The CHAIR: He stated that his back-of-an-envelope calculations suggested that in New South Wales we needed an investment injection of around about \$500 million to lift the investment and address backlog and some other benefits. Do you think there is the need for such a significant change as well as the other measures that you are talking to?

Mr GRAY: There are two aspects to that; one is a cash injection. Throwing cash at something is not always the answer, it is how is that cash being applied. It is a bit like unfunded super really. Is it \$500 million? Is it \$700 million? Is it \$1.5 billion? I am not sure anybody really knows because of the data. Just trying to find the data that supports that is very difficult to do. What I know is in jurisdictions that have bitten the bullet and said, "Okay, it is X million dollars, but let's just allocate a chunk of the current recurrent budget, the current responsive

maintenance, and allocate that to planned maintenance and start attacking that deferred maintenance liability each year, then that will reduce". And that has been demonstrated in other jurisdictions. You do not have to throw half a billion dollars at it. It is about making sure that there is provision to start the process, and that is at least starting to halt the problem.

The CHAIR: And in that sense it seems to me that we still need to inject some funds into it to do that because we have a diminishing pot of money for maintenance—

Mr GRAY: It is at a point—correct.

The CHAIR: —where we have an aging stock that is tending to depreciate at a faster rate. So we are trying to get back to a level where we can arrest that problem but also improve the situation through other innovative practices and deficiencies.

Mr GRAY: I agree, Chair. That is where the transparency must come in. If you are putting half a billion dollars into the system, you certainly want to know where that went and where it is going.

The CHAIR: I appreciate that. Are there any other pressing questions? If not, I intend to bring this particular session to a conclusion. With that, I wish to thank both yourself, Mr Gray, and Mr Rigby for appearing before the Committee today. The Committee may wish to send you 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 21 days to any further questions?

Mr GRAY: Sure, Chair, we would be happy to.

The CHAIR: Mr Rigby?

Mr RIGBY: Yes.

The CHAIR: Thank you very much for that. We appreciate your time and the history and expertise you have brought.

(The witnesses withdrew.)

(Luncheon adjournment)

JENNY LEONG, Member for Newtown, The Greens NSW, before the Committee

NED CUTCHER, Electorate Officer, The Greens NSW, affirmed and examined

KAITLYN BIRKETT, Electorate Officer, The Greens NSW, affirmed and examined

The CHAIR: I wish to acknowledge the member for Newtown, Ms Jenny Leong, being here with her staff member Kaitlyn Birkett. And from Jamie Parker's office, we have Mr Ned Cutcher. Thank you, Jenny, for your submission. We hear many members talk from time to time about the problems with public housing tenancies, and we appreciate your contribution to this. Jenny—I can call you Jenny, can't I?

Ms JENNY LEONG: You can call me Jenny if I can call you Greg. Should we just resolve to do that?

The CHAIR: Yes, your worshipful Greg. Jenny, would you like to make a brief opening statement before the commencement of questions?

Ms JENNY LEONG: I would, if I can. I would like to thank the Committee for the opportunity to be able to appear and also at the last minute to be able to include two people that I consider to be experts in the day-to-day realities of dealing with public housing maintenance issues and supporting public housing tenants in Mr Cutcher and Ms Birkett, who have joined today. I made a submission on behalf of The Greens NSW along with my colleague Jamie Parker. The reason why we have such a focus on the issue of public housing and public housing maintenance is that some of the suburbs in our electorate are made up of significantly large proportions of public housing tenants. In Waterloo, 36 per cent of the total dwellings are public housing tenants; 31 per cent in Eveleigh; 21 per cent in Redfern; and 19 per cent in Glebe. These are significant numbers and they make up a significant amount of the work that we do in our electorate offices.

As is probably evident to many on this Committee and has been said many times before in past inquiries, the current state of public housing stock reflects the complete failure of successive governments to invest properly and be able to maintain our public housing stock in these electorates and across the State. I have serious concerns about the claims in responses provided to this Committee by the Land and Housing Corporation that suggest consistent improvement of performance, that they are getting the work done, and also citing details of tenant satisfaction surveys—all of which do not reflect the reality of tenants living in public housing and local members dealing with and supporting public housing tenants. It would be laughable if it was not such a serious and dire situation for so many people living in public housing.

Given the state of things, I think it is not an understatement to say that the New South Wales Government is currently the worst landlord in the State when it comes to respecting and maintaining the properties that it owns and how it treats its tenants in those properties. Whether it be the state of the mould, the leaks in the roof, the cockroach and rat infestations, the inaccessibility issues, the broken lifts, the lack of security, the uncleanness of the common areas, the state of the carpet, the broken ovens or the plumbing and wiring problems, it shows that there is an absolute disrespect for both the properties themselves—which are public infrastructure—as well as for the tenants who live inside those public housing areas and consider those places their homes.

It is also a disastrous situation because we know that the tenants living in public housing are some of the most vulnerable people in our communities. We know that they are captive tenants and that they are in public housing because they literally have no other place that they can go and nowhere that they can afford to live. Therefore, the complex mental health and physical health challenges that these people live with—not to mention the trauma, the fact that they are often survivors of domestic violence or other types of abuse or have experienced homelessness and are living in poverty—escalates the seriousness of the fact that basic maintenance cannot be delivered and respect and dignity cannot be provided in the way that maintenance issues are dealt with and communicated. These tenants have a right to safe, secure, affordable and habitable housing, and it is not happening in the current state of public housing in New South Wales. Having spent time working directly with and closely representing people in public housing, but also visiting many public housing properties myself, I can say that there are a number of properties that none of us would believe to be habitable that people are currently paying rent for and living in.

Day to day I think there are many challenges. While my politics might suggest that I believe in a universal housing model that means that everybody should have a right to a house and a place to call home in the same way that they should have a right to education and health care, I appreciate that we might not all agree. But the current model that is seeing privatised contractors profiting from not providing the kind of maintenance support needed and not delivering is effectively a broken system that needs to be fixed. We need to recognise that the kinds of inquiries that are happening now and the recommendations back to DCJ to solve these problems is not going to be a fix by itself. I come forward and would like to offer in the course of the questions a number of solutions that

I believe could be trialled or tested to be able to deliver that. I would like to, as part of a conclusion to my opening remarks, give the opportunity for Ms Birkett and Mr Cutcher to provide specific examples that I think highlight in different ways the kinds of complexity of the problems that we see both in the Balmain and Newtown electorate offices.

I understand the Lord Mayor appeared this morning and showed some scandalous pictures, if you like. There is no shortage of those images. But to demonstrate in both of these cases the fact that there are so many public resources being put into dealing with issues of maintenance but the maintenance does not actually get done—that to me is a complete disgusting waste of public resources and a profiteering by private contractors in a time where actually what we need to be doing is providing solutions to maintain our public housing stock. We would not allow the standards of our train stations, the standards of our schools or the standards of our hospitals to be degraded in the way that we allow the standards of our public housing stock, and that should be a blight on the fact that successive governments have not invested enough. But I might hand over, if I may, in the first instance to Ms Birkett, who can talk about an issue that demonstrates the complete complexity around how we deal with issues of public housing maintenance and the kinds of things that come across our desk.

Ms BIRKETT: Thanks, Ms Leong. In this example we were contacted by a tenant in Surry Hills regarding a block of nine units; she lives in one of the units. Essentially, whenever somebody used the washing machine or dryer in the shared laundry it would short-circuit the entire building and for the duration of using that laundry the entire building would be out of power. Obviously this led to many people having food spoil, showers were going cold, and people were sitting in the dark while this was being used. This was reported for over four months. In my opinion, this would come under a 24- to 48-hour emergency fix situation, and it was reported for over four months by tenants. Essentially, nothing was changed until we wrote to the MP maintenance team and it was escalated to have a contractor attend. Multiple contractors did attend during this four months and the issue was never fixed; they could not identify what the issue was. But essentially this was an emergency fix that should have happened in 24 to 48 hours and it took over four months to resolve.

Mr CUTCHER: I have got an example that I think goes to the way a repair might be classified or incorrectly classified as not being urgent when, in fact, it is. A single mum living in a property in Glebe noticed water damage on the ceiling. She contacted her maintenance hotline on the Friday evening and was given a job order number and told yes, someone will come out and have a look at that soon enough. She was adamant that it was urgent, that it was a problem and that she had been watching it grow over time and she was worried that there was going to be some structural damage to her property. By Sunday the ceiling had collapsed, narrowly avoiding injury to one of her family members who was in the room, or walking through the room at the time.

Once it was clear that there was a significant problem here, it then took further escalation for the tenant and her family to be relocated into temporary accommodation, because the Land and Housing Corporation insisted that the repair could be effected without having to relocate her. The conclusion to that example is almost as scandalous, in that a second patch of water damage in another part of her property, in the ceiling, has now started to appear and, of course, she is very worried that something similar is going to happen and the matter is not being treated with the sensitivity or the priority that one might hope, given she has been through that situation in the past.

The CHAIR: Thank you for those introductory comments. I have no doubt that there are many more examples that you can give. If I may, on behalf of all the members, the 93 members generally, we really do respect our frontline employees, our senior executive officers and our executive officers that front-up day after day and have to try to find solutions for people. I know it is very difficult, so to Ms Birkett and Mr Cutcher, thank you for that. Some of this is going to sound like rhetorical questions because you have spoken to many of these issues in your introductory comments, but what do you see as the core issues of the current management of New South Wales public housing maintenance contracts? Also, what processes or procedures do you think specifically need to be overhauled to ensure the department can deliver the repair and maintenance services to tenants in an effective and efficient manner?

Ms JENNY LEONG: I think the big challenge we have is a complete removal of the priorities set by the relationship between LAHC and the contractors, the need for the tenants' problems to be fixed and what needs to be fixed on the ground. Everything is so removed. I use the example probably of the maintenance hotline where often people will be sitting on the maintenance hotline and the person on the maintenance hotline does not have access to the details around what the building looks like, what the estate looks like, or what the details are. So obviously that is a problem. I understand that the Committee went to visit Bellambi. If you are going to Bellambi and you are going to No. 11, X Drive in Bellambi, it is clear that the report for the job is at No. 11, X Drive at Bellambi. But if you are going to Block C in Northcott Housing Estate, you need to have an understanding of where that infrastructure is, how it works, where the lifts are, where the doors are, how that all interacts. It is clear, at least from the information that we receive, that people staffing the maintenance hotline do not have any of that

local knowledge. But simultaneously, the contractors that are then going out may or may not have an awareness of that local area and those local problems.

On one part there is a need to recognise that localised support and maintenance—I think this could be a recommendation from this Committee—is something that needs to be looked at. In my view, that could be a trial of some kind of public works or localised precinct-based maintenance teams that are responsible for maintaining all of the works in that building. We have seen versions of that before with maintenance pop-ups that happen in areas. But what would it look like to have an ongoing trial on that basis and to say that, in these estates, this is how we are going to run this kind of activity so people know these are the problems and this is how it is addressed.

The other issue is communication—I might defer to Ms Birkett as she has an example of this—directly between the contractor and the tenant so that you are not waiting on the maintenance hotline forever with someone that has no real idea of the challenges of the problem, but also you do not have contractors turning up at times when it is not suitable. I think that is a specific fix. But I do not know if you want to talk about how you think that improvement of communication could work.

Ms BIRKETT: Yes, definitely. One example we have in relation to poor communication—and I believe that LAHC has said that what it is looking to do is implement contractors contacting clients to book in appointments and that kind of thing—is that from our experience that is absolutely not happening. Contractors are showing up at people's doors, leaving a "Sorry we missed you" card and coming back two or three times, and that is purely ridiculous when one phone call could have booked in a time when everyone is there, everyone is ready to do it and it could have been solved. We have a tenant in Redfern who lives with his brother who has high-care needs. The tenant had a broken stove for a number of months and contractors were regularly sent to repair the stove because it would break again. Essentially it needed to be replaced. The tenant had to communicate to the maintenance line on a number of occasions, "You need to book in a time to come and see me because I am often not in the property", or "I need to make sure my brother is prepared for you to visit." He notes that this never occurred. Essentially the contractor would show up and, again, they would have to leave or they were not ready to come in.

So essentially, yes. I think in terms of communication, when a contractor is allocated to the job they should contact the tenant and book in a time to attend the property. The tenant should be provided with a phone number for that contractor to be able to change the date or to communicate with them about whether it is worsening or what else may need to be done. This also fixes the issue of the maintenance line not correctly identifying an issue. If a plumber calls someone and talks them through the issue they can work out, "Actually, you might need an electrician or someone else", and that will stop that whole cycle of someone showing up and it being the wrong contractor, which is a common thing that happens as well.

Ms JENNY LEONG: Just to jump in with that one, there is also the additional cost. If we think about the call-out fees for a contractor, if you are calling out a contractor every month to fix an oven when the first contractor actually thought the fix needed to be to replace the oven but there is no approval to expend that money on approving the oven replacement, you will have a scenario where over a period you are causing a massive amount of stress to the tenant, you are adding pressure onto the maintenance hotline and, in addition to that, you are paying them money to be able to get a contractor out to continue to make those repairs. I think this is where we need to look at the state of the public housing stock and the idea of what is emergency reactive work—which would be the other suggestion—as opposed to what is planned works. I think if we look at the fact that emergency works are often put into planned works—and Mr Cutcher might want to talk a bit more about this—basically what we are seeing is there are time frames set for contractors in terms of emergency works, which often in lots of cases are not met. But in addition to that, when they are put into planned works there is no time frame set. Once they are moved to planned works, realistically they just are never happening.

Mr CUTCHER: Yes. I think it is important to note that sometimes the outcome of a responsive request or a request for a responsive repair will be "Yes, it needs to be fixed, but we cannot fix it now so we will put it into the planned works. We will ask our people to come and scope it out properly." That is often the last thing the tenant hears about it, and that then comes back to us because we have to escalate to get that information back through to the tenant. Having some process whereby that information—what is the plan; what is the time frame for the plan; how can the tenant be assured that it was worth their while making that phone call in the first place and that Land and Housing Corporation has heard their concerns and intends to meet their concerns—I think is something that really needs to be looked at.

Ms JENNY LEONG: A concrete recommendation about that could be looking at the contract in the way that it is resolved so that you have a situation where when a contractor goes to a property and they engage in that, if they move anything into planned works, they are required to use their expertise to identify how long they think is the time frame for that kind of work to be delivered and what are any additional reactive or planned works

in that unit or in that home at that time so that they are identified. A reporting-back mechanism, where KPIs are set not around just the job being completed but KPIs are set around what additional things are identified that need to be done and what work is done, is another way to recognise that time frame. Obviously there needs to be transparency back with the tenant around that.

Mr CUTCHER: Yes, that is important. Where the response has actually been to make safe but there is still a structural issue that needs to be resolved, that also needs to be taken into account. The longer term solution also needs to be planned for.

The CHAIR: I note that Mr Ryan Park has had to leave and he apologises. I note that the member for North Shore, Felicity Wilson, is with us. She was missing in action earlier as her computer actually broke down.

Mr LEE EVANS: Just to your point about getting a call-out—and I will take your example of an oven—if it is over three or four months coming back with a call-out, say it is a \$150 repair and another \$60 or \$70 or \$80, over that period you have replaced the oven.

Ms JENNY LEONG: Indeed.

Mr LEE EVANS: I do not know whether there is a line drawn for these contractors to say, "This is unserviceable or it is going to be repeat serviceable. We are better off cutting our losses and bringing in a new oven." I do not know where that stands in the communication line. I think they would probably go back and say, "Yes, it has been repaired," and then they get another call-out a month later. I would suggest that at the next call-out it has got to be replaced rather than sending another technician and spending another \$150 to get it fixed and then obviously three months down the track it is bugged again. There has got to be a point somewhere along the line where the communications are quite clear to say, "This piece of equipment is unserviceable. We have got to cut our losses and get a new one."

Ms JENNY LEONG: Absolutely. I think it goes bigger than that on issues of things like mould and health-related issues where the mould is just painted over, for example. Obviously it is hard to live without an oven in a property but it does not necessarily risk your health in the same way that repainting over the same bits of mould to then reappear and then have the same job come out and have the same bit of mould repainted over. That is a genuine health risk as well.

I think when we look at that, the challenge, in my understanding, comes between the idea that we are privatising these contracts out and there is a lack of transparency around these contracts and often they are then subcontracted out to others. Is there an interest in those people that are making the money out of those call-outs and the jobs to be able to try and look at the long-term repairs or is it actually a situation where we are not setting the metrics right on how we are requiring their contracts to be?

We want fewer repeat calls to the maintenance line. If you said, "We are going to create some kind of financial disincentive to you if you have repeat calls to the maintenance line for the same job," then that shifts the mentality of the contractors and the subcontractors, exactly as you are saying, from going "We will get another bit of money and another bit of call-out," to going, "Okay, we are going to lose money if we have to go back out to fix that oven again. Therefore, we are going to recommend that the oven gets replaced." I think that is the lacking in transparency that we see particularly around the mould.

As Mr Cutcher identified, often what is done to make something safe in the short term that is then moved into planned works means that people are living in really risky scenarios like back decks broken or other things that are not safe but they have a quick fix done, they are put into a planned works model and then that work never occurs. The other part that I would just say around that that I think is important for us to factor in is the ability for the tenant to be able to—and this is where the client satisfaction survey that is reported. We deal with a lot of public housing issues. We do not know or hear of anyone that has filled out that survey. Where that survey comes from, how it is communicated and where that spin is coming from is completely unknown to us, and I deal a lot with public housing, as do Mr Cutcher and Ms Birkett.

The question around how satisfied people are, I think, has to be: Does this actually solve the problem that you were ringing to solve? What you might do is you ring to report mould; someone comes and paints over the mould. It has not solved the problem. If you write and say your oven keeps breaking, it needs to be replaced and you keep getting someone come and fix it once a month, that does not solve the problem. There seems to be a lack of respect for the tenant's ability to hold the contractors to account if they were able to be more empowered to be able to then do that. But if you require to sit on the maintenance hotline for another two hours to be able to deal with that, you are just not going to bother unless it is actually a desperate situation.

Mr LEE EVANS: I think that also might lead into what we were discussing earlier today about satisfaction of the repair. "Are you satisfied? Yes or no." That goes into a little questionnaire. "No, the problem is

still unresolved." That way, that feeds into their matrix, so to speak, or their information to say, "The client has just asked for a repair. It has not been done properly." It is the carrot and the stick or it is just the stick. For a KPI, the supplier or the repairer needs to say, "It is not satisfactory that we have done this." You are wasting not only public resource but you are wasting people's resources. I always take it back to, if it was your grandmother, how you expect them to be kept and looked after. Ultimately these people are going through absolute agony or stress for no reason other than—

Ms JENNY LEONG: Absolutely. I do think it is also worth pointing out particularly—and I appreciate it is beyond the scope of this inquiry—if we look at the pressures put on, for example, the security contractors and cleaning contractors part of this as well and looking at that intersection between maintenance, security and cleaning. The individual people that are often employed and engaged to be able to deliver this work are under huge financial pressure themselves, are under huge time pressure themselves and also do not have a clear way to be able to escalate and report other issues that are being seen.

One of the recommendations that I believe this Committee could look at considering is whether or not there is a way to up the idea of either mandatory reporting or facilitating strong reporting by all of those that are employed in public housing areas and public housing estates on issues that they identify, even if it is not their job. For example, if security identifies that there is a broken boom gate or there is a broken issue in one of the common areas, that they have an obligation within their contract to actually register and log a job and they are facilitated an easy way to do that—not to wait on the maintenance hotline for two hours but to be able to actually say they can log that job as well.

Similarly, if a contractor goes out to fix someone's oven and they identify that actually there is a mould issue or there is a leaking tap, that they have an obligation to also log that job and report it so that it is not just incumbent on the tenant individually but it is incumbent on all of the people that are in that community. As you say, if it was your grandmother, you would identify the other problems and then want to get those fixed. Putting a requirement back on the CSOs, on the public housing staff members, also on security, cleaning and maintenance people to be able to log those jobs and give them an easy path to do so would be one way to kind of take that burden off but also create a collective responsibility for those things.

The CHAIR: Yes, maybe incentivise them to actually log those as well with a loyalty card like for your coffee.

Ms JENNY LEONG: Indeed.

The CHAIR: The more that you log there is some recognition of it. Because what you are describing there, an absurd example would be a traffic police officer stepping over a body because it is not his job. People see these jobs all the time but they do not report them. So perhaps there is something there where you can incentivise people to actually log jobs in some way, even if it is not their direct responsibility.

Mrs TANYA DAVIES: Thanks, Jenny and colleagues, for your attendance today. We have heard a lot today about the opportunities that are there for improving data collection and data mining and assessing data sources to help to not only identify the stock and the maintenance level but also capture the actions of maintenance contractors kind of with a one-stop shop. The New South Wales Government has established Service NSW. We have the Service NSW app and we have been using it extensively to register with the QR codes during the pandemic. That is quite a simple registration process. It also asks for your feedback once you have registered. I wondered with your experience with the tenants that you are engaged with, would a system like Service NSW work for them to register their maintenance requests? That way the Government captures it instantly and it can be distributed to the appropriate contractor or subcontractor, and there is a data collection and feedback stage of that registration process that is already built into the system. I am just wondering what your thoughts are about something like that.

Ms JENNY LEONG: Yes, thanks. I think that if we could set the model where public housing tenants were provided with the same level of service that Service NSW provides to people on other areas that would be a very good start. So I think, as a general rule, moving to the idea of looking at how that support is done and how quickly. Having just rang Service NSW two days ago—it is very rare that I give compliments to the Government, but compliments where they are due—you speak to a real person very quickly, they direct you where you need to be and you get help in the way that you need it. Obviously that is not always the case. But I think, looking at that model, we would not want to go to a complete digital model because of the fact that many public housing tenants do not have access to smartphones and credit all of the time in terms of that data. But I think being able to make that accessible would be a very good thing.

There is also the local council model of snap and send where you can report potholes and other local issues. I think that would be a model that the Committee could look at. I will pass to both Kaitlyn Birkett and Ned

Cutcher, who will probably have views on this, but the other thing I think is really important which you identified just then is the fact that we are not getting the data on all of the reports that are being provided. We tend to get the information once the job is complete to the client's satisfaction and then they respond to the survey. So we are not getting feedback from the hundreds of people that do not want to wait two hours on the maintenance phone line and how satisfied they are about the maintenance service, and we are not getting feedback from all the people who have literally just given up because they know they cannot solve those problems.

I think looking at a model where people could snap and send and report that through a Service NSW app or model and it was put through a system like that as opposed to something that was outsourced through Land and Housing Corporation—which obviously has a direct conflict because they are managing the budget of the maintenance and they are getting the rent from the tenants and are the landlord, but they are also overlooking the delivery of the contractors. I think separating that out could have benefits. The other part of that to identify which is key is that we would also want there to be some kind of way where if the same problem is reported by multiple people—and Kaitlyn has examples of that, where multiple units report the same problem but it is still dealt with as individual issues. So if you are dealing with that problem but you do not report it on your floor then your one does not get fixed. I think that potentially also gets captured if you are collecting data in a comprehensive way like that, because they are not seen as individual jobs. You can then potentially map that data on a street address or a location. Kaitlyn, I might pass to you and then Ned might want to add to that.

Ms BIRKETT: From my understanding, there is an app called eRepair. I am not aware of many tenants at all using it. I do see it occasionally advertised on the DCJ and the LAHC website for tenants to use it, where they can log repair issues on—I think it is an app, from my understanding. But, like I said, I think I have spoken to a couple of tenants where I have suggested they try eRepair when they have said that the maintenance hotline wait was about 40 minutes to an hour long. They said that they did not know how to use it. I think that is probably a major issue in terms of either moving to an app or having an app as an option. Either it is not getting through to the tenants in terms of their option to be able to use it or they are not aware of how to use it. I cannot comment on eRepair more than that. I am just aware that it is there and that not many tenants are using it.

But, like I said, if multiple tenants are able to report something and it can be identified that this is an issue in that building with multiple tenants and clearly more attention needs to be given than solving one issue, I think that will be a really good thing. One of the issues we had was there was a building in Redfern where eight years ago the windows had been replaced. On that side of the building, during specific and very severe rain events, the new windows would have severe leaks coming through. Essentially, either they did a shoddy job with installing the windows or they were just not appropriate for that building. For over eight years, multiple tenants on that side of the building had been reporting this issue. They would have silicone to fix it and that kind of thing. It took a tenant contacting us and the tenant actually going through his building and knocking on all the doors and reporting the actual unit numbers to us about every unit that was affected. We were able to escalate that to the Minister and then Land and Housing Corporation were able to go into the building and actually identify every single unit that needed to be replaced.

But, I mean, if multiple tenants are reporting this over eight years it is bizarre that no-one identified that clearly this is an issue that is going up through the whole building. We reported this in March 2020. I understand that works are currently being completed on this. Clearly that is a complicated, large-scale works situation, but again further delays. So that would take it into its ninth year and it took us escalating it to the Minister to be able to get any action on it.

Mr CUTCHER: Just on eRepair, I have used it myself. I have assisted people through that process with it. It is very prescriptive. It is very good if you have got something that is straightforward and simple and easy to identify, but it is not so good if there is a problem but you are not quite sure what the cause of that problem is. If you have a mould outbreak or something like that it is going to be harder to use eRepair. The idea of an app I think is a really good one but Land and Housing Corporation needs to look at the value of eRepair and how much use it is getting and whether or not a more flexible approach might be of benefit. I think having a tenant interface integrated with the back end that the contractors might be using or at least collecting data into the same place would be a really useful thing to do. You could actually use that sort of one-stop shop Service NSW style app to be capturing inputs from both of those really critical points and then be able to generate reports that tell us this many requests are being made and they are being dealt with in these ways, and we have got a note every time a contractor has received a request and logged a job or taken a step in resolving a job. So I think that is something that is really worth looking at.

Mr LEE EVANS: We are spitballing a bit. The Hireup app is an app for private contractors but you could quite easily adapt it. People put their bid in for work. An app will not work for everyone in public housing, but to take the majority of people who would be able to use it—you would log your job with the housing people and then it would be quoted on by local people to come and fix it. It may cut that 20 weeks down to maybe a

couple of days rather than having people waiting for an extended time. A local contractor could quite easily then send the invoice off to Housing and get it paid. That might fix—our major issue, I think, with this inquiry is the length of time that people are waiting around.

Ms JENNY LEONG: Just on that, I think it is also the disconnect. As Ms Birkett said, people might report one incident but they need a different type of contractor to be able to help. At the moment I feel like that is another delay and potentially a waste of funds in that process. If the Committee is looking into ways of using app technology to be able to do that, one way might be to look at whether or not it could be trialled in regard to actual contractors, security and cleaning staff, CSOs and others to be able to use an app-based service and to report issues that they identify, going back to the Chair's point around incentivising additional reporting of issues and maintenance to take the pressure off tenants. Obviously tenants can still report through the usual ways, but the potential to give access to some kind of snap-and-send app to the cleaning staff, security staff, CSOs and others working in Housing and Land and Housing to be able to identify and report incidents that are not related to the job that they are doing right then and there could be another way to look at that.

The CHAIR: I am just keeping a watch for Ms Davies to reappear. I know she wanted to ask one more question but she is back on her phone. I will ask a question about the engagement of senior electorate officers and their relationship with client service officers. Generally speaking, how do you find their responsiveness? I know that we do not necessarily all get what we want, but do you clearly feel that they are doing their best within their constraints? What is the relationship between the electorate office and your client service officers?

Ms BIRKETT: I understand that tenants are advised they can report issues through their client service officers as well. From my understanding, many tenants come back to us and say that those client service officers advise them to go through the maintenance line and I think there are some issues with communication there. Certainly we have also had tenants come to us and say that their client service officer said, "Clearly this issue has been going on for a long time. You should contact your local MP to try to get this progressed."

The CHAIR: I guess what I am trying to get at is your relationship back to Housing directly. You would have people that you engage with on a regular basis.

Ms BIRKETT: Yes.

The CHAIR: How do you find that?

Mr CUTCHER: I have a professional relationship. I have got a bit of rapport with the people who I deal with regularly—and there are people who I deal with regularly. I think they empathise. They know that tenants are in difficult circumstances a lot of the time. When I called Land and Housing Corporation to talk about the example that I referred to earlier—the woman with the ceiling that collapsed—the person I spoke to was devastated. I think they are doing the best that they can within a system that is quite constrained.

I think that highlights that there is a bit of a focus on dealing with the escalated issue—this goes to communication, I think. When an MP's office gets in touch things start moving, but often it is just that people are starting to respond to an issue. I will hear back and I will be able to give the tenant information back. The tenant might even hear back directly from Land and Housing Corporation—a contractor might even turn up—but we still have not got any closer to getting the problem solved. I think we need to really bear in mind that everybody is working really hard and doing the best they can to get these problems fixed, but if that is not driving a solution to the problem then we are not going anywhere.

Mr JUSTIN CLANCY: I was just going to make more of a comment around that data capture. A previous witness mentioned that South Australia has a data capture system where they have literally gone to 3D modelling of social housing, so they are pinpointing problems. The solutions are there.

Ms JENNY LEONG: Looking at the past recommendations of the Committee around this, they have mainly been recommendations back to the relevant department in looking at this. I think that consideration needs to be given as to whether recommendations are given more broadly, potentially to the Treasurer or other areas—maybe it is through Service NSW—to see whether there are other ways, outside the area of public housing, that different areas of expertise in providing assistance and support through Service NSW, Transport for NSW and others about how these maintenance and structural issues are done, could be recommended. Other departments and other areas could be asked to provide some expertise so it is not just left within Land and Housing Corporation and DCJ to be able to do that.

The other thing I wanted to stress is that I think it is worthwhile for this Committee to consider making recommendations to look at some localised, estate-based services. We recognise that there is often a need for electricians, plumbers and basic handypersons to be able to do some of these works. Would it be a much more cost-effective mechanism, for example, for the State Government to contract and provide an ongoing onsite

plumber, electrician and handyperson at the Northcott public housing estate or the Redfern and Waterloo public housing estate to undertake some of those works? We would see whether over that period having the tenants being able to directly contact the plumber who is approved to be the plumber that services that area—as a localised, precinct-based delivery of what would be a larger-scale public works initiative—might be a solution. We would see whether or not this privatised contracting of contractors to subcontract is the most cost-effective measure.

The CHAIR: I note that Ms Davies is hearing us but we are unable to see her on the screen. I will call her on her mobile—we will try it that way.

Ms JENNY LEONG: Chair, just while you are doing that, there is one other issue that we have not touched on. Do you want to get her first?

The CHAIR: Ms Davies, you are on my phone and on speaker and I will hold that to the microphone. Please go ahead.

Mrs TANYA DAVIES: Sorry about that. I understand that in the New South Wales health system they have the YES survey, which is the Your Experience Survey. It is offered to every discharging patient and I know it goes into quite a lot of detail around the patient's experience of the hospital. There seems to be a lot of opportunities to capture data from different parts of the New South Wales government, but I wonder whether we need a more helicopter overview as to what systems are being used in different parts of the government and whether we can merge or capture a system that could be applied to New South Wales housing tenants, rather than reinventing the wheel.

Ms JENNY LEONG: My concern with the issue, going back to my opening remarks, is around the fact that we are talking about tenants who often have no alternative option. As we know in private rental even, people will often be wary of making complaints about their landlord because of a fear of what that means for their tenancy. While we might get tenants saying things directly to members of Parliament in the community and raising those concerns to third parties and advocates, I think we also need to recognise that we do not need to survey public housing tenants. The 93 lower House MPs know full well the kinds of challenges that exist in public housing. While it is always good to collect data and information, I think we need to be improving the systems that are fixing people's mould and fixing their ovens as opposed to providing further feedback on the client satisfaction of a system that we know is not working for people—but, also, that people would be quite reluctant to provide strong feedback because their tenancy is connected to it.

There is just one other point that we did not cover, Chair, around issues where people have very complex or crisis situations associated with the maintenance requests. It is important to recognise that there some cases where, for example, a window may break because a piece of furniture hits it. There are other cases where a window might be broken because someone's head has been slammed through it. Obviously there is a need for sensitivity and also an escalation of how quickly those maintenance issues are dealt with in a different way. I might hand to Mr Cutcher briefly and then Ms Birkett has got one example around issues of language complexity.

Mr CUTCHER: I want to give an example. I cannot really go into details because of the nature of it, but it was one of those situations where there was significant trauma associated. The tenant was promised a contractor would be around. That did not happen so we escalated. We were told it would happen in 48 hours. Two weeks later I heard from the tenant again saying, "Nothing's been done." This was obviously a situation where the tenant was going to struggle to follow up on their own. That, I guess, goes to the issue that Ms Leong has just raised, where there are those sorts of traumatic incidents or circumstances that Housing are absolutely aware of and there needs to be—those situations are seen to be treated with a little more caution and sensitivity. Every step should be taken to ensure that the tenant does not have to initiate follow-up.

Ms BIRKETT: Just quickly, we had an elderly Russian couple in Redfern who needed works—and this is actually quite basic—to install flyscreens, kitchen shelves and to replace a toilet and basin that were not accessible for the couple. They had reported these to the client service officer and to the maintenance hotline. Maintenance essentially said that they would have to send multiple contractors to the unit over a number of days and that the tenants would have to be in temporary accommodation during this time. The tenants had significant health issues so were not able to easily move into temporary accommodation. Also it was peak COVID times. Obviously they were very worried about the impact of having multiple contractors in their property at that time. Essentially LAHC were not able to be as flexible as the couple required, so the works were just cancelled. They were not able to be done. We have had to spend many hours speaking to senior people in LAHC and also Housing to try and get some flexibility around having these works done. They are still not complete to this day. This was over a year ago that we raised these. That is just another issue.

Ms JENNY LEONG: But if we look at the amount of time spent by that couple, the stress caused on that couple, the time spent by our office, the time spent by the translating service because they need a translator

every time they ring the maintenance hotline, the escalation to the Minister's office—when in actual fact we are talking about replacing a toilet, a sink, flyscreens and some shelves—that is a demonstration of just how unsatisfactory that system is. But, because that job was cancelled, those people would never have been asked whether they were satisfied with the job. The reports we are getting on the client satisfaction survey would never have captured the dissatisfaction of those people because the job was never even begun, let alone completed.

The CHAIR: With that, we need to move on. We certainly do appreciate the insights that you have brought to us and the firsthand experiences were certainly greatly appreciated. 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 may be made public. Would you be happy to provide any written reply within 21 days to any further questions?

Ms JENNY LEONG: Absolutely.

Mr CUTCHER: Yes.

Ms BIRKETT: Yes.

The CHAIR: Thank you very much.

(The witnesses withdrew.)

JODIE HARRISON, Member for Charlestown, before the Committee

The CHAIR: I thank you for appearing before the Public Accounts Committee today. Would you care to make a brief introductory statement?

Ms JODIE HARRISON: I certainly would. First up, I would like to acknowledge the Gadigal people of the Eora nation, on whose land we currently are, and the Awabakal people, the custodians of the land where I am from, and pay respects to Elders past and present. I initially want to thank the Committee members and of course parliamentary colleagues for allowing me to make a written submission into the inquiry and for inviting me to give verbal evidence into the review into the management of New South Wales public housing maintenance contracts. The inquiry is timely if not indeed overdue. I have been the member for Charlestown since October 2014. During that time housing and the maintenance of housing has been the major issue that my office deals with, and I will briefly explain why. Our offices, as Committee members would know, are often a place of last resort. Whether it is housing, a parking fine, a speeding ticket, an issue with a local council or an issue with a school, the problem that the constituent is coming to us about is often a problem that has been around for some months if not, in some cases, for some years.

Certainly, sometimes constituents come to us with problems because they have received an answer and they do not like the answer they have been given in the past, even though the answer might be totally reasonable. In relation to housing and housing maintenance though in my electorate, that is certainly not the case. My experience and the experience of my staff is that the reason that we are brought into constituents' issues in relation to housing maintenance is because they are real and valid issues. Quite often there has not been an answer given. My electorate of Charlestown is ranked twenty-first in the State according to the last census in relation to the population that lives in public housing. Most of the social housing in my electorate is owned and managed by NSW Land and Housing Corporation and it is in the Lake Macquarie east zone of that corporation.

The majority of public housing in my electorate is in the suburbs of Windale and Gateshead. Windale particularly was a suburb that was built in the late 1950s. It has over 950 public housing properties in it currently and most of them are fibro and tile cottages that were built in the late 1950s. I will give a bit of background about the suburb. Windale is the fifth-most socially disadvantaged postcode in New South Wales according to the 2015 *Dropping Off The Edge* report, which measures a wide range of factors. That is behind Blairmount/Claymore, Boggabilla, Villawood and Old Mill/Tingha/Stannifer in New England. When Windale was first built, it was built for working poor families. Now the people who are living in Windale are a mix of working families, aged people and often families who have experienced significant adversity of various types and sometimes have quite complex needs. But at the outset, I have to say that Windale people are absolutely salt of the earth people. They tell it as it is. We often hear about it as it is in my office.

As I said before, the vast majority of people who come to my office in relation to public housing maintenance have totally valid complaints which should have been fixed previously and should never have had to come to my office in the first place. Shelter is a basic human right and it should be safe and that safety relates to both security and the health perspective. The types of issues that people bring to my office in relation to public housing maintenance are predominately leaking roofs, raw sewerage—I frequently have constituents come to my office complaining about raw sewage leaking under people's homes. There are electrical faults; there is a case study that I have included in my submission about electrical faults that sometimes continue for years. There are windows and doors that simply do not open and hot water systems that are not replaced until they totally fail and the tenants are without hot water for several days. Vermin, mice and mould—black mould is a consistently highly reported issue that comes to my office.

The key area that I think is of concern is in relation to annual asset inspections. Any landlord generally does a regular asset inspection. From what I hear from my constituents and what my office hears from my constituents, those annual asset inspections often simply do not happen, or if they do happen then they are simply an information-collecting exercise. There is no action taken out of them. Things like holes in the walls are actually looked at in those asset inspections and not acted upon. Wood panels on floors—I have been in someone's house where a piece of wood on the floor has been nailed over carpet because underneath the carpet there is a hole in the floor. That piece of wood that has been nailed to the floor is two centimetres thick. This particular constituent had problems walking on the floor that was not flat, so obviously there is a safety issue there for her.

I think what that lack of action on those asset inspections does is it sends a message to the tenant that this is the standard that the landlord expects, that they are happy to collect the information but the landlord—i.e. the Government or Land and Housing Corporation—is not willing to take action on it. Therefore why should the tenant set a high standard of maintenance for themselves? That is a real problem that certainly my constituents hear. My office also experiences differences in maintenance response depending upon where the property is

located, and I am not talking about suburbs here. My electorate has both Lake Macquarie East and Newcastle zone maintenance in it and I think we have a different response depending upon which particular area the properties are located in. One woman who lived in the Lake Macquarie East area was told that the security screen door in her home would take months to replace, while her partner who lives a few suburbs away in the Newcastle allocation zone had his replaced within days after it was damaged.

The area of most frustration that we experience and that constituents experience when issues arise is that there are not proper fixes to issues that are reported. When emergency works are done there is a simple fix done, so the symptom is fixed but not the causes. For a fallen tree or sewerage problems, the actual causes are not fixed. I think fundamentally the issue is that when people are first allocated housing in the area, the quality of stock is such and there is such a shortage of public housing stock that people are pressured to accept housing that in the private market would often be considered substandard housing. Where the property could have been fixed without the tenant in there, instead you have a tenant in there and it becomes incredibly more difficult to manage and to repair once you have got a tenant in. That is really the close of my statement. I have not brought my electorate office staff with me as it was difficult to arrange, but I am happy to answer questions and also happy to take questions on notice if there is any level of detail that I cannot provide today.

The CHAIR: Thank you, Ms Harrison, and thank you for making a submission. The issues in our area with public housing are well known to ourselves. You would have some communities that are similar in their age and when they were established: the Lake Macquarie, Bolton Point, Marmong Point area. For those that do not know, I think you said Windale is now listed as the fifth most disadvantaged by postcode.

Ms JODIE HARRISON: The fifth most disadvantaged postcode.

The CHAIR: Around about 20 years ago I think it might have been number one, based on the findings of the Vinson report at the time. While Ms Harrison says it is fifth, which is not great, it has climbed a long way since those days. There has been a lot of effort out there, which council has been a big part of as well. Thank you for making the submission. We did find it logistically easier to travel to the Illawarra-Wollongong area to look at some, whereas it would have been more difficult with the nature of our housing to actually identify those problems and to see them there. You did indicate that public housing is a large proportion of your workload at the electorate office. Will you indicate just what proportion you think that might be? Whilst there is a whole range of things from minor maintenance to serious things such as sewerage, do your staff try to prioritise that as they give assistance?

Ms JODIE HARRISON: Probably about half of the constituent work that is done—or half of the work that is done by my staff would be in relation to housing maintenance. Of the calls and the contacts they have made from outside people, half of it would certainly be in relation to housing maintenance. Where there are simple health issues like sewerage issues—well, not simple by any means—absolutely they are prioritised. I have one staff member who deals with the majority of people who come in to the front desk. When there has been a blockage with Land and Housing Corporation to get recognition that there is a problem there, my staff member has actually gone out and taken photographs of sewage overflows just outside someone's back door. When there are urgent issues, they certainly prioritise it and make phone calls on a regular basis to follow that up.

The CHAIR: They just make a judgement based on what is being reported to them and the ability for them to provide that time. That is a high level of assistance, to actually travel out there to do that. You would not do that for everything, so sewer would be recognised as a very substantial one. I thank you for that. How do your staff find the local office of housing? We have a parliamentary liaison or a hotline. Is that working reasonably well since it has been introduced?

Ms JODIE HARRISON: The hotline for Land and Housing Corporation maintenance?

The CHAIR: Yes.

Ms JODIE HARRISON: It is. We receive a fortnightly report on outstanding issues by email and I would be happy to provide a copy of that so that the Committee can see if that is of relevance. What we often find, though, is that things sit on that for quite a long time and particularly where they are waiting for a value for money assessment. Value for money assessments seem to often take an inordinate amount of time. Once something goes into a value for money assessment it seems to go into an abyss and not come out for some time unless my office really gets active.

The CHAIR: That abyss where things go into and do not come out of, does that relate partially to your comments about a lack of transparency around the whole issue? Obviously we have a maintenance hotline and we have other engagement. By the way, it is not an uncommon theme, this lack of transparency. Can you comment more on why you feel that there is a lack of transparency?

Ms JODIE HARRISON: One of the things that I did in preparation for today was to ask for a copy of the last fortnightly report. Having a look at that, basically bringing that along would not have been of much use to the Committee because it does not actually show when it was first lodged and what action has been taken; it is still waiting for a value for money assessment. A particular maintenance request can be sitting on there at a particular address saying, "Waiting for value for money assessment" in some cases for months. The whole definition of value for money assessment I think was really interesting. My office tried to find out what value for money assessment was and we ended up having to put a question on notice to find out exactly what it meant.

The CHAIR: Can you tell us? Could you enlighten us as to what the answer was?

Ms JODIE HARRISON: I am happy to bring up the answer.

The CHAIR: While you are doing that I will look to Mr Evans, who was going to ask a question.

Ms JODIE HARRISON: The answer was:

The Asset Maintenance Services (AMS) Contract defines "value for money" as "the provision of a work or a core service at the best possible overall price, considering the benefit derived from the work or service against its total cost while meeting the contract requirements, particularly with regard to fitness for purpose, quality and timely completion.

The CHAIR: So that is the short version. Thank you for that. I am satisfied with that. Mr Evans?

Mr LEE EVANS: Thank you, Ms Harrison, for a very comprehensive submission. You have spent a lot of time on it, which is understandable. The average age of your housing stock sounds like it is well above the 44 years that is the average across New South Wales. What would be the reaction if a renewal program started in these suburbs that have 60- or 65-year-old fibro homes? Would it be a negative or a positive? It happened in my electorate in Menai where we had old fibro places on quarter-acre blocks. It used to be a farming area that was converted into housing. When we started the process we said, "It is time to go, it is asbestos, we have got to move you out." We moved them out to an adjacent suburb. There was great upset because they were moving out from their family home. They moved in to new accommodation at Padstow. When they renewed it and it was a dual lock on one block of land—beautiful gardens, everything was all tickety-boo—and they were asked to move back, they refused to and they stayed at Padstow. Would that be a similar reaction if you renewed your stock or a renewal was put through?

Ms JODIE HARRISON: I think it would be a mix. Certainly I have got some new stock and people who are in there and who have lived in Windale for all of their lives are really happy there. There is a particular apartment block that I can think of—and Windale and Gateshead do not have many apartments; it is not that kind of stock—that is two-storey, it has a lift, it is perfect for people with accessibility problems. We have an aging population, so therefore that is becoming more and more of a problem. I think people will see that there is a benefit for them, but I think a really key thing would be the communication with people early on. There has been work between Land and Housing Corporation and Lake Macquarie Council for a master plan for that area. Now the entirety of Windale is zoned medium density; it was low density. What the plans are I have been trying to ascertain from a Land and Housing Corporation point of view. One of the key things that I have heard from Land and Housing Corporation in relation to renewal is that the cost-benefit—the land values in the particular area are such that it is not a priority to asset recycle.

Mr LEE EVANS: Just to that point, you are getting a house that is 60 or 65 years old. The wiring and the plumbing and all those things will be basically worn out. Whichever government it is, it does not matter, will say, "Right, you are spending \$40,000, \$50,000 or \$60,000 on a 65-year-old house to replace the plumbing and partially replace the electricity wires," because it is really not worth that amount of input for a house that is 65 years old. Ultimately if we do not do it, the place might burn down because they will probably use material outside electric wires—it would not even be the properly encased wiring. It is fifty-fifty as to whether you keep on with the old stock or make that decision to clear it out and put more stock in.

Ms JODIE HARRISON: There is a lot of opportunity. There are some people who can no longer maintain the quarter-acre blocks that they live on. I think there would be an opportunity to talk to people who are long-term tenants in the area and look at what their abilities are and what they would like to see. The Windale community is a very tight-knit community. They are very strong and very proud of who they are. The vast majority have lived there all of their lives—they feel connected and they need to remain connected—but there are a lot of quarter-acre blocks there. I would agree that it is probably economically beneficial to replace rather than try to continually repair.

The CHAIR: Ms Wilson, do you have any questions for Jodie Harrison?

Ms FELICITY WILSON: No, I do not have any questions.

The CHAIR: Justin Clancy, did you want to ask a question?

Mr JUSTIN CLANCY: You mentioned you have a large LAHC stock. Do you have any CHPs?

Ms JODIE HARRISON: We have Compass.

Mr JUSTIN CLANCY: From a complaints perspective and people coming to you for issues, are you seeing a difference? What are your reflections in a comparative sense between LAHC and CHP stock?

Ms JODIE HARRISON: There are a couple of things there. Certainly Compass has a presence in my electorate. A lot of the stock that Compass has is newer stock that was built during the time of Kevin Rudd's prime ministership when there was money put into public housing and Plibersek was the housing Minister, so it is newer stock. They have, though, a very different model of operating. Maybe it is that it is smaller; I am not sure. I know that, last I heard, they were in the process of bringing their maintenance back in-house. They had it contracted out and they are bringing their maintenance back in-house. I was speaking to one of their managers. As far as complaints in relation to Compass Housing maintenance, percentage-wise there are nowhere near the number of complaints in relation to Compass Housing.

Mr JUSTIN CLANCY: As you said, age of stock might be a factor there.

The CHAIR: Yes, stock would be a factor.

Ms JODIE HARRISON: That is right.

Mr JUSTIN CLANCY: Earlier in your opening statement you touched on the difference in response to maintenance based on geography. Is that associated with different head contractors?

Ms JODIE HARRISON: Yes.

Mr JUSTIN CLANCY: Thanks, Jodie.

The CHAIR: Are there any further questions? I just got a message from Tanya Davies. I think she has actually had to leave. Apologies from Tanya. At this stage it looks like we have completed our questioning. I want to thank you once again. I think I really do understand your issues out there.

Ms JODIE HARRISON: I do not doubt it.

The CHAIR: It is a strong community—Windale, in particular. I think the character of the community in Windale has been somewhat forged by the adversity and the pressure that was put on it by the spotlight that was shone on it where it was sort of singled out as being a dysfunctional community. They said, "No, we will not accept that." More so even than Gateshead, which was not as clearly singled out in that. It is a good community, but it certainly has its challenges. I want to thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing. The replies to those questions will form part of your evidence and will be made public. Would you be happy to provide a written reply within 21 days to any further questions?

Ms JODIE HARRISON: Absolutely.

The CHAIR: Thank you very much. That will conclude this particular session of evidence.

(The witness withdrew.)

(Short adjournment)

MARK BYRNE, Head of Portfolio Management (Assets), NSW Land and Housing Corporation, sworn and examined

MICHAEL CASSEL, Chief Executive, NSW Land and Housing Corporation, sworn and examined

JIM HRISTOVSKI, Director, Operational Policy & Standards, NSW Land and Housing Corporation, affirmed and examined

REBECCA KRUMINS, Director, Stakeholder Engagement and Programs, NSW Land and Housing Corporation, sworn and examined

CATRINA KIM, Regional Portfolio Director - South East, NSW Land and Housing Corporation, sworn and examined

The CHAIR: I welcome our witnesses here this afternoon. Thank you for coming along to provide evidence to our inquiry. This is a very important matter for the Public Accounts Committee. There will be some latitude in the ability to give answers today, but we would like to invite you if one of you would like to provide a brief opening statement based on your submission.

Mr CASSEL: I would like to thank the Committee for their interest and their invite today. As you would be aware, we operate the largest social housing business in Australia—over 125,000 properties across the State. The Department of Communities and Justice manages around 100,000 of those properties. The remainder are managed by community housing providers. We have a large asset base. It is worth over \$50 billion—one of the top five agencies in this State for assets. We handle roughly 2,000 incoming maintenance calls a day and spend roughly \$500 million a year on maintenance alone. The geographical area that we cover is the entire State and, as you can imagine, that needs a rather large amount of infrastructure to be able to service those in the far west of the State, those on the east, and those on the north and those on the south borders.

So overall, I believe the business is doing a good job. Do we get it right every time? No. There are always opportunities to improve. But I believe the level of service that we provide by way of maintenance is good and I believe the team work hard every day to deliver on that in some challenging circumstances and especially in markets where building trades are hard to find. I believe we have a system that incentivises making sure that the tenants' maintenance issues are addressed. It is a challenging one, as I say, in an environment when there is high demand, but it becomes even more challenging when we have natural disasters, whether they are the recent bushfires or the floods or things of that nature. You need a business that can scale up very quickly to address all of those needs and then you will have your standard day-to-day issues that will continue along. I know overall we do a good job at managing the portfolio as it stands.

The CHAIR: Thank you for those opening statements. I imagine you are reasonably well aware of the submissions that have been made in relation to this inquiry. I am sure you are also aware that there would be some dissent from your position as to how well maintenance services are being delivered. I would not want it thought that this is an attack on Land and Housing or the Department of Planning, Industry and Environment [DPIE]. We do understand that there are significant problems in addressing everybody's needs in a most timely manner. However, just for the record, Mr Evans and I were on the previous inquiry into public housing maintenance contracts and we were certainly led to believe that this was a significant change in paradigm, how it would be addressed, and that there were going to be significant improvements to the process. We are not entirely convinced that that has manifested in a tangible way or something that we can see, although we would agree, I think, that there may well be some aspects that we are not seeing that you do. But from the submissions that we have seen, there certainly are still lots of problems and I think that, Michael, you have acknowledged that. At the same time, we want to know whether or not the paradigm is quite right, and we have heard some good examples today. I think Mr Clancy asked a question about some of that.

We do have prepared questions, as you would understand. I do not know that I want to follow those slavishly, so as you start to answer we might diverge as it comes about. Following up on maintenance requests, for example, which is a large part of the complaints that members receive, the Committee has received a number of submissions from tenants which document delays in completing repair work when trying to report or follow up repair issues. Since the introduction of the asset maintenance services contract, tenants now report issues directly to call centres operated by the contractors rather than previous maintenance line staff by DCJ. What is the usual time frame or benchmark to complete maintenance work—responsive and planned—and what accountability mechanisms are in place for contractors that do not need time frames to complete repair works? Does the department have oversight of the progress of works or is it dependent on contractors? I know I have run a few questions in together, but you get the picture, and I am happy for you to talk in the broad to those.

Mr BYRNE: I will talk initially, but I will call upon Rebecca Krumins to add to the governance aspects that you asked in your question there, Mr Chair. It is difficult when you are talking about a generalisation about the complexities of our maintenance delivery. In simple terms, we look for parity and equity in the way that we look at the criticality for maintenance, both in terms of the tenant's request and the asset, and we have a process that is backed by the contract and the contractor's delivery that then delivers that. With government you are looking for a level of certainty and with such a voluminous, complex volume of orders—740,000 maintenance requests in a year and 550 work orders resulting from that, which will have multiple work identification codes on them—you need to have something that has certainty of process and practice, and to change that becomes quite difficult because you have to educate people about those changes.

So when we brought on this new contract, we brought on a centralised contract call centre. Part of that as a benefit to tenants was that prior to that they rang the Housing Contact Centre [HCC], which meant you had another cog in the machinery of communication. So you had them ringing the Housing Contact Centre, who would take their inquiry; they would then send it on to us; we then sent it on to the contractor; the contractor would send it back to us; and we would go back to the HCC. That created inefficiencies in the communication. So one of the benefits that we rolled into the Asset Maintenance Services [AMS] contract was that we would enable the contractors to be the direct contact. It actually promoted them having skin in the game because they were directly dealing with the tenants; they were able to diagnose the maintenance need directly with the tenant, and that was the follow-up point, in that we stipulated a job number to be issued to the tenant so they had a point of reference to call back. We built into that—because as you can imagine with that volume of calls per day, you are dealing with either the balance between telephonists with good knowledge of a criticality repairs matrix, a guide and a decision tree in asking suitable questions to identify criticality and risk, or, as is being suggested in other quarters, to go to a technical operator who has not got the time frame expertise to be able to deal with tenants and so you would have longer wait times on calls.

We brought the calls down from the Housing Contact Centre from in excess of an average of 12 minutes per call wait time down to an average of three minutes, acknowledging there are exemptions during storm events and high-volume periods of the day. But that is a key performance indicator [KPI] for the contractor in this contract. So responsive, we created the criticality repairs matrix. That matrix allocates work on a 4 to 8 hour basis for urgent works, then 24 and 48 hours for priority works, and then where the tenant is not able to clearly describe the maintenance issue and it is non-urgent we have 20-day maximum time frame for the contractor to do a technical inspection, to go out and physically visit the site. I stress it is non-urgent. If there is an urgent aspect of that, the expectation on the contractor would be to make safe and to return within those 20 days to determine what needed to be done. That could mean a different trade. It could mean one trade goes out and then identifies that an alternative trade needs to look at this. In construction and in maintenance alike there are latent conditions; so things can change based upon what is found when they actually go out and inspect the property.

We equally have for aged and frail vulnerable people a two-hour opportunity. So if the operator was taking the call and the person was able to describe that their circumstances were such that they needed a more urgent response time, then the operator has the delegation to reduce it to two hours. The other aspect of our delivery of maintenance is the planned works. Planned works is a scope-and-quote process, which is akin to what you might do in your own private life to make sure that you got best value for money when you are doing larger projects of component replacements. In our program we look to a six- to 12-month horizon for the next program because we bundle up works—large component replacements like roofs, kitchens, bathrooms, fencing, window replacements, floor coverings, internal and external paints—to get the best quote from the contractor, to extract the best value for money for our business and, therein, the taxpayer and the community.

At times we have difficulty in framing expectations that persons looking at planned works will think that it will be turned over in reality TV time frames. But it is not in reality the manner in which we can do it. In bundled work, the contractor in the clear conditions of the contract is able to take 45 days—because we are not going to be doing that work for six months to give us a scope and quote—so that they sharpen their pencil and give us the best set of quotes from their subcontractors. That is the basket when we get a program of works together. Where it is an individual property, it was 12 days in which they had to provide the scope for us, and that means getting access to the property, dealing with what they see on site, maybe talking to us and so forth. Planned works is not a guarantee. It is difficult to give that guarantee other than what we have been giving to them in terms of "This could be six to 12 months".

We understand that there is some work to be done in communication in terms of making it clear for people so they understand the time frames for the different aspects of work. But a simple, what I call, fail-and-fix responsive work is really tied to the criticality repairs matrix, which gives a guide to a discussion. That conversation is recorded and that audio is retained, and at any time if we were to receive a complaint about the conduct of the operator or the efficiencies of determining the criticality and the trade to be allocated, we can go to the contractor and ask them for a copy of the audio. We can then, in terms of our performance management

framework, ask the contractors to provide an action plan for either training of that operator or counselling of that operator and equally we can take on board a change to our criticality repairs matrix. That is sort of probably a lengthy summary.

The CHAIR: It was.

Mr BYRNE: Thanks, Chair. But I will ask Ms Krumins if there is anything she would like to add that I did not pick up on in your questions.

Ms KRUMINS: Specifically around the governance for the performance management framework of the contract, as Mr Byrne said, we have got particular time frames under the criticality repairs matrix for the contractors to deliver work. Those time frames are monitored as part of the KPIs for the contract. There are 22 KPIs—nine of those are for timeliness—specifically so we could split them up and monitor individual programs and make sure that each program, particularly urgent works and responsive work, are being dealt with in the time so that they were not bundled up with the other volume of work. They are measured and monitored and reported on every month by the contractors. We have an audit and verification team who then look into our systems into the contractor's systems to verify that those scores are correct. There is an abatement regime connected with the KPIs. The minimum performance is 85 per cent. We have always said to the contractors though, that is the bare minimum. We are always aiming at 100 per cent timeliness.

Contractors are performing quite well in that space now. If the contractors do not meet the required timeliness, the abatement will be applied, but we also meet with the contractors on a monthly basis to go through their performance with them. If they are not achieving the KPI scores that we need to, the timeliness in particular, then we can issue a notice to the contractors and go through the escalation process that is part of the contract and then work with the contractors. They can provide us with plans of action on how they are going to improve their timeliness, improve the service for us and we can go through that escalation process with them to really monitor and make sure that they are actually improving in the delivery of the service. It is quite a robust performance management framework under the AMS contract.

The CHAIR: By the way, Mr Byrne, I did appreciate the answer. As I said earlier, there is a lot of latitude for you to add to your answers. I was going to ask about the number of head contracts that are out there.

Mr BYRNE: Five until 1 July this year and then we reduce to four.

The CHAIR: In relation to the responsiveness of the head contractors, is there a similarity between the type of engagement and response that you get back from each of those contractors? Or do they have their own particular character? There is only so much contract management can do. A lot of this has to do with the attitude of the executive and the staff. Are they all similar in the way in which they respond?

Mr BYRNE: Again, it is difficult to say generically without giving some preamble to that. They all have a different size of the portfolio. Spotless and Ventia, previously Broadspectrum, hold about 80 to 85 per cent of the work from the contract. They are going to, in volume rather than proportionately, hold a higher number of the complaints, which is partly what has been submitted to you today and through the other submissions—the level of dissatisfaction. They are going to be represented a lot higher in terms of how they do business.

Equally, you have got a differentiation between the big multinationals like Ventia and Spotless that have different operating systems. Hence, we could not prescribe, "You use this system," because they have invested a lot of money in their IT systems. We had to ask them to interface with our systems, which is a different sort of relationship to saying, "Here is a complete IT system that you must use to do business with us." They are different in how they operate because of their volume and the contracts they hold in either other States or other sectors of industry to do similar maintenance, cleaning and other functions.

Then you have got the regional ones. You talk about Joss, which is a family business but cut their teeth in the education contracts for a number of years, very localised in Albury and deal with our sort of contract areas down there, very proficient, very professional, invariably pose different pricing arrangements with us in terms of their level of approach to our service delivery. You have got O'Donnell & Hanlon [ODH] up in the Kempsey and northern coast area, another family sort of business. Both Joss and ODH work well but on small numbers of properties.

Then you have the fifth one that we have been dealing with, Lake Maintenance, who contributed to what we believe are quite solid performance scores under the KPIs. But over the period of the five years and under evaluation both of data and personal site discussions, we decided that they did not have the capability to go where we wanted to go going forward and from 1 July we have reallocated those contract areas under procurement and tender to two other providers, which are Spotless and Joss—have won additional areas. It is hard to sort of say

how do they perform because they are coming at it from a different perspective, and we have got to acknowledge that.

What I have noticed across the five years as a generalisation is the first year is a transition. I have got to say that this contract—when you touched on earlier that it was to be transformational and it was to provide benefit. It was a major incremental step from previous contracts insofar as vesting a lot more responsibility for asset management within the contractor themselves rather than scoping it by our own staff under the MRP08. It took them a little while to understand the terms of the contract and the manner in which to engage with us and deliver the services to understand the cultural shift that needed to occur in tenancy management. We develop these contracts three to four years in advance of their cessation.

The AMS has really been on the books for nearly 10 years now, and the cohort changes and the conditions and the environment changes. But being such a complex, large service delivery, the model has to be developed over a period of time. It is not like we can chop and change or come up with something in the last hour. As we moved into this contract, we equally had a shift with Future Directions. We let the contract in November 2015; Future Directions came out just after that which put a greater emphasis on tenant experience and improving tenant satisfaction. The contract up until then had been developed very much around trying to move us from responsive maintenance into planned maintenance, which meant a different focus on asset management and asset delivery in the maintenance environment.

You found in the first year there was that teething period with the contractors, and that is where we had our lowest KPI scores with an average of 72. Comparable to a similar time in the contract under MRP08, which was eight years in its existence, they never got above 52 per cent—again, similar KPIs. So when people say, "Did you get a better outcome from this AMS contract?" the KPI outcomes say we have and that was quite clear to us. In the middle periods, from helping with the transition, we started to focus more on our auditing around other aspects and focusing on the different areas. We looked at the cost-benefit or the value for money around vacants, because all contractors were struggling with that in terms of we were watching vacant restoration costs rise significantly. From what used to be sort of around \$6,000 or \$7,000, they were getting out to \$15,000 or \$16,000 for every vacant. So we did a process there and we brought that back into control. We started to change how we dealt with the contract.

Then, obviously—I do not think it is any coincidence—as work has become harder to find during COVID their attentive nature changed to be far more attentive to our needs and around customer service. I think COVID changed the paradigm as well in terms of how they dealt with tenancies. They were still out in the field. We have delivered as much maintenance over that time, if not more, because of the stimulus dollars and so they have been receptive to that. As Michael Cassel said earlier, the ability to ramp up and spend \$47 million between April and June last year on capital expenditure just showed that they were more attentive to the delivery that we are asking from them under maintenance. That would have been difficult under a different model.

Mr CASSEL: I would not mind just adding something to that. I guess in asking that question it brings to mind for me how well the contractor gets on with LAHC. Obviously, if things are not going right the pressure builds up in LAHC and the contractor is usually the one who gets the grumpy phone call. I must say, in the 18 months or 20 months that I have been there, there is only one or two matters that have made it to me. I think when the team raise issues with the contractor or the contractors, we end up in a position that it is resolved very quickly and very amicably. Again, with a contract where you are spending half a billion dollars a year and you need things done quickly and you cannot tell them what next week looks like—all they know is they are going to be getting more and more phone calls—that always creates an environment that has the potential for finger-pointing and arguing.

I think the systems that we have got in place reduce that significantly. I also think the improvements that Mark Byrne has talked about demonstrate that we have a relationship where we hold each other accountable but at the same time they are willing to look at and understand improvements that we need to make. So from an overall management perspective I think it runs reasonably well. I think it is a credit to the team that they identified that one of the major contractors who was in that five at the start was probably not suited to moving forward and they held them to account and they are not in the renewal past the end of June this year.

The CHAIR: There are two examples that were given today of what you would say were fairly serious failures to address in a timely manner the reactive needs of tenants or maybe failures of planned maintenance. One was from, I think, the Tenants' Union NSW and one was raised by the member for Newtown in relation to roofing failures. One of these was—I forget how long it was, but we are talking of many months where the roof had failed and there was water penetration. The roof was tarped. Eventually, even with that, water continued to penetrate. They said then the roof further failed—I am assuming it was actually that the ceiling collapsed in—and the contractor appeared and put another tarp on. This was after months, am I right?

Mr JUSTIN CLANCY: Yes.

The CHAIR: We also had the member for Newtown raise a similar one. These are the sort of things that a member of Parliament is probably going to see as indicative of a fairly laissez faire attitude. It might not be a fair reflection, but they are fairly serious. Mr Byrne, how can something like that happen? It was in the order of a year, I am not sure—

Mr JUSTIN CLANCY: Several months.

The CHAIR: Ten months for the first one, I think. That is an extraordinary—what I would consider—failure. If it was a privately owned property you would not tolerate that, unless you had no money I guess and no insurance.

Mr BYRNE: Sure. No, and let me say off the cuff, that is not a performance that we would condone nor that we would appreciate and certainly there would be discussions around those. When we get representations from members of Parliament we track the chronology and we track the performance and those things factor in the KPI, but they also factor into some senior management discussions with the contractor about those sorts of things. Having said that, without knowing those particular instances, I can only speak generically in my experience over a number of years as to how these things may or may not happen. One of the unfortunate aspects of a storm event, if in fact it was related to a storm event, is that tenants could ring the SES or they could ring the contact centre. They may make that choice. We would like them to ring through to the most available response that they can get.

What happens though is—and we have had meetings with the SES—that their database is not able to be released to us. The tenant, in our experience, thinks that government has come in and done this so they should know that there has been damage to my property. So unless we have visibility that tarp may sit there for a number of months without us even knowing, until the person complains that nobody came back. Now it does not condone 10 months. The other aspect that we have been working with the contractors about is associated works. So you have got the initial make safe, but we want to see that their project management improves around how they then follow that up with the associated works required to bring that response to a conclusion. We have asked them to improve their reporting and their project management around that. Initially that was something in the contract that came up quite often. Not quite often—when I say that I mean if there was an issue then that usually was the issue when we unpacked it.

If we do not have visibility it is difficult for us because we are not in the field. Because the contractor is in the field and DCJ's tenancy managers are our interface and they are our eyes and ears in the field, and equally the tenant with their job number calling back through to the contractor. I cannot say exactly why that would happen. I could say it is disappointing and I could say that sometimes our trades are a cross-section of the general community. They may be drawing upon the same trades and some trades do not perform particularly well. We do have opportunities to talk and saturate our compliance regime around those trades. If a roofer, for example, in that instance or a plasterer had not been back to the site and should have been, we might then call out our compliance people to saturate their work in terms of doing inspections to see that they are at standard with all their other work and inform the contractor as to whether we are happy with that subcontractor or not. They would then do an action plan around resolving that.

We certainly would be talking to the tenant around a rent reduction for the inconvenience for that period, not needing to go to NCAT or to enforce some sort of order around that. We give some delegation to the Department of Communities and Justice to be able to approve those rent reductions. So I cannot say, without knowing exactly what they were, but human error could be a factor or the subcontractor associated work acknowledgment—"I have done my bit." So the sort of things like if there was a water leak and the plumber comes in and punches a hole in the wall in the bathroom, fixes the water leak but nobody tells anyone "We better put a tiler back in there to fix the rest of it." It is that sort of thing that may have happened with the roof. But we would not condone it and we would counsel the contractor around it. It would feed into the KPI and the abatement structure for that. But we equally would be looking at dealing with the tenant themselves in terms of the inconvenience.

Ms KIM: Can I just draw on that? Expanding on the visibility, when we have had major storm events such as this, we have had a few experiences where we have not gone out to tenants' roofs and actioned those as appropriate. What we have done as part of lessons learnt is, when we have a major storm event like we did in March, our contractors and their subcontractors do a drive-by inspection, do an audit and identify those ones that might have had tarps put up by the SES team. We pick up those works as early as we can. But, notwithstanding that, we might not always pick up those events.

Mr CASSEL: If I can just add, Chair, what I find in most of these issues when they arise is somebody has not deliberately set out not to do something. I usually find it has been a communication breakdown. I only

recently became aware of the whole SES thing, where there is this wall and we are not allowed to receive information. As the team has just explained, we are looking at ways—how do we do that better and how do we find that information? Because the tenant would probably expect, "Well, the Government department has been in. Why don't they tell them?" There are those challenges but there are privacy laws that sit there as well that we need to navigate through.

I think the other thing I want to raise—and I am not doing this as an excuse—is that I am very disappointed in the two roof issues that you have raised. There are occasions when our tenants make it very difficult for us to get back in and do those repairs. We regularly attend NCAT where we are refused entry to carry out repairs or our contractors feel that they are not in a safe work environment and do not want to enter into properties. They are issues that we deal with on a day-to-day basis. It is not an excuse for dropping the ball on this one. But there are other challenges that we need to continually work through in those types of circumstances to make things happen. As I say, the communication one with SES sounds like it should be able to be fixed logically, but then there is lots of legislation through privacy and other things that do not make that—and security, cyber security and whether we can get access to their system or they can get access to ours and so on.

Mr BYRNE: We are communication-hungry on maintenance. We have talked to advocate services throughout Sydney, particularly where there is more volume that goes through their doors. We have said, "Even the matters that walk through your door that you do not believe you have a case that is maintenance related, we would be more than welcome to accept a file of those names and phone numbers." We will get the contractor to ring them. Because we want that visibility of our maintenance. A small maintenance response if left by itself and without attention is going to turn into a larger maintenance issue, particularly around water ingress and sewage overflow, so we as asset managers want that communication. We are certainly looking at better ways that we can engage with tenants around that. We have changed our contractor scripting with contractors and with their contact centres, particularly around planned works, because we know that is a frustration. But certainly we are trying to improve that space. We have put 11 YouTube presentations on how we do business, which is outside the tenancy management obligations to interface with tenants and to say, "The more you are informed about how it all works, the better outcome you can achieve for yourself."

The CHAIR: Mr Byrne, is that a part of that suite of videos that we watched on the bus?

Mr BYRNE: On the bus, yes.

Mr CASSEL: Sorry, Chair. I know we are short on time but I want to make this point, because I feel like I may have said the SES is where our challenges are. I think that when you have those major incidents—being storms or things of that nature—where there is a lot going on, the first response needs to be to make the place safe. With the fire brigade and the police and the ambulance, we regularly get those updates through their call centres because it is not a peak in workload for them. Normally when the SES is called out, lots of things are going on. We continually receive updates from the fire brigade if we have a property on fire—whether we have got to relocate one person or multiple people—so most of the systems work together. It is just in this major peak scale-up period that things do not necessarily flow so well.

Mr BYRNE: We will experience trades issues in the north because of the flooding and the heavy rains over the next period because insurance companies will pay high premiums for the trades. We have experienced this over the years. It is a contractor obligation but we will have to juggle that with them because you cannot materialise it out of nothing.

Mr JUSTIN CLANCY: Firstly, I make an observation to Mr Cassel's last comment. Certainly, anecdotally listening today, the "make safe" period is less of a concern. It is then that period going from "make safe" to the actual full repair that seems to be one of the touch points. I want to draw on some of the strands of the discussions today and maybe seek your response to some of those issues. Ms Krumins, you talked about the escalation pathways before. We have heard Tenants' Union and some of the local electorate offices suggest that they have concerns around the internal escalation pathways. They have suggested that seemingly it is not until it has reached NCAT or an intent is signalled to go to NCAT or it has gone to an electorate office that action is taken. Is there visibility and communication around the internal escalation pathway so that electorate offices and DCJ staff have a true understanding of what the escalation pathway looks like?

Ms KRUMINS: The escalation pathway that I am talking about is the contractual escalation pathway and we have communicated that with DCJ Housing right near the beginning of the contract. It is a pathway that we utilise a lot under the contracts, particularly as a general and overall contract performance escalation pathway. We move through that pathway very quickly. We do not wait for a long time to elapse before we escalate through that pathway if the contractors are not performing. It is not a pathway we use generally for individual matters unless we have NCAT matters in particular. Generally we will have an NCAT matter and we find that a lot of the

NCAT matters—or some of the NCAT matters, I should say—emanate from that lack of communication we were talking about earlier.

We find that quite a number of the complaint matters we get or the escalation matters we get are as a result of a lack of communication and are sometimes because we have not actually received a maintenance request from a tenant. But the communication of that escalation pathway generally is between the government agencies, so DCJ, ourselves and the contractors. The escalation through the NCAT matters is more about going through our individual internal teams. We have individual teams that deal with NCAT matters. They will go through and report through to their regional portfolio directors. It is a different escalation path that we go through.

Ms KIM: I might just touch on operational escalation matters. What Ms Krumins has talked about is the contractor performance escalation matters at a trained high level. At operational level, what we have are joint team meetings with our tenancy managers, the Department of Communities and Justice, and my program staff. They meet regularly—as often as weekly and fortnightly. It is at those forums that they discuss. When tenants escalate their maintenance issues to the client service officer it is discussed at that lower level. Most of the issues relating to maintenance are addressed in those forums at the operational level. Then, if it is not actioned, it does get escalated to the senior managers in both parties. So we have a process and forums in place where we manage those. Those ones that I escalated at the NCAT level are also around tenant expectations and us—both as DCJ and Land and Housing Corporation—managing their expectations. But operationally they are managed at the coalface.

Mr JUSTIN CLANCY: To that, Ms Kim, at that operational level, managing expectations, have tenants as consumers been advised of the escalation pathway? Do they have a sense of where they can go so that they can escalate through their customer service officer at DCJ rather than having to go down the NCAT pathway or to their local member?

Ms KIM: Yes.

Mr JUSTIN CLANCY: So they will have information to alert them to that.

Ms KRUMINS: Yes, they have. The contractors assist the tenants with that as well. If a tenant calls the contractor's contact centre to report that their maintenance has not been undertaken—if a tenant has called about maintenance, the contractor has raised a work order and the contractor has not turned up for some reason, then the tenant has the opportunity and knows that they have the opportunity to call the contractor back to follow it up. The contractors can either deal with the follow-up at the time and make a new appointment with the tenant to do the work or if the tenant is not satisfied with that response from the contractor, they can refer the contractor through to the Client Feedback Unit, which is a complaint line that goes directly to the Housing Contact Centre. The tenant is informed by the contractor of those escalation pathways as well, so that they can actually lodge a complaint and it comes through to us and we can then deal with it.

Mr BYRNE: Mr Clancy, could I just add to that? Over the past four years, on average every year, our complaints feedback, including all feedback, is less than 1 per cent of all 630,000 work orders that are generated from 740,000 work requests. We have program staff currently license trade within our business, so we always want to do first-time fixes and determinations. When it gets escalated within a business, we have actual tradespeople that are making determinations. If then the person is not satisfied with that, then they invariably look for other pathways. We created the MP referral maintenance line as a support for MP offices based upon purely escalation, where they had reported it to the contact centre in the first instance and they had a job number to report to the MP, to be able to communicate to us and for us to chase it up.

That is now making up 37 per cent of our volume for pathways of complaints and we are seeing an increase where they are just flowing through and they have not rung the contact centre. It is difficult as an escalation point when they have not rung it through to the contractor. Of all the complaints or feedback gathered by us in our central data system, 9 per cent are NCAT. What I would say to the Tenants' Union and the advocacy services is that we have built regular meeting regimes with them. We have given them escalation points directly into our business at a senior level, where a matter felt that it was beyond local determination or solution, and we share with them the objective to not take it to NCAT because it wastes their resources and our resources. But where we cannot find a landing on a determination, we do have to use that independent body because they may be advocating a repair that we do not concur with.

Mr JUSTIN CLANCY: Thank you for that, Mr Byrne. We have heard from RTC today and they spoke to your point right at the start, Mr Cassel: we can always look for improvement and they said there are things that we can look to improve. They touched upon one of the frustrations which is the inability, when going to a job to complete one repair, to identify other minor repairs that can be conducted at the same time and doing those. They felt that design of contract is an impediment or a barrier in that regard. They have said that a significant area of improvement would be around design of contract to allow agility and to allow a more immediate response from

contractors in that regard. Another area of innovation that they have spoken of is around a dynamic property assessment, continually updating property assessments so that it is a more dynamic model rather than a fixed model.

Mr BYRNE: Could I pass that to Mr Hristovski to talk about the latter part of your question about the dynamic assessment of properties and how we do our annual compliance assessment of properties, our property assessment surveys that inform us and our applications to be able to develop asset programs?

Mr HRISTOVSKI: Thank you very much. In terms of the property assessment surveys, LAHC has had a methodology in place since 2012 in terms of how we undertake those sorts of surveys and the sampling. We first completed the whole portfolio between 2012 and 2014. It certainly is not just an arbitrary look at components within a property; it does actually cater for a number of dimensions around the component failure, around the condition and around the criticality. Within each of those there are matters that we take into consideration. Component failure is around the function of each of the components, the safety and the appearance of them, although the appearance level can be quite arbitrary around there.

The condition is really around where this component lies within the property life cycle. We have a scaling system between one and 10: One is poor and 10 is new or very good. Each of those major components within a dwelling are there. But the third dimension around criticality is also what helps us prioritise those areas of need for our planned programs of work so that those with a higher level of criticality that is come upon through that sampling process, through the property assessment surveys, will help us plan our planned and preventative maintenance moving forward for the next cycle. Since about 2014 we have actually moved to a 10 per cent sampling of our portfolio just for the sheer size of that portfolio. From next financial year, the 2021-22 financial year, we are now looking at doing a minimum of 33 per cent of the portfolio so that even though we have the vast portfolio, within a three-year period we will have actually gone into every property and used the same methodology as we have applied. That will give us an indication even more of priority areas of maintenance and we can look at targeting our funds accordingly.

In addition to that, at the moment the AMS contractors do go in and do annual compliance assessments where they check for smoke alarm servicing, safety switches and thermostat mixing valves within properties. They also have an up-to-date look at some of the major components of a property. All of that assessment information we draw upon to look at developing our planned programs of works. Further to that, we now have additional tools in place with all the data that is available to us. Those are more around predictive modelling tools that we can start doing some scenario modelling around: If we have a certain amount of funds, where can we best use that money in terms of the components? Or if we needed to keep certain components at a condition level that is midway, that is appropriate for the age of those properties, how much money would we need to invest to do that?

We are now running through those sorts of modellings as well, but the property assessment survey and the assessment programs are the best tools that we have. It has been a consistent methodology. It is a stratified, random sample so we do not just say, "Units are less cost, so for a few years we will just do units", which would skew the figures. It is a stratified, random sample so it takes into account all of the 18 contract areas and the types of properties that we have—whether they are colleges, townhouses, villas or units. It is proportionate so each year we have the same mix, so that we can really be truthful in terms of what the condition is and where we need to focus in terms of our priority areas of maintenance.

Mr BYRNE: In a 13-month period—which is the calendar period for the asset compliance assessment [ACA]—we are checking smoke alarms, which is a greater compliance check than the regulation. But at that time we are doing those other inspections to get a 100 per cent portfolio view, including common areas, which is a different sort of ACA that we do on an annual basis that informs our programming in terms of criticality and where that sits. That then informs that basket of programmed activities that we then are either doing immediately if it is responsive, or we are doing in a short time if there is a criticality expressed, or we are putting it into that six- to 12-month value for money assessment. Repairs will be done until that time when it comes up for replacement. Sorry, Mr Hristovski.

Mr HRISTOVSKI: I was just going to say that the one other aspect is that if, for example, an assessment has taken place around a property assessment survey and there is an urgent matter that should not just be reported, then that gets acted upon by that inspector—calling the contractor call centre, logging that call as responsive to the time frame of the criticality repair matrix. They record the log or the reference number for that call. So even high, urgent matters are not just reported on for something to be undertaken; they are actually reported then and there while that inspector is onsite.

Mr BYRNE: The earlier question, Mr Clancy, was around incidental maintenance. If they go out to do one particular repair and they notice another—presumably it is the same trade to be able to do that—do they do that now? Ms Krumins, did you want to comment on that?

Ms KRUMINS: Certainly. Thanks, Mr Byrne. The AMS contract allows for and in fact encourages the contractors when they send trades out to site to be on the lookout for any particular safety matters and other responsive concerns and has a focus on those first-time fixes. If a trade is out onsite and they notice a piece of work that needs to be done and they are the same trade and it falls within the criticality matrix and it needs to be done straightaway, they can do it right then and there. If it needs to be another trade, they can call the contact centre back and say, "I am a plumber but there is an electrical repair that needs to be done here," and the contractor will raise a work order in accordance with the criticality matrix and do it then.

The CHAIR: Before we move on from that, are you saying that if something is noticed and it is for another trade, they can refer it on? Is there any incentive for them to do it? It does not make sense for a parking police officer to step over a body and move on to book the car. If you see something that is there, do you report it or do you maybe report it? The way in which you worded that sounded like was an optional thing—that they "can".

Ms KRUMINS: There is actually a contractual requirement for them to be on the lookout for any safety issues in particular and to report them through to the contact centre. The contractors are required to make sure that their subcontractors know that and that they report through those pieces of work. Then when our compliance officers go out to site to do our quality inspections, if they notice something that they think should have been reported, then they can report that back to the contact centre as well and we can track that to see whether or not it was there beforehand and, again, raise a notice if the contractor is, for any reason, not complying with the contract.

Mr BYRNE: Our contract is with the head contractors and they subcontract. We do not directly deal with the subcontractors. So any disincentive or incentive is through our relationship with the head contractor in terms of abatements and not meeting their KPIs.

Mr JUSTIN CLANCY: To that point, Mr Byrne, RTC made the point that it felt that the transparency or visibility between what the head contractor might be awarded and the subcontractors and incentivising the head contractor—it put the argument that there is perhaps a better model out there and cited Tasmania.

Mr BYRNE: With respect to RTC, I have a differing opinion. RTC were part of the MRP08 contract in which it did not have the same contractual obligations as the AMS, where it is an open-book contract. In simple terms contractors get a project management fee and they charge through the actual costs of the materials and maintenance. That is in general terms. There are some others but it would take too long to explain. We have the opportunity to go into their books and look at how much they are paying their subbies. RTC were part of the MRP08 and one of the lessons learned there was we had no visibility of whether they were driving down costs on the subbies, which meant the subbies were doing less quality work and getting in and out because time is money. We have a mechanism in this contract to look at that and understand better what the pricing structure is between the subby and the head contractor, which would eliminate some of what RTC is suggesting about transparency of cost. We have the opportunity for full disclosure of their cost and price structure, notwithstanding what they have committed to under tender, which holds them under certain categories of work.

The other aspect is there is a national forum for maintenance between the States and we deal with all the States on a regular basis. We have hook-ups with particular estates when they are coming into contract renewal. Tasmania has 7,005 public housing properties, somewhat of a boutique provider with a different style and a different set of conditions. Equally, I do not talk to their contract administration position but they have had their challenges reported to us in terms of that model as well. In developing the AMS contract we did a worldwide search. We looked in the UK, we looked in Canada, we looked in the French models. We also looked at other models from other industries—the Defence model, those sorts of contract arrangements. It is difficult to find—other than other public housing providers—a cohort dealing with the same set of challenges and wicked problems that we do in the volumes that we deliver. I take on board any suggestions from other quarters. I do not necessarily have the same opinion as RTC.

Ms KRUMINS: I might add to that, Mr Clancy. With regard to incentives for subcontractors, although we do not reach down through the head contractors into their subcontractor model, the subcontractors are paid an actual cost—what is called under the contract a reimbursable direct cost. So for any work that they do onsite, they get paid the cost it actually costs them to do the work. We do not have a fixed rate with the head contractors for a subcontractor to do a piece of work. So if a subcontractor finds a piece of work onsite and they do that work at the time, they get paid the actual cost to do that work. So there is no disincentive for them to not do that work, whereas under the MRP08 contract they were just paid for the work that they were sent to site for—and a fixed rate at that. If the subcontractors go out to site now and do a piece of work and it costs them X dollars, then they

get paid X dollars. The head contractor only gets paid a project management fee; they do not get a portion of that. So the subcontractors have an incentive to look for pieces of work.

We manage that, though, so that we do not have an overservicing scenario through the commercial principles of the contract, where the head contractor is incentivised to make sure that the work that is being done is appropriate. And we have an audit regime over the top of that as well where, as Mr Byrne said, we can go in—and we do go in—to have a look at the contractor's books and have a look individual work orders as a sample size to make sure that the contractors are managing the work, controlling the work, and making sure that the charges direct through to us are direct charges and that the work that was required onsite was actually required onsite so we do not have overservicing as well. We are trying to have that balance between what is required and paying the actual costs of the subcontractors.

The CHAIR: Can I seek a clarification? You referred to the property assessment survey and I think you were saying it has been running at about 10 per cent per annum. Is that correct? Are you aiming for one-third?

Mr HRISTOVSKI: Yes, that is right. In 2012 to 2014 we undertook the whole portfolio, which at that time contained 140,000-plus properties. Since that time it has been 10 per cent of the portfolio annually. That is now moving to a minimum of 33 per cent from the 2021-22 financial year.

The CHAIR: That is each individual property should be assessed every three years.

Mr HRISTOVSKI: Every three years.

The CHAIR: So I would imagine some of your housing stock is in a much worse situation than others, but that does not change that. You are getting a profile, you are getting a dataset that shows where it sits within the scheme of things.

Mr HRISTOVSKI: That is right. It does target each of the contract areas. We are talking about across the State, so we will have a good understanding of what that is. To date the figures, the results, have been positive. We had in our report that in the last set of records that we have from the 2019-20 financial year, when you extrapolate we could say that 88 per cent of our properties are either maintained or well maintained. There is a percentage that would still be below what our own standard would be, but that is not sort of below the requirements of the Residential Tenancies Act. But they are the ones that are identified and that are our priority areas for maintenance as this data comes on board.

Mr LEE EVANS: You do a fantastic job. It is a mammoth task. In our inquiry we have witnessed how diverse your portfolio is. Earlier today we heard some evidence about issues which individually sound horrific but over the big picture of your portfolio are reasonably minor. One of those is what Mr Clancy was talking about. I have used the example of a system being broken, a plumber goes out and fixes the system and then disappears. Then the very next week the washer in the kitchen has fallen out, so another call is logged. In the process, it takes however many weeks for the plumber to come back. As you were saying, to have a look at a plumber going out and as a preventative saying, "While I have got the water turned off, I am going to replace all washers in the unit or house just for preventative," so you know you are not going to be getting another call in the not too distant future—I wrote down "underpromise and overdeliver". Is that part of the culture?

Mr BYRNE: The simple answer is no. It used to be that we ran a specific program where annually they would go in and they would replace washers and they would replace a number of other fundamental items. But that preventative maintenance was a high-cost burden against the capital upgrade major component costs that we wanted to meet within the business. We were finding we were overservicing. I understand what you are saying about underpromise and overservice. If you took it beyond washers—if I pose a different scenario to you. We have from time to time people disgruntled with water ingress. So we ask a contractor to go and check a water leak. They check a water leak and they find a water source. They resolve that water ingress source by whatever means that might be—replacing cracked tiles or siliconing around a pipe that is providing the water. Three weeks later, the tenant rings up and says there is another water leak or a water leak. Again, they go out and, yes, if we would have asked them and paid a premium, they could do a roof report on every water leak.

The money we have and the allocation which we need to make in terms of capital upgrades is cost prohibitive against the risk. So we have to look at it from that perspective. It is not like the Harbour Bridge—paint from one side to the other and start again. We have found that in terms of the obligations of a tenant under the lease to ring through repairs, fail and fix was the most effective way of addressing those issues as they occurred. And we found that gathering the data, as Mr Hristovski has described, for a value for money proposition for planned works was the better way to go for those non-urgent activities. I have given you a long "no", but it is the practicalities of our business, I am sorry.

Mr LEE EVANS: No, do not be sorry.

Ms KIM: In practice though, if we have in a complex a continuous same water failure or sewerage failure, what we do is we work with our contractors, gather the data and we aim to put that in our program of works.

Mr LEE EVANS: There was another example of an oven breaking down and somebody coming out and repairing it. Two weeks later, three weeks later, a month later, they are out again doing the same repair. Where is the point of saying that it is unserviceable and that replacing it is going to be a lot cheaper?

Mr BYRNE: We ask the contractors to make a determination. Is it beyond economic repair? What is the cost-benefit of doing a repair against the age and the condition of the stove and the functionality of the stove? They provide us with a report and photographs. Then we may determine from that that we will replace it even though it is one hot plate. But let's say the stove is only two years old and the other hot plates and the functionality is there, we would say, "No, we will repair that." If for some reason there was a product failure, it may be then that we would send it to the manufacturer for testing to determine why it failed or why it did not meet their standards under warranty of what they were providing to us as a product. Mr Hristovski's area determines a lot of what is within our specifications that guides the contractor to say that these products—not as in models or Smeg versus Westinghouse—are the products that we need the contractor to adhere to. If it does not work, we will reassess that product.

Mr CASSEL: I think it is fair, Mr Evans, to create a bit more of a picture on why we are moving to every three years a property will be fully inspected and documented. The moment we build a good database on what those properties look like we can start to move more into the data analytics, which will throw up red flags for exactly what you are talking about. If we go out and repair an oven and three weeks later we are back there repairing that again—and that happens on a dozen occasions—the next time a work order is raised on a similar type of product, if we have got the data analytics right, it can throw up a red flag and say, "Hey, just replace the oven. Don't even start down this path." But you cannot do that until you get a really good understanding of the quality of the product. That is where we are moving to. But again, with over 100,000 dwellings, it is a big job.

Mr LEE EVANS: On the same subject, what is the average call-out time for any repair?

Mr BYRNE: How long is a piece of string? As I said earlier, responsive can be four, eight, 24 hours for—

Mr LEE EVANS: No, I am talking about the time that the technician or the plumber or whatever is there. What is the average time that they are actually there?

Mr BYRNE: On the job?

Mr LEE EVANS: Yes.

Mr BYRNE: It depends on the conditions and the work to be done. Whatever timeline is required to get the job done. In some instances they may not have materials or be the appropriate trade, so it will take longer because they will have to call it in or go and get something. It is similar to what you would experience in your own private lives with trades. Sometimes they are there and out the door in 15 minutes because it is straightforward; other times they may come upon latent conditions or they may realise that once they got there it is a gas and not an electrical issue and they are not a gas plumber. So I could not really give you a definitive on that, I am sorry.

Mr LEE EVANS: Just one more question. I apologise because I am taking up more time than everyone else. When is the cut-off point? I think we may have discussed this on our magical mystical bus tour. When is a house or a unit or whatever past its use-by date?

Mr BYRNE: They are all different because the cohort treats them in different ways. Two years ago I went to Coonamble and gave flowers to the tenant who had been there since the place was built in 1943. The same kitchen was there in mint condition. The reason I went out there was that she was upset that we were going to take away her kitchen. She knew where everything was, it was a small kitchen and it had all the little air holes like you will remember from your youth or beyond. She did not want to change. But that is how well she looked after it. In some properties, we are turning over carpets in three years because of how the properties are treated. And it changes geographically. Seaside properties get those climatic impacts and the sea salt on windows. All of those things will have a different impact on the life of a property.

Certainly, when a property becomes vacant or becomes fire damaged, we refer it through to another part of our business that looks at the fit for purpose and looks for the long-term future use. We will make a determination then about how much we will invest, whether we will overcapitalise if we do not plan to keep that property for another 10 years and those sorts of asset management assessments. But obviously, maintenance costs go down the newer the property is. At the moment, our average age of our portfolio is 41 years. In some areas of

the State the properties are a little older. We obviously have heritage—which we showed you the castle at Petersham—which are really old. But equally, it depends on the condition and the functionality and the fit for purpose of the property.

Mr CASSEL: Sorry, before you go there, could I just add, that is not the only question that comes into play on how much is it going to cost to bring that property back up to standard. The development potential then is the next overlay that another part of the business looks at, and there is no point in repairing that place at \$70,000, \$100,000 if it is about to go into our development pipeline for all of them to be renewed.

Mr LEE EVANS: You were reading my notes. Charlestown just gave us some evidence of the same thing, in the Chair's area as well, where 65 years I think was the age of the building. Sixty-five-years-old would not even have properly sealed electrical wires. Is there a point where you go, "It is too much of a risk"?

Mr BYRNE: Again, it is those two arguments around cost-benefit development potential. I think we were saying in other conversations outside the hearing that we do, after a certain age, have to look at rewiring properties. The property might be well located, it might be close to amenities, shopping, schools, medical connection, community connection, so it may be cost-benefit to rewire a property. The problem is the tenant only sees the inconvenience; they do not see the tangible effort that we have gone to to protect their safety. So sometimes we will cop a little bit of feedback negatively around doing things because they were looking for a pergola or a new gate or something like that that was more tangible to them.

Mr LEE EVANS: On the same issue, the plumbing is not necessarily going to be copper.

Mr BYRNE: No.

Mr LEE EVANS: It would not be lead, would it?

Mr BYRNE: No.

Mr LEE EVANS: When did lead go out?

Mr HRISTOVSKI: Not lead. Are you talking about in terms of copper—

Mr BYRNE: I was just saying lead flashing and—

Mr CASSEL: Water pipes. I thought they were galvanised steel prior to—

Mr HRISTOVSKI: Galvanised steel, yes. And there are also some PVC sort of products available as well.

Mr LEE EVANS: I am saying it is a 65-year-old building.

The CHAIR: I think, Mr Evans, you are referring to leaded joints, lead-soldered joints and things like that—some of the old copper and things like that.

Mr BYRNE: Jim's area looks after our operational policies and standards and they are very highly technical and accredited people in their field. Our asbestos management register and the procedures that we put our contractors through around that and, in addition to that, how we deal with lead paint—all of those things we are working closely with the authorities and the regulators around those things, and Jim's area is dedicated to make sure that our policies and procedures adhere to that. So we look to protect our tenants.

Mr CASSEL: I think the other thing that overlays all of that too is whether the tenant wants to relocate or not. As you can imagine, trying to relocate a tenant just for redevelopment purposes is a significant thing. If there is an opportunity where we can repair it and they are a tenant who needs a specific type of property or a disability modification made to it or something of that nature, we may take the easier path of saying, "Look, let's repair it, because finding an alternative property is just too difficult at this point."

Mr HRISTOVSKI: If I could also say, Mr Chair, another overlay on that is changes in legislation. If certain components are in place—whether it is a stove or another thing—then when that becomes beyond economic repairing you have to replace it and there inevitably may need to be additional wiring or additional sort of switches, or isolation switches that need to be incorporated. Each time this happens we have to be on top of that and it is just another area that, particularly for older dwellings, we need to be on top of to make sure that it occurs each time.

The CHAIR: Thank you. We are running out of time and there is no way we would get through the rest of the program anyway. So I will just let you know that we are looking at holding another public hearing and by that time you will have been able to avail yourselves of some comments that came out from witnesses today and I think that could inform a discussion much further. I want to ask one question, and I think it is perhaps pertinent because we have got a budget coming up soon. The figure that we have been told is around about \$500 million

per annum that is spent on maintenance. Mark, we discussed these sorts of issues when we were out on the bus. The question I would ask is: Is there a sufficient maintenance budget to maintain, let alone improve, public housing stock? Do you need more and, if you do need more, have you sought more through the budgetary process? Or do you just assume that that little pot of money that you get from rentals—which is basically where it comes from—is enough? It seems to me like you are treading water but not getting your nose far enough out of it. Is this an issue and you need a significant boost there?

Mr CASSEL: Funding is always an issue. LAHC over the past 20-odd years has been self-funding where we sell properties to generate income, to either redevelop or carry out the periodical and responsive maintenance. We are in a position now where I think we are getting a bit more traction with how we redevelop our product that we will eventually move the needle on the average age of homes, which will lower the cost. Obviously, a new home we spend a lot less maintaining. This year we have put in some funding requests, and I must say that Treasury have been very good to us in the stimulus funding that they have provided. As Mark talked about, when COVID first hit there was an extra \$50 million pushed through the business in three months. I would never say no to more money. We are constantly in discussions with Treasury around more funding, as my colleagues are in every other portfolio across government.

The CHAIR: That is fine. I appreciate that it is difficult for you to say specifically what you want, I imagine. However, we are going to be making a recommendation and I think it is important that we understand just what the struggle is. I do not want to see you labouring with an inadequate ability to raise the standard. One of the references that I would go to now—and I am not sure if you have been listening to any of the witnesses earlier—is Tom Chailloux from the Public Interest Advocacy Centre. He made a back-of-an-envelope calculation that a one-off injection of some \$500 million would significantly address much of the problem that you have. It is not going to be recurrent; I think it was a one-off injection to raise the standard and basically tidy up a lot of those lingering problems that you have had. I do not know if you want to reflect on it or respond to that. Mark?

Mr BYRNE: With due respect to the author of that comment, I think it is a back-of-envelope, and I think we spoke about this as well, that the standard to which we deliver currently is within the financial constraints of our rental income and the money for capital that comes from the sell down of properties, they are mutually exclusive because nobody wants to pay more rent and nobody wants us to sell more properties, but we need to be self-sufficient in that space. That standard is above the Residential Tenancies Act. It may not be the contemporary standard that people viewing our properties that do not sit within the business hold a view on, but it is a standard that is backed up by the Property Assessment Surveys [PAS] and the ACA.

If you want to increase that standard, yes it has a cost impact and that cost impact would not be funded under the current funding model and sell down of properties. We have achieved value for money and an increase in maintenance activity—we went from 550,00 work orders the year before to 630,000 this last year with the same budget. That means we are driving not the cheapest price but quality, timely and cost-imperative outcomes that are delivering more maintenance for the dollars we have, and that comes from the sound contract administration from my colleagues beside me and the good work from the staff within the asset portfolio management area. So we are making a shift, but I understand where you are coming from. It is a different concept if you are talking about changing the standard.

Mr CASSEL: Chair, one last comment I would like to make is I believe there have been independent reviews by the Auditor-General et cetera around how much would be required. I could only refer you to those as something that has had a lot of work done on it, not just back of the envelope.

Mr BYRNE: That was 2013 for the Auditor-General.

The CHAIR: In the interest of transparency, which is something that apparently we are all seeking, it was a transparent envelope. I have no reason to assume that there had not been broader discussion about it. I do not think it was something that was made up at the moment but it was just his expression. But it may be something that you can look at in the evidence that will be published. I would appreciate that because, as I say, we will be holding a follow-up hearing.

Mr BYRNE: What does that mean, Mr Chair? Is that calling additional submissions or is it new witnesses? Is it us coming back and continuing our conversation? What does that entail?

The CHAIR: I understand there will be additional witnesses who will be new witnesses.

Mr LEE EVANS: Does that mean another bus trip?

The CHAIR: No. There are cheap flights to Tasmania, Lee, so off you go.

Mr BYRNE: Will you be calling us again, Mr Chair, to continue our conversation?

The CHAIR: I believe we will. It is my intention that we would and it will be up to the Committee as to whether or not we do that. I thank you all for appearing before the Committee today. I reiterate that we do appreciate it, and I have said this to you before, we appreciate the difficulty in the space in which you work. It does not go unrecognised. Thank you very much for that. 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 21 days to any further questions?

Mr BYRNE: Can we see how many questions? Because if there are two, 21 days are fine.

The CHAIR: Seriously, mate, if we were going to start setting KPIs on you for how many questions you can answer—no.

Mr CASSEL: Yes, we will respond within 21 days.

The CHAIR: Thank you, Mr Cassel, I appreciate that. I conclude the hearing and again place on record my thanks to all the witnesses who appeared today. Thanks to the Committee members for your contributions and assistance and of course to our Committee staff and to Hansard, who have sat there patiently all day. Whilst you are nice and quiet over there you are not unnoticed. We do appreciate you, thank you very much.

(The witnesses withdrew.)

The Committee adjourned at 16:42.