



## Public Accounts Committee

7/57 – November 2021

### Follow-up Review of the Management of NSW Public Housing Maintenance Contracts



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The motto of the coat of arms for the state of New South Wales is "Orta recens quam pura nites". It is written in Latin and means "newly risen, how brightly you shine".

# Contents

Membership	iii
Chair's foreword	iv
Findings and recommendations	vi
Chapter One – Origins of the Inquiry	1
Overview	1
Broader Context for Public Housing	4
Conduct of Inquiry	4
Chapter Two – Status of Public Housing	7
Public housing supply and demand	7
Public housing rental income	9
Current housing demographics	11
Physical condition of existing stock	13
Chapter Three – Contractual and Administrative Arrangements	16
Current contract arrangements	17
Current administrative arrangements	18
Adequacy of repairs and maintenance	19
Raising and escalating a maintenance request	22
Relationship dynamics	25
Servicing rural and regional areas	28
Licensing requirements for subcontractors	29
Performance and audit measures	29
Measurable improvements in tenant outcomes after revised contractual framework	31
Impediments to accountability	34
Chapter Four – Mechanics of Maintenance	37
Responsive and Planned maintenance	38
Call Centre Operations	39
Criticality Repair Matrix	39
The complexity of the complaints-handling process	45
On-site inspections and maintenance work	46
Difficulties in contractual interpretation	48
Systems and technologies to assess and respond to gaps	49
Striking a balance between efficiency and effectiveness of contractor performance	51
Contract administration	52
Remuneration model	53

Relationship between Community Housing providers (CHP's) and head contractors _____	54
Chapter Five – Maintenance Expenditure _____	57
Past and current maintenance costs _____	57
Planned and responsive works _____	58
Expenditure trends and future projections _____	59
Chapter Six – Special Needs Groups _____	63
Particular requirements for people with disabilities _____	63
Funding mechanisms for home modifications _____	65
Particular requirements for people with disabilities _____	67
Appendix One – Terms of reference _____	71
Appendix Two – Submissions _____	72
Appendix Three – Witnesses _____	73
Appendix Four – Extracts from Minutes _____	75

# Membership

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# Chair's foreword

The provision of safe and habitable public housing is now a hallmark of responsible government throughout the world. Australian public housing policy, originally formulated to accommodate low income working families after the Second World War, has evolved to become a safety net for vulnerable individuals and communities, including the elderly, people with a disability and those experiencing domestic violence.

Public housing services in New South Wales are delivered jointly by the Land and Housing Corporation and the Department of Communities and Justice, who have complementary but distinct roles in safeguarding the interests of tenants by ensuring a healthy and appropriate living environment. An essential element of housing provision is monitoring the quality of the housing stock and delivering responsive and effective maintenance to ensure personal health and safety.

The Public Accounts Committee recognised that the delivery of public housing maintenance has not achieved its stated aims and had consistently been the subject of long standing criticism and considerable complaints regarding delays, poor quality workmanship and consequential health impacts on residents. In order to address these concerns, the Committee undertook a review of public housing maintenance contracts in the previous Parliament.

The Committee's 2016 report made a series of recommendations to improve the contractual arrangements between the Government and maintenance providers, as well as addressing communication issues involving tenants and service agencies. In the intervening five year period since the Committee's previous inquiry, it has become apparent that service standards and client satisfaction levels have not improved, and in some cases have deteriorated further.

As a consequence, the Committee determined to conduct a follow up inquiry to identify the root causes of persistent complaints and to make further recommendations for structural and administrative improvements.

A key concern for the Committee is the current state of the housing portfolio and the lack of adequate resources to keep it in a suitable condition for occupation. The combination of an ageing housing stock and increasing demand for public housing has created a situation where the resources available cannot meet the needs of a vulnerable population. The decrease in the maintenance budget since 2018, has resulted in a further deterioration in older properties and the need for an injection of funds to enable regular and more frequent effective repairs of the housing stock.

The Committee has therefore recommended that the NSW Government provides a one-off budgetary investment to fund the current backlog of the planned and capital works program, to bring the existing housing stock to safe and liveable standard. This, in conjunction with the transfer of parts of the public housing portfolio to community housing organisations, should alleviate the current budget shortfalls for maintenance.

Coordination is another major theme to emerge during the inquiry. The separation of service provision and tenant liaison into two separate arms of government was seen to be counterproductive by adding further layers of complexity and creating additional confusion for

residents. As well as the potential for miscommunication between agencies, evidence provided to the Committee indicated that dealing with two separate entities was another source of complaints from tenants, when seeking advice about their maintenance repairs.

The Committee has recommended that a cost benefit analysis be carried out to determine whether the separate functions should be combined in one agency, as was previously the case.

The lack of clear and easily accessible communication channels was also raised as a major concern by many inquiry participants. Effective customer service is prefaced on timely and responsive action on requests for information, as well as an effective complaints-handling process. The Committee has recommended that greater emphasis be placed on clearly identified and communicated timeframes for maintenance requests and their escalation, along with completion dates. In addition, the Land and Housing Corporation should confer with the NSW Ombudsman about improved complaints-handling processes and mechanisms.

Another challenge for effective service delivery concerns the contract itself. There appears to be a degree of confusion and inconsistency in the interpretation of elements of the contract for compliance with inspections and maintenance. The Committee has recommended that workshops be conducted to enable agencies and contractors to agree on the interpretation of contract terms to ensure consistency and fairness.

The Committee has made a number of additional recommendations to improve agency data management systems, streamline scoping and quoting for planned maintenance work by contractors, and to improve communication with special needs groups.

The Committee recognises that the NSW Government is the custodian of the largest social housing portfolio in Australia. This requires creative and strategic management solutions to navigate the complexities of this important policy area. By adopting the changes recommended in this report, it is to be hoped that the recurrent issues identified will be alleviated and solutions provided to safeguard the interest and address the concerns of the residents of public housing properties throughout the State.

**Greg Piper MP**  
Chair

# Findings and recommendations

## **Recommendation 1** \_\_\_\_\_ **28**

The Committee recommends that the NSW Land and Housing Corporation appoints local managers to improve public housing tenant liaison and assist with problem solving at a more responsive and locally based knowledge level.

## **Recommendation 2** \_\_\_\_\_ **34**

The Committee recommends that the NSW Land and Housing Corporation and the Department of Communities and Justice conduct a cost benefit analysis of the current separation of public housing maintenance and tenancy services to determine whether a comprehensive service should be provided by a single agency.

## **Recommendation 3** \_\_\_\_\_ **44**

The Committee recommends that the NSW Land and Housing Corporation conducts a review into the responsive repair process in order to remove duplication and facilitate better service delivery.

## **Recommendation 4** \_\_\_\_\_ **44**

The Committee recommends that the NSW Land and Housing Corporation and the Department of Communities and Justice provide a progress report on the Revised Contractor Scripts and their effectiveness in improving communication between tenants, call centre operators and contractors.

## **Recommendation 5** \_\_\_\_\_ **44**

The Committee recommends that the NSW Land and Housing Corporation and the Department of Communities and Justice provide a progress report on the effectiveness of the project 'Set for Success', and improvements in communication with tenants in relation to responsive and planned maintenance.

## **Recommendation 6** \_\_\_\_\_ **44**

The Committee recommends that the NSW Land and Housing Corporation develops policies and KPIs requiring contractors to keep tenants informed of the progress on maintenance requests. In the case of planned maintenance, contractors should provide tenants with an expected timeframe.

## **Recommendation 7** \_\_\_\_\_ **45**

The Committee recommends that the NSW Land and Housing Corporation, the Department of Communities and Justice and AMS contractors develop and implement specific procedures when escalating repair maintenance requests to NSW Land and Housing Corporation or Department of Communities and Justice, with a particular focus on keeping tenants informed about progress of the maintenance request.

## **Recommendation 8** \_\_\_\_\_ **46**

The Committee recommends that the NSW Land and Housing Corporation and the Department of Communities and Justice consult with the NSW Ombudsman to improve their



complaints-handling procedures, with a particular emphasis on keeping tenants informed about progress on the resolution of their complaints.

**Recommendation 9** \_\_\_\_\_ **49**

The Committee recommends that the NSW Land and Housing Corporation provides workshops and guidelines for AMS Contract interpretation, including the requirements and responsibilities of contractors, Land and Housing Corporation and Department of Communities and Justice teams and any other stakeholders, in order to ensure consistency and fairness.

**Recommendation 10** \_\_\_\_\_ **49**

The Committee recommends that the NSW Land and Housing Corporation and AMS contractors, when negotiating the scope and quotes for planned maintenance, give greater emphasis to the safety and welfare of tenants.

**Recommendation 11** \_\_\_\_\_ **51**

The Committee recommends that the NSW Land and Housing Corporation provides a significant upgrade to the SAP Ariba and SPM Assets systems in order to better link both software systems, and enable a centralised system for Land and Housing Corporation staff and head contractors to scope and quote work orders.

**Recommendation 12** \_\_\_\_\_ **51**

The Committee recommends that the NSW Land and Housing Corporation considers how best to incorporate live property data in an app-based program, to enable greater transparency for contractors.

**Recommendation 13** \_\_\_\_\_ **54**

The Committee recommends that the NSW Land and Housing Corporation, in consultation with head contractors, devises measures to better streamline processes and procedures, with a particular focus on scoping and quoting for planned maintenance, to provide for the delivery of efficient and effective maintenance services.

**Recommendation 14** \_\_\_\_\_ **54**

The Committee recommends that the NSW Land and Housing Corporation devise measures to provide more flexibility in the remuneration model, particularly for rural and regional service providers.

**Recommendation 15** \_\_\_\_\_ **56**

The Committee recommends that the NSW Land and Housing Corporation conducts a Property Assessment Survey prior to providing the allocated housing portfolio to Community Housing Providers.

**Recommendation 16** \_\_\_\_\_ **56**

The Committee recommends that the NSW Land and Housing Corporation provides Community Housing Providers with a dataset for their allocated housing portfolio, including information from the Property Assessment Survey to measure the condition of the public housing portfolio and what is required to bring the properties up to a clean, safe and habitable standard, as defined in the *Residential Tenancies Act 2010 (NSW)*.

**Recommendation 17** \_\_\_\_\_ **58**

The Committee recommends that the NSW Commissioner for Productivity undertakes an inquiry to determine whether the title transfer of public housing properties to the community housing sector will improve the outcome for tenants in terms of the physical condition of the properties, the waiting time for repairs and maintenance and overall tenant satisfaction.

**Recommendation 18** \_\_\_\_\_ **62**

The Committee recommends that the Department of Planning, Industry and Environment seeks a one-off budgetary investment to fund the current backlog of the planned and capital works program, aiming to restore the existing public housing stock to a clean, safe and habitable standard.

**Recommendation 19** \_\_\_\_\_ **69**

The Committee recommends that the NSW Land and Housing Corporation and Department of Communities and Justice further develop and implement the repair tracking app which allows tenants, contractors, and representatives from NSW Land and Housing Corporation and Department of Communities and Justice to document the progress of home modifications and maintenance requests.

**Recommendation 20** \_\_\_\_\_ **69**

The Committee recommends that the Department of Communities and Justice implements specific policies and procedures to provide consistent communication with tenants with special needs for home modification and maintenance requests.

**Recommendation 21** \_\_\_\_\_ **69**

The Committee recommends that the Department of Communities and Justice provides material and training to their Client Service Officers on the importance of providing consistent communication for tenants with special needs for their home modification and maintenance requests.

# Chapter One – Origins of the Inquiry

## Overview

- 1.1 The Public Accounts Committee, in accordance with section 57 of the *Government Sector Audit Act 1983*, has an ongoing role in scrutinising and responding to reports tabled by the NSW Auditor General. As part of its functions, the Committee can report on any matters connected with those reports which it considers should be brought to the notice of the Legislative Assembly.
- 1.2 In October 2016, the Committee tabled an initial report on the management of NSW public housing maintenance contracts, following an eleven month inquiry. The inquiry was conducted against the background that a previous audit report had reviewed the capacity of relevant New South Wales government agencies to meet changing public housing needs. The overall conclusion was that there was an increasing shortfall between the supply of and demand for public housing in the State, with no clear direction for management.
- 1.3 The Auditor-General's 2013 report provided the then Public Accounts Committee with a base line for considering tenancy management more closely within an overall framework for achieving a sustainable social housing sector. As a result, the Committee conducted its own Inquiry into Tenancy Management in Social Housing and tabled a report in November 2014.
- 1.4 The overall consensus among stakeholders to the Committee's 2014 review was that performance measurement and reporting on social housing was unreliable and inadequate. The Committee concluded that the Auditor-General's eight recommendations should be seen as the basis for achieving a sustainable public housing sector in NSW and, by extension, sustainable social housing into the future.
- 1.5 The Committee also made its own recommendations to bolster housing provision and management, with a total of 18 recommendations in its final report. The main message in the report was the necessity for appropriate performance management data, in order to make appropriate future resource allocation decisions for the social housing sector.
- 1.6 The Committee identified several areas where improvements could be made or where more information would assist with improved social housing provision. These included further investigations in key areas such as: the operation of the National Disability Insurance Scheme; complaints and appeals handling; tenant self-management and home purchase schemes; staffing practices; unmet demand; and meeting the needs of people who have not been allocated social housing.<sup>1</sup>

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<sup>1</sup> Public Accounts Committee, [Management of NSW Public Housing Maintenance Contracts](#), report 20/55, Parliament of New South Wales, November 2014, pp vii-viii.

- 1.7 Following the Auditor General's report and the subsequent PAC report, a new strategy to reform the social housing system was developed by the NSW Government. This was known as Future Directions for Social Housing in NSW (Future Directions).
- 1.8 According to the then Department of Family and Community Services (FACS), the preparation and implementation of Future Directions represented a major and co-ordinated response to the recommendations of the NSW Auditor General's 2013 report and the subsequent Public Accounts Committee recommendations.<sup>2</sup>
- 1.9 Future Directions set out the NSW Government's vision for social housing for the following 10 years, aiming to drive better outcomes for tenants, including helping those who are able to transition out of social housing.<sup>3</sup>
- 1.10 Future Directions also provided the policy framework for entering into new contractual arrangements with maintenance service providers and the implementation of a new contract, referred to as the Asset Maintenance Services Contract (AMS). The new approach sought to reinvigorate the public housing portfolio through:
- Improving the configuration of housing stock;
  - Improving the tenant experience and tenant satisfaction;
  - Achieving better contractor performance and value for money; and
  - Implementing better maintenance services.<sup>4</sup>
- 1.11 The Future Directions strategy was implemented within the legislative requirements of the *Residential Tenancies Act 2010* and accompanying regulations. This governs the administration of public housing in NSW and provides the legislative basis under which repairs and maintenance of tenanted properties are carried out. Within this regime, a tenant is subject to the following obligations:
- Keeping the premises in a reasonable state of cleanliness, and refraining from causing negligent or intentional damage;
  - Reporting any damage to the landlord as soon as practicable; and
  - Leaving the premises in much the same condition it was in at the beginning, when vacating at the end of the tenancy (s51).
- 1.12 Under section 52 of the Act, a landlord is obliged to provide and maintain the property in a reasonable state of repair, even if the tenant knew of a need of repair when they moved in. While section 52 does not confer an obligation on the landlord to repair damage caused by the tenant's negligence or intent, the

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<sup>2</sup> [Submission 10](#), Department of Family and Community Services, p15.

<sup>3</sup> [Submission 10](#), Department of Family and Community Services, p12.

<sup>4</sup> [Submission 10](#), Department of Family and Community Services, p22.

landlord's obligation to repair and maintain is subject to regard for the age of, rent payable for and prospective life of the premises.<sup>5</sup>

- 1.13 Against this background, the Public Accounts Committee in the 56<sup>th</sup> Parliament resolved to examine how the new social housing strategy would address previously defined inefficiencies and to assess the impact of new contractual arrangements for public housing maintenance on tenants, contractors and housing providers.
- 1.14 The Committee reported its findings in a report tabled in October 2016, with the limitation that the new contract had been operational for a relatively short period of time. On that basis, the Committee did not consider it could make an informed judgement about the contract's effectiveness or efficiency in addressing the shortcomings identified with previous contractual arrangement.
- 1.15 Consequently, the Committee underpinned its ten recommendations with a requirement that FACS deliver a progress report twelve months later, documenting the operation of the new maintenance contract. This progress report was to contain specific measures of performance against agreed targets, as well as client satisfaction ratings for the work undertaken.
- 1.16 The Committee also recommended a series of additional measures to improve communication between the NSW Government, tenants and contractors to improve the quality of maintenance. These recommendations were supported by the Government.
- 1.17 In its October 2017 progress report, FACS provided an update on the further operation of the AMS Contract. The new Contract was claimed to deliver improved performance by allowing greater flexibility in scheduling work and payment arrangements, stricter deadlines, direct contact between tenants and contractors and better targets for achieving social outcomes.
- 1.18 The progress report also stressed the following features of the AMS Contract, designed to improve client delivery and contractor performance by:
- Ensuring a consistent standard of work undertaken;
  - Supporting residents with special needs:
  - Service delivery improvements; and
  - Improved social outcomes.<sup>6</sup>
- 1.19 According to the report, service improvements would be achieved with better staff coordination and shared technology between FACS and the Land and

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<sup>5</sup> Submission 18, [Tenants' Union of NSW](#), p15.

<sup>6</sup> Department of Family and Community Services, [Inquiry into the Management of NSW Public Housing Maintenance Contracts Progress Report](#), October 2017, pp 7-10.

Housing Corporation (LAHC), adherence to a contractor code of conduct and a gradual transfer of property management to community housing providers.<sup>7</sup>

## Broader Context for Public Housing

- 1.20 The previous and current inquiries were conducted against the background that major social and population shifts had added to the complexity of providing and maintaining adequate housing to meet current and future needs and expectations.
- 1.21 As originally established, the NSW social housing system was designed to accommodate low income working families after the Second World War. Today it has become a safety net for vulnerable individuals and communities, including the elderly, people with a disability and those experiencing domestic violence.
- 1.22 The formula for charging rent in public accommodation premises is based on charging a percentage of household income. Due to the limited earning capacity of many tenants, most can only afford to pay rent if it is significantly subsidised by the Government.
- 1.23 Public housing rental income is further reduced by a demographic trend to single-person households. A single-person householder pays less rent than a couple or family, thereby resulting in a growing gap between the cost of operating and maintaining the public housing stock and the level of rental income received.
- 1.24 A further consideration for housing provision and maintenance is the growing cost of managing the ageing social housing stock. The average age of a social housing dwelling is now approaching 40 years, with over 20 per cent of existing dwellings being constructed more than 50 years ago.<sup>8</sup>
- 1.25 These combined demographic and structural forces require creative solutions to steer public housing policy into the future.
- 1.26 An important consideration when assessing the adequacy of public housing maintenance is the nature and administration of the contractual arrangements entered into between tenants, landlords and maintenance contractors. The scope and detail of these contracts determine overall outcomes for contractors and tenants alike and govern the management of these essential assets.
- 1.27 The Committee conducted the 2016 inquiry in response to expressed persistent concerns about the current state and management of public housing in New South Wales.

## Conduct of Inquiry

- 1.28 Based on continuing first hand reports from tenants about the unsatisfactory handling and resolution of public housing maintenance issues, the Committee

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<sup>7</sup> Department of Family and Community Services, [Inquiry into the Management of NSW Public Housing Maintenance Contracts Progress Report](#), October 2017, pp 12-14.

<sup>8</sup> [Submission 10](#), Department of Family and Community Services, p2.

resolved to revisit its previous inquiry and make a more detailed assessment of the AMS contract, six years into its operation.

- 1.29 As part of the current inquiry, it was decided to re-examine progress in tackling this major policy issue with appropriate strategies and to establish the extent to which the Government was meeting the challenges identified in previous reviews. The Committee's terms of reference are detailed at Appendix One.
- 1.30 The Committee announced its second inquiry on 22 October 2020, referring to the need to establish the extent to which costs and procedures for maintaining public housing stock ensure that a high standard of work is carried out and contracts are sufficiently scrutinised. As well as advertising the inquiry in the media and on its website, the Committee also wrote individually to major stakeholders, inviting submissions by 21 December 2020.
- 1.31 The Committee received 29 submissions, from representatives of the community and private housing sectors, community advocates including advocates for tenants and vulnerable people, employee advocates, local government, Members of Parliament, NSW Government agencies, individual tenants and head contractors.
- 1.32 It should be noted that only one submission from head contractors was initially received. The others provided submissions following a direct request from the Committee Chair to the companies concerned. Further elaboration of the issues involved is covered in Chapter 3 of the Report, dealing with impediments to accountability, in paragraphs 3.93 to 3.103.
- 1.33 In addition, the Committee received correspondence from a number of individual public housing tenants, detailing specific unresolved maintenance complaints. These were referred to the LAHC for further appropriate action and resolution.
- 1.34 A list of submissions is included at Appendix Two and the full submissions are published on the [Committee's website](#).
- 1.35 In order to further test the information in submissions and to gather additional background for the inquiry, the Committee conducted two days of site inspections of public housing properties on 21 and 22 April 2021. Accompanied by officials from the Land and Housing Corporation, the Committee visited a mix of residential dwellings in Warrawong, Bellambi, Campbelltown, Macquarie Fields, Riverwood, Petersham, Waterloo, Redfern and Surry Hills.
- 1.36 The inspections enabled Committee Members to observe the existing condition of properties first hand and to be briefed on the wide range of issues encountered by contractors and tenants and referred to in many submissions.
- 1.37 Two days of public hearings were subsequently held at Parliament House on 10 May and 21 June 2021. Forty-four witnesses, representing housing and maintenance providers, advocates and private individuals provided evidence to the inquiry.

- 1.38 A list of witnesses who appeared at the public hearings is included at Appendix Three. The transcripts of evidence given at the public hearings are published on the [Committee's website](#).



## Chapter Two – Status of Public Housing

- 2.1 This chapter illustrates the range of factors impacting on public housing availability and references: current statistics to document the demand and supply of public housing; average rental income paid by public housing tenants; and the demographics of public housing tenants.
- 2.2 As previously outlined, the AMS public housing maintenance contract was first issued by the then Department of Family and Community Services, in April 2016. The portfolio agency now responsible, the Department of Planning, Industry and Environment, has issued updated information providing contextual background for the current status of the housing stock and relevant issues under review by the Committee.

### Public housing supply and demand

- 2.3 The Department of Planning, Industry and Environment is responsible for providing housing solutions for people with accommodation needs in New South Wales, within a public housing portfolio consisting of approximately 125,000 properties valued at over \$50 billion.<sup>9</sup> A continuing challenge is the increasing shortfall between the supply and demand for public housing, while also managing limited financial resources to sustain a viable public housing sector.
- 2.4 The challenge is augmented by the role of community housing providers (CHPs), which are non-government, not-for-profit organisations. These entities also own or manage approximately 51,000 social affordable housing properties across the State for individuals and families with low and moderate income.<sup>10</sup>
- 2.5 Based on statistics provided by the NSW Department of Communities and Justice, there were 51,400 applicants on the NSW Housing Register as at 30 June 2020, including 5,300 applicants on the priority list.<sup>11</sup> A review of the expected waiting times for all location zones is summarised in the following table:

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<sup>9</sup> NSW Land and Housing Corporation, [NSW Land and Housing Corporation](#), viewed on 15 July 2021.

<sup>10</sup> Submission 13, [Community Housing Industry Association NSW](#), p 7.

<sup>11</sup> NSW Department of Communities & Justice, [Expected waiting times](#), viewed on 16 July 2021.

**Table 1: DCJ guide to average waiting times for social housing at 30 June 2020<sup>12</sup>**

Locations	Types of Property			
	Studio/1-bedroom	2-bedroom	3-bedroom	4-bedroom
Inner Sydney	5 – 10 years	10+ years	10+ years	10+ years
Greater Sydney	5 – 10 years	5-10 years	10+ years	10+ years
Northern NSW	5 – 10 years	5-10 years	2 – 5 years	5 – 10 years
Southern NSW	2 – 5 years	2 – 5 years	2 – 5 years	2 – 5 years

- 2.6 Evidence to the inquiry indicated that there is an insufficient supply of social affordable housing across NSW. To illustrate this point, the City of Sydney, which according to the 2016 Census has one of the highest number of households living in social housing in Greater Sydney, submitted that:

Despite the growing need, there has been minimal investment in social housing in Sydney LGA. In the 13 years between June 2007 and June 2020 there was a net increase of 233 social housing properties in Sydney LGA. At June 2020 social (including public) housing dwellings comprised 8.1 per cent of private dwellings in the city. This proportion will continue to decline as the number of homes in the city increases to over 155,000 dwellings, unless there is significant investment in social housing in the future.<sup>13</sup>

- 2.7 According to the submission from Ms Jodie Harrison, MP, the Member for Charlestown, the expected waiting time for every type of social housing offered is around five to ten years. In addition, Charlestown constituents find it difficult to determine their place on the waiting list, due to a lack of transparency in the public housing system.<sup>14</sup>

- 2.8 The same sentiment was also voiced by Mr Mark Degotardi, Chief Executive Officer of the Community Housing Industry Association NSW. He acknowledged that social housing is a complex issue, which requires Federal and State government collaboration in resolving delays and effective maintenance provision:

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.<sup>15</sup>

<sup>12</sup> NSW Department of Communities & Justice, [Expected waiting times](#), viewed on 16 July 2021.

<sup>13</sup> [Submission 2](#), City of Sydney Council, p 8.

<sup>14</sup> [Submission 10](#), Ms Jodie Harrison MP, p3.

<sup>15</sup> Mr Mark Degotardi, Chief Executive Officer of the Community Housing Industry Association NSW, [Transcript of evidence](#), 21 June 2021, p17.

**Committee comment**

- 2.9 The Committee stresses the need to increase the supply of social housing properties across New South Wales to meet demand. This requires improved strategies to ensure consistency and transparency in the property allocation process.

**Public housing rental income**

- 2.10 The NSW Land and Housing Corporation is a self-funded Public Trading Enterprise, governed by the *Housing Act 2001*, and forms part of the Department of Planning, Industry and Environment. Since 2018, LAHC tenant rental income has decreased by nine per cent, from \$814.8 million to \$742.5 million in 2020.<sup>16</sup>

**Table 2: Land and Housing Corporation total annual rental income<sup>17</sup>**

Year	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)
Rental Income	826,408	828,427	834,601	814,829	742,483

- 2.11 On 30 June 2020, there were approximately 156,000 dwellings in four social housing programs across New South Wales, comprising:

- 62 per cent or 96,900 in public housing;
- 32 per cent or 49,500 in community housing;
- 3 per cent or 4,600 in State Owned and Managed Indigenous Housing (SOMIH); and
- 3 per cent or 5,000 in Indigenous community housing.

- 2.12 Between 30 June 2016 and 30 June 2020, the NSW social housing stock increased by three per cent, comprising 4,100 dwellings. Concomitantly, there was a shift in the social housing stock across the four programs, particularly in the transfer of ownership and management of public housing stock to community housing organisations. This shift is supported in the submission from the Community Housing Industry Association NSW<sup>18</sup> and illustrated in the following table:

<sup>16</sup> NSW Department of Planning, Industry and Environment, [Annual Report 2019-20](#), p 399, viewed on 16 July 2021.

<sup>17</sup> NSW Department of Planning, Industry and Environment, [Annual Report 2019-20](#), p 399, viewed on 16 July 2021.

<sup>18</sup> [Submission 13](#), Community Housing Industry Association NSW, p 8.

**Table 3: Dwellings, by social housing program in NSW, 30 June 2016 to 2020<sup>19</sup>**

Dwellings	2015/16	2016/17	2017/18	2018/19	2019/20
Total	151,898	154,293	156,260	156,756	156,019
Public Housing	110,174	110,221	111,341	100,623	96,939
Community Housing	32,266	34,398	35,345	46,557	49,509

2.13 According to the DCJ Tenancy Charges and Account Management Policy,<sup>20</sup> most public housing tenants pay between 25 to 30 per cent of their household income in rent. This equates to an average weekly rental payment for public housing tenants ranging from \$5 to \$188<sup>21</sup>, compared to market rent ranging from \$365 to \$640<sup>22</sup>, which is 38 per cent of the full market rent value.

2.14 The policy allows tenants in certain circumstances to have their weekly rental reduced to \$5.00. This may include tenants that are incarcerated and where concessions have been afforded due to significant loss of amenity, as a result of a maintenance issue in their home.

2.15 Mr Degotardi also highlighted that the current rental income received is insufficient to cover the maintenance and management of the existing public housing stock:

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.<sup>23</sup>

2.16 In his evidence, the Chief Executive Officer of Tenants' Union NSW, Mr Leo Patterson Ross, takes a different view of the rental income:

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

<sup>19</sup> Australian Institute of Health and Wealth, [Housing assistance in Australia 2020](#), viewed on 16 July 2021.

<sup>20</sup> NSW Department of Communities & Justice, *Tenancy Charges and Account Management Policy Supplement* [website], <https://www.facs.nsw.gov.au/housing/policies/tenancy-charges-account-management-policy-supplement#current>, (accessed 16 July 2021).

<sup>21</sup> Land and Housing Corporation, *HOMES EDW Report as at 30 June 2021*

<sup>22</sup> NSW Department of Communities & Justice, *Rent and Sales report* [Website], [https://public.tableau.com/app/profile/facs.statistics/viz/Rentandsales\\_15565127794310/Rent](https://public.tableau.com/app/profile/facs.statistics/viz/Rentandsales_15565127794310/Rent), (accessed 16 July 2021).

<sup>23</sup> Mr Mark Degotardi, Chief Executive Officer of the Community Housing Industry Association NSW, [Transcript of evidence](#), 21 June 2021, p 17.

self-sustaining income base from which to carry out maintenance in an effective way.<sup>24</sup>

### Committee comment

- 2.17 Based on the above data, there is a clear discrepancy between market rent and the rental income received by the Department, resulting in backlogs, deferred repairs and various persistent maintenance issues. This has been a consistent theme in evidence to the Committee and is further discussed in subsequent chapters.

### Current housing demographics

- 2.18 According to DCJ figures, 272,800 tenants occupy 156,000 dwellings in three main social housing programs.<sup>25</sup> These are: public housing (PH); State owned and managed indigenous housing (SOMIH); and community housing (CH). Most tenants (61 per cent, or 167,300) are in public housing and approximately 51,400 households are waiting for social housing.<sup>26</sup>

**Table 4: NSW residents living in the 3 main social housing programs, 30 June 2020<sup>27</sup>**

Housing Program	Occupants	Percentage Occupants (%)	Dwellings	Percentage Dwellings (%)
PH	167,321	61%	96,939	62%
SOMIH	11,466	4%	4,560	3%
CH	94,034	35%	54,520	35%
<b>Total</b>	<b>272,821</b>	<b>100%</b>	<b>156,019</b>	<b>100%</b>

- 2.19 Data supplied by the Australian Institute for Health and Welfare indicates that at 30 June 2020, New South Wales had the largest number of public and community housing dwellings in Australia (96,939 and 54,520 respectively).<sup>28</sup> These results are similar to previous years and show that the highest proportion of public and community housing properties were in major cities (75 per cent and 65 per cent respectively). Conversely, the highest proportion of SOMIH community housing properties were in very remote areas (30 per cent).

- 2.20 A demographic profile of social housing occupants at 30 June 2020 is shown in the table below:

<sup>24</sup> Mr Leo Patterson Ross, Chief Executive of Tenants' Union of NSW, [Transcript of evidence](#), 10 May 2021, p 24.

<sup>25</sup> Australian Institute of Health and Wealth, [Housing assistance in Australia 2020](#), viewed on 16 July 2021.

<sup>26</sup> NSW Department of Communities & Justice, [Expected waiting times](#), viewed on 16 July 2021.

<sup>27</sup> Australian Institute of Health and Wealth, [Housing assistance in Australia 2020](#), viewed on 16 July 2021.

<sup>28</sup> Australian Institute of Health and Wealth, [Housing assistance in Australia 2020](#), viewed on 16 July 2021.

**Table 5: Demographic profile of social housing occupants and households, 3 main programs, 30 June 2020 (%)** <sup>29</sup>

Characteristic	PH	SOMIH	CH
<b>Sex</b>			
Males	37	29	39
Females	63	71	61
<b>Age (years)</b>			
Under 25	2	3	5
Under 35	9	15	11
Under 55	32	48	35
55 and Over	57	34	49
<b>Household composition</b>			
Single adult	58	20	61
Couple only	7	4	6
Sole parent with dependent children	14	26	11
Couple with dependent children	3	9	3
Group and mixed composition	18	41	19
<b>Tenure (years)</b>			
Up to 1 year	17	20	32
Under 5 years	19	23	23
Under 10 years	20	30	26
Under 20 years	25	18	14
20 years and over	19	9	5
<b>Indigenous household status</b>			
Indigenous household	12	100	10
Non-Indigenous household	66	-	85
Not stated	22	-	5
<b>Household disability status</b>			
With disability	38	19	30
Without disability	52	48	64
Not stated	10	33	6

2.21 Spotless Facility Services (SFS), one of the leading maintenance contract providers, told the Committee that they are witnessing an increasing number of standalone houses with elderly single occupants. This has resulted in higher maintenance costs, as the occupants are unable to adequately care for their homes. It also indicates that an increasing number of properties are not fit for purpose, particularly for an ageing population.<sup>30</sup>

#### Committee comment

2.22 The Committee acknowledges the complexities of managing the largest social housing portfolio in Australia. This requires rigorous and robust management systems to deliver services efficiently and effectively, while safeguarding the interests of a vulnerable population.

<sup>29</sup> Australian Institute of Health and Wealth, [Housing assistance in Australia 2020](#), viewed on 16 July 2021.

<sup>30</sup> [Submission 23](#), Spotless Group, p 11.

## Physical condition of existing stock

- 2.23 According to the DPIE submission, most public housing stock was constructed prior to 2000. In addition, around a quarter of dwellings is more than 50 years old, with approximately 60 per cent built between 1970 and 2000.<sup>31</sup> This means that the average age of the public housing portfolio is around 40 years.
- 2.24 It has become apparent that the stagnant rental income received by the Department is not able to cover the escalating cost of repair and maintenance of the ageing portfolio. This has resulted in the range of maintenance issues experienced by tenants and reflected in evidence to this inquiry.
- 2.25 The Committee has received a number of submissions describing the poor physical condition of dwellings and its effect on tenants and arguing that significant investment is urgently required to address its current state. Moreover, City of Sydney staff and Councillors receive regular feedback and complaints from the community concerning general maintenance, security, amenity, cleaning and waste, pest control and safety.<sup>32</sup>
- 2.26 The Greens NSW made the following comments on the current state and physical condition of the public housing stock:
- The current state or repair and the physical condition of public housing stock reflects the complete failure of successive NSW Governments to invest in and prioritise the dignity, well-being and caretaking of our public housing stock and those living in public housing.
- In our experience, the concerns raised in 2014 [Final Report of the Legislative Council Select Committee on Social, Public and Affordable Housing] continue to be significant issues and the majority of contact with tenants include references to mould, safety concerns, concerns regarding the cleaning and maintenance of common areas and the mental health impacts of ongoing delays on maintenance.<sup>33</sup>
- 2.27 The Tenants' Union NSW, the peak body representing the interests of tenants and other renters in New South Wales, raised the concern that public housing properties are not being brought 'up to standard' before a new tenant moves in:
- Applicants often feel they have to accept an offer of housing, even if the property is in disrepair, as they are only provided a limited number of formal offers (up to 2 offers) and may be removed from the NSW Housing Register if they do not accept a 'final reasonable offer'.
- Applicants do not always feel confident in immediately requesting and chasing up repairs when they have just moved into the property. In situations where they do report concerns immediately, we are aware of extended delays in rectifying the issues identified by tenants at the start of a tenancy.<sup>34</sup>

<sup>31</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 14.

<sup>32</sup> [Submission 2](#), City of Sydney Council, p 11.

<sup>33</sup> [Submission 6](#), The Greens NSW, pp 8-9.

<sup>34</sup> [Submission 7](#), Tenants' Union NSW and Public Interest Advocacy Centre, pp 18-19.

- 2.28 Reports from residents of the Charlestown Electorate, particularly in Windale, indicate that much of the public housing stock has not been well maintained by the Department, with significant structural issues requiring large-scale remediation work. Some of the examples provided include:
- Leaking roofs which generate persistent mould and rot issues; back flow of sewages; aged amenities such as bathrooms and kitchens which are no longer fit for purpose.<sup>35</sup>
- 2.29 According to the Productivity Commission's latest Report on Government Services for Housing and Homelessness, in 2018, 24 per cent of public housing survey respondents lived in dwellings which did not meet the minimum acceptable standards in NSW. This compares to 14 per cent of community housing survey respondents.<sup>36</sup>
- 2.30 The Productivity Commission defines a dwelling to be assessed as meeting minimum acceptable standards if it has at least four working facilities (for washing people, for washing clothes/ bedding, for storing/ preparing food, and for removing sewerage) and not more than two structural problems.
- 2.31 A related issue is whether the public housing stock is fit for purpose. In the Housing Action Plan Now (HAPN), Forest Lodge and Glebe Co-ordination Group (FLAG) submission, tenants from the Glebe estate stated that their properties have had a long period of neglect, and the age of the properties renders them unfit for purpose.<sup>37</sup>
- 2.32 The Tenants' Union NSW also raised a concern that a significant number of tenants require home modification to the current properties to ensure that properties are accessible and safe for occupation.<sup>38</sup>

### Departmental response

- 2.33 The DPIE acknowledges that there have been many challenges in maintaining the physical condition of the housing stock to an acceptable standard, mainly due to the financial constraints and the ageing of the public housing portfolio.<sup>39</sup>
- 2.34 The Department told the Committee that it is actively inspecting all public housing properties within its portfolio once a year through the Annual Compliance Assessments (ACAs) program undertaken by the Asset Management Services (AMS) Contractors.
- 2.35 Furthermore, the Department has recently implemented a program to conduct an annual survey of 33 per cent of the property portfolio as part of the Property Assessment Survey (PAS) to capture the visual property condition of the buildings, grounds and common areas:

<sup>35</sup> [Submission 10](#), Ms Jodie Harrison MP, p 4.

<sup>36</sup> Australian Government Productivity Commission, [Report on Government Services 2021 – G Housing and homelessness](#), viewed on 21 July 2021.

<sup>37</sup> [Submission 5](#), Housing Action Plan Now (HAPN), Forest Lodge and Glebe Co-ordination Group (FLAG), p 3.

<sup>38</sup> [Submission 7](#), Tenants' Union NSW and Public Interest Advocacy Centre, pp 31-32.

<sup>39</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 14.



It captures the condition and defects of a large number of property components; the characteristics or features of properties such as modifications, adaptability, structural integrity issues; and other property related information. Each of these factors relates directly to LAHC's Maintained Benchmark Standard.

A PAS also involves inspection and testing of various items that are mandatory in properties such as working smoke alarms and Residual Current Devices (RCDs), effectively an audit of property safety related work by AMS contractors.<sup>40</sup>

**Committee comment**

2.36 The Committee is concerned about the current status of the public housing stock and its potential impact on tenants living in substandard conditions.

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<sup>40</sup> Submission 22, Department of Planning, Industry and Environment, p14.

## Chapter Three – Contractual and Administrative Arrangements

- 3.1 Public housing maintenance is delivered under a tailored contract designed to maximise efficient and effective service delivery. This chapter discusses the specific provisions of the AMS Contract, its administration by the Land and Housing Corporation and the Department of Communities and Justice and contractual obligations imposed on maintenance contractors.
- 3.2 The Committee's 2016 report into the Management of NSW Housing Public Maintenance Contracts highlighted the NSW Government's responsibility and duty of care for ensuring that tenants have robust and effective maintenance provision. Maintenance services must be responsive to tenant needs and appropriately delivered by suitable contractors.<sup>41</sup>
- 3.3 At the time of the 2016 inquiry, responsibility for the management, maintenance and repair of public housing stock rested with the single portfolio Department of Family and Community Services. Under this arrangement, Housing NSW provided tenancy management services, while LAHC owned and managed the public housing stock, acting as landlord.
- 3.4 Under the 2019 machinery of government changes, the two agencies were separated, with LAHC being transferred to DPIE. A new Department of Communities and Justice (DCJ) was also established, bringing together the former departments of Family and Community Services and Justice. Public housing leases are now administered by the Housing, Disability and District Services Division of DCJ (DCJ Housing).
- 3.5 Contributors to the 2016 inquiry told the Committee that tenancy and asset management were 'inextricably linked' and close alignment of the two was essential to ensure tenant satisfaction and good property condition. Evidence provided claimed that the separation of Housing NSW and LAHC had led to communication barriers for both tenants and staff, to the detriment of effective maintenance of public housing properties.<sup>42</sup>
- 3.6 In this chapter, the Committee considers whether the contractual and administrative changes made since 2016 have improved both the delivery of maintenance services and tenant experiences when seeking repairs and maintenance for their homes.

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<sup>41</sup> Public Accounts Committee, [Inquiry into the Management of NSW Public Housing Maintenance Contracts](#), Report 3/56 – October 2016, Chair's Foreword.

<sup>42</sup> Public Accounts Committee, [Inquiry into the Management of NSW Public Housing Maintenance Contracts](#), Report 3/56 – October 2016, p 6.

## Current contract arrangements

- 3.7 An important consideration in assessing the adequacy of public housing maintenance is the nature and administration of the contractual arrangements entered into between tenants, landlords and maintenance contractors.
- 3.8 As previously referenced, maintenance for public housing properties is delivered through the AMS Contract, which commenced in April 2016. According to the DPIE submission, the Contract is performance based and specifically designed to improve the timeliness and quality of maintenance delivery and enhance the tenant experience by:
- Delivering continuous improvement in the quality and cost of maintenance through a strong focus on audit and compliance regimes;
  - Driving efficiencies in the delivery of responsive maintenance so tenants receive a better service and more funds can be redirected to planned maintenance; and
  - Providing a strong focus on social outcomes, including tenant participation, training and local industry and community participation.<sup>43</sup>
- 3.9 Five head contractors were engaged to provide maintenance across 18 geographically defined areas under the initial AMS Contract. After expiring on 30 June 2021, contracts were extended until December 2022 and then subsequently renewed on 1 July 2021 for four of the head contractors, namely: Ventia; Spotless; O'Donnell & Hanlon; and Joss Facilities. The southern area, previously serviced by Lake Maintenance, was reallocated to Spotless and Joss.<sup>44</sup> The contractual arrangements are set out in the following table:

**Table 6: AMS contract areas<sup>45</sup>**

Head Contractor	Contract areas
Broadspectrum Sydney (now known as Ventia)	Inner City, Blacktown, Penrith and Blue Mountains, Eastern and Southern Suburbs, Bankstown, Fairfield and Liverpool, Parramatta, Northern Suburbs, Newcastle and Hunter
Spotless	Central Coast, Illawarra and Sydney: Inner West
Lake Maintenance	Southern Highlands, Southern Tablelands and South Coast
O'Donnell & Hanlon	North Coast and New England
Joss Facilities Management	Riverina and Central West

- 3.10 LAHC manages the Contract using the three maintenance processes:
- **Responsive maintenance** - under which head contractors are responsible for the delivery of repair work within a performance framework laid down

<sup>43</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 2.

<sup>44</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 12; Mr Mark Byrne, Head of Portfolio Management (Assets) NSW Land and Housing Corporation, [Transcript of Evidence](#), 10 May 2021, p 50.

<sup>45</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 9.

by LAHC. Requests for repairs are assessed to determine if there is any danger to health, safety and security, in which case the contractor will attend within 48 hours to make the situation safe. Non urgent repairs that cannot wait for the planned works program are generally commenced within 20 days.

- **Planned maintenance and vacant property restoration** - involves large component replacements such as roofs, kitchens, bathrooms, fencing, window replacements, floor coverings, internal and external painting.
- **Annual property servicing** - covers a range of facilities management activities such as smoke alarm testing, grounds and common area maintenance.<sup>46</sup>

## Current administrative arrangements

3.11 As mentioned previously, the public housing portfolio is owned and managed by LAHC. Approximately 32 per cent of the portfolio is leased to community housing providers (CHPs) registered under the National Regulatory System for Community Housing (NRSCH). The balance of tenancy management functions (around 106,925 properties) is delivered under a Service Level Agreement (SLA) between DCJ Housing and LAHC. A revised SLA was entered into in March 2021 and builds upon earlier agreements, with a heightened focus on improved client experience, accountability, governance, reporting and asset management outcomes.<sup>47</sup>

3.12 DCJ Housing also has responsibility for: carrying out a customer satisfaction survey of 1,000 tenants each month on behalf of LAHC; educating tenants about how to request maintenance and their own responsibilities; and acting as a liaison point between tenants and LAHC when tenant expectations are unmet or when modifications are needed because of a disability.<sup>48</sup>

**Table 7: responsibilities currently shared between LAHC and DCJ Housing.**<sup>49</sup>

Land and Housing Corporation	Department of Communities and Justice
Maintenance requests such as water leaks	Management of tenant complaints and anti-social behaviour
Planned works such as the replacement of kitchens	Management of social housing waitlist and housing pathways
Right to return for residents	Resident relocations
Construction of new social housing	Administration of tenancy leasing and allocation of properties

<sup>46</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 11.

<sup>47</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 2; [Answers to Supplementary Questions on Notice](#), Land and Housing Corporation, 31 May 2021, p 2.

<sup>48</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services and Department Lead, Public Housing, Department of Communities and Justice, [Transcript of Evidence](#), 21 June 2021, p 28.

<sup>49</sup> NSW Land and Housing Corporation, About us, [Working with residents](#).

- 3.13 In answers to questions, LAHC told the Committee that, even though public housing now involved separate Government departments, in many locations across the State LAHC and DCJ staff remain co-located in the same office. This supports cross-collaboration, communication and knowledge sharing to drive desired outcomes for public housing tenants.<sup>50</sup>
- 3.14 In supporting this view, DCJ Housing commented that LAHC was somewhat separate even when it fell within DCJ and that organisational barriers should not matter, as long as LAHC and DCJ were communicating clearly.<sup>51</sup>
- 3.15 Some stakeholders disagreed, reporting that the 2019 separation between departments had further complicated administrative arrangements, leading to delays in addressing problems raised by tenants. A particular concern was that the current administrative arrangements had not addressed the coordination and communication issues identified in the Committee's 2016 report.
- 3.16 Ms Trina Jones, Safe City Manager, City of Sydney, told the Committee that the separation had contributed to a breakdown in communication and increased the difficulty for residents navigating the system to get the desired outcome. The City believed that the administrative separation of functions should be changed to enable DCJ client service officers to have a greater role in assisting tenants seeking repairs.<sup>52</sup>
- 3.17 Ms Nicole Lawless, Acting Deputy Ombudsman, also told the Committee that the complexity of the maintenance system and multiple players led to delays, making it difficult for tenants to navigate and resolve issues when they arise.
- 3.18 A particular concern was the complaint handling pipeline, which meant that requests for repairs were passed from a call centre to LAHC, which then liaised with the contractor. The Deputy Ombudsman added that it appeared that the Complaint Handling Improvement Program (CHIP), incorporated into FACS complaint handling processes, was not transferred when LAHC moved to DPIE.<sup>53</sup>

### **Adequacy of repairs and maintenance**

- 3.19 According to the DPIE submission, LAHC responded to over 330,000 responsive maintenance requests in 2019/20, from a total of over 740,000 work requests managed, and successfully provided planned maintenance to over 17,000 properties.<sup>54</sup>

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<sup>50</sup> [Answers to Supplementary Questions on Notice](#), Land and Housing Corporation, 31 May 2021, p 5.

<sup>51</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services and Department Lead, Public Housing, Department of Communities and Justice, [Transcript of Evidence](#), 21 June 2021, p 28.

<sup>52</sup> Ms Trina Jones, Safe City Manager, City of Sydney, [Transcript of Evidence](#), 10 May 21, p 9; [Submission 2](#), City of Sydney, p 13.

<sup>53</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of Evidence](#), 10 May 21, pp 3 - 4.

<sup>54</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 3.

- 3.20 Major issues identified in the 2016 inquiry concerned timeliness, poor workmanship and inadequate quality assurance practices.<sup>55</sup> Evidence to the current inquiry indicates that similar problems persist in the repair and maintenance process.
- 3.21 Ms Lawless told the Committee that since the introduction of the AMS Contract in 2016, complaints to her office had increased. Additionally, the Ombudsman's office had received an average of 400 annual complaints about LAHC since 2012, which consistently ranked in the top five most complained about state agencies in NSW.
- 3.22 In general terms, the top three complaint categories seen by the Ombudsman's office were: customer service, particularly delays, inaction and poor quality of work; delays in the complaint-handling process and failure to advise the tenant of complaint outcomes; and breaches of duty of care, such as a failure to ensure the safety and wellbeing of tenants.<sup>56</sup>
- 3.23 The Committee also received evidence from the Tenants' Union NSW, the Glebe Housing Action Plan Now, the City of Sydney and the Greens NSW about the experiences of public housing tenants who came to them for assistance, either after unsatisfactory or incomplete repairs. The common themes raised are similar to those highlighted in evidence to the 2016 inquiry, namely:
- inadequate funding for repairs and maintenance;
  - a lack of transparency, accountability and responsibility in the delivery of maintenance;
  - poor coordination between service providers and the need for better integration between DCJ Housing and LAHC;
  - lack of communication between the service providers and tenants not informed about the outcomes of their request;
  - inconsistency of maintenance standards, including poor workmanship and the high use of 'patch up' makeshift repairs using cheap replacement materials;
  - lengthy waiting times for relatively minor repairs;
  - incorrect identification and classification of the urgency of the problem by the call centre, often resulted in delays when the matter was urgent and in the wrong tradesman attending, necessitating the lodgement of a new call;

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<sup>55</sup> Legislative Assembly of New South Wales, Public Accounts Committee, [Inquiry into the Management of NSW Public Housing Maintenance Contracts](#), Report 3/56 – October 2016, p 25.

<sup>56</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of evidence](#), 10 May 21, p 2.

- lack of identification of a problem affecting multiple tenants in public housing estates, resulting in several visits by contractors responding to individual calls for assistance;
- lack of action on issues identified during annual asset inspections, sending the wrong message to tenants about their responsibility for looking after the property;
- confusion about the process of reporting maintenance works, and reported difficulties in getting through on the call centre hot line;
- while call centres seemed to be more responsive, with wait times decreasing, the recording of repairs and the training of work responders does not always match the job needs;
- the need for contractors to have TAFE training or other industry experience;
- the need for cultural competency training for all public housing staff and contractors to ensure that the maintenance processes were suitable and culturally safe for tenants.<sup>57</sup>

### Recurrent maintenance calls

- 3.24 At the public hearing, the Committee asked witnesses about instances where a tradesman undertaking a repair becomes aware of other maintenance issues.
- 3.25 RTC Group Holdings told the Committee that there is some opportunity for subcontractors to obtain approval for other items they encounter while on site, but flexibility was needed to allow the contractor to do the repair. Accordingly, significant savings and efficiencies could be achieved by allowing subcontractors to deal with all minor repairs needed while on site, rather than logging them for later action.<sup>58</sup>
- 3.26 Ms Rebecca Krumins, Director, Stakeholder Engagement and Programs, LAHC, indicated that there is a contractual requirement for subcontractors to be alert to any safety issues and report them through to the contact centre. If this falls within the criticality matrix and is urgent, tradesmen can deal with it provided the problem is within their area of expertise.<sup>59</sup>
- 3.27 The Committee also asked whether it was part of the regular routine to check and replace washers and check fluorescent lights and toilets during a service call to prevent recalls to a property. Mr Mark Byrne, Head of Portfolio Management (Assets), LAHC replied that LAHC used to run a program where they would check

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<sup>57</sup> [Submission 5](#), Housing Action Plan Now (HAPN), Forest Lodge and Glebe Co-ordination Group, pp 2-3; [Submission 6](#), The Greens, p 1, p 5; [Submission 7](#), Tenants' Union and the Public Interest Advocacy Centre, p 7; [Submission 10](#), Ms Jodie Harrison, MP, Member for Charlestown, pp 1-2; Ms Clover Moore, Lord Mayor, City of Sydney, [Transcript of evidence](#), 10 May 2021, p. 7; Mr Mark Degotardi, Chief Executive Office, Community Housing Industry Association NSW, [Transcript of evidence](#), 10 May 2021 p 18; Ms Jodie Harrison MP, Member for Charlestown, [Transcript of evidence](#), 10 May 2021, p 45.

<sup>58</sup> Mr Stephen Gray, Chief Executive Officer, RTC Group Holdings Pty Ltd, [Transcript of evidence](#), 10 May 2021, p 31.

<sup>59</sup> Ms Rebecca Krumins, Director, Stakeholder Engagement and Programs, Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 56.

and replace all washers annually but this resulted in over servicing and was a high-cost burden against capital upgrade major component costs.<sup>60</sup>

- 3.28 When asked at what point an appliance, such as an oven that continuously breaks down becomes unserviceable, Mr Byrne replied that they ask contractors to make a determination on the cost benefit of doing a repair against the age and the condition and the functionality of the stove. For example, where a stove is only two years old and only one hot plate is not functioning, it is better to repair, unless it is a product failure.<sup>61</sup>
- 3.29 Mr Jim Hristovski, Director, Operational Policy & Standards, LAHC, also told the Committee that under the AMS Contract, contractors undertake annual compliance assessments, where they check for smoke alarm servicing, safety switches and thermostat mixing valves within properties. In addition, they assess some of the major components of the property as part of the planned program of works.<sup>62</sup>

## Raising and escalating a maintenance request

### Raising a maintenance request

- 3.30 To report or follow-up a maintenance issue, tenants can contact the 24 hours a day, 7 days a week contractor call centre line located in their area. Non-urgent maintenance requests can also be made using DCJ's online eRepair tool, available through the DCJ website and MyHousing app.
- 3.31 Ventia told the Committee that, from their experience of the previous contract, the AMS Contract was the first time call centres were outsourced and managed by head contractors. According to Ventia, this improved the tenant experience because the tenant could make direct contact with the head contractor.
- 3.32 Ventia also believed that the most significant improvement for tenants in future contracts will come from ongoing investment in digital solutions, including further app developments to improve direct communication with tenants and drive a more tenant-centred approach to service delivery.<sup>63</sup>
- 3.33 Ms Jenny Leong, MP, Member for Newtown, also suggested that providing tenants with the same level of service that Service NSW provides in other areas would be a good start. Ms Leong also referred to Local Councils having a good model, whereby residents can report potholes and other local issues.<sup>64</sup>

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<sup>60</sup> Mr Mark Byrne, Head of Portfolio Management (Assets), Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 57.

<sup>61</sup> Mr Mark Byrne, Head of Portfolio Management (Assets), Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 58.

<sup>62</sup> Mr Jim Hristovski, Director, Operational Policy & Standards, NSW Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 55.

<sup>63</sup> Ms Angela Williams, General Manager, Community and Housing, Ventia, [Transcript of evidence](#), 21 June 2021, p. 23.

<sup>64</sup> Ms Jenny Leong, MP, Member for Newtown, [Transcript of evidence](#), 10 May 2021, p 39.



**Escalating maintenance requests**

- 3.34 A number of avenues are available to tenants if they are not satisfied with the outcome of a reported maintenance issue. These include:
- raising the issue with the DCJ Housing Client Service Officer who manages their tenancy;
  - contacting DCJ's Client Feedback Unit, operated by the Housing Contact Centre;
  - contacting their local member of Parliament, the NSW Ombudsman or Tenant Advice and Advocacy Services; or
  - taking action at the NSW Civil and Administration Tribunal (NCAT).<sup>65</sup>
- 3.35 Mr Mark Byrne, Head of Portfolio Management (Assets), LAHC told the Committee that, over the past four years, the average complaints feedback is less than one per cent of all 630,000 work orders generated from 740,000 work requests.<sup>66</sup>
- 3.36 At the public hearing, Ms Angela Williams, General Manager, Community and Housing, Ventia, told the Committee that they have a structured complaints process. Every complaint is looked at through the lens of continuous improvement to refine service delivery, better manage subcontractors and to deliver better communication to tenants.<sup>67</sup>
- 3.37 Mr David Morris, General Manager, Government and Citizen Services, Spotless Group also noted that the interactions that they have with tenants is sometimes quite fruitful, and other times quite challenging and they randomly call tenants for feedback on their services.<sup>68</sup>

*Raising a complaint with a member of Parliament or the NSW Ombudsman*

- 3.38 In their joint submission, Ms Jenny Leong, MP, Member for Newtown, and Mr Jamie Parker, MP, Member for Balmain, told the Committee that maintenance issues raised by public housing tenants amounted to approximately 60 per cent of requests for assistance received by their offices.<sup>69</sup>
- 3.39 Ms Jodie Harrison, MP, Member for Charlestown, also told the Committee that many tenants who contact her office indicated that their maintenance issues had been unresolved for many years and that they distrusted the process.<sup>70</sup>

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<sup>65</sup> [Submission 22](#), Department of Planning, Industry and Environment, Appendix 5: Contractor Contact Call Centre.

<sup>66</sup> Mr Mark Byrne, Head of Portfolio Management (Assets), Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 54.

<sup>67</sup> Ms Angela Williams, General Manager, Community and Housing, Ventia, [Transcript of evidence](#), 21 June 2021, p 26.

<sup>68</sup> Mr David Morris, General Manager, Government and Citizen Services, Spotless Group, [Transcript of evidence](#), 21 June 2021, p 2.

<sup>69</sup> [Submission 6](#), The Greens, p. 1.

<sup>70</sup> [Submission 10](#), Ms Jodie Harrison MP, p. 2.

- 3.40 The Deputy Ombudsman noted that raising a complaint with her office led to a rapid response from LAHC, but also meant that someone else was deprioritised.<sup>71</sup>

*Advocacy through the Tenants Union and the Public Interest Advisory Centre*

- 3.41 The Tenants' Union NSW is the peak body representing the interests of tenants and other renters in New South Wales and the main resourcing body for the state-wide network of Tenants' Advice and Advocacy Services (TAASs) in NSW. Much of its legal work centres on assisting public and community housing clients, including tenancies managed for the LAHC and the Aboriginal Housing Office (AHO).
- 3.42 Social housing tenants account for around 56,000 casework sessions (33 per cent of total) and around 10,000 cases (19 per cent of total) with TAASs over the two-year period, 1 January 2018 - 31 December 2019.
- 3.43 The Tenants' Union NSW and the Public Interest Advocacy Centre told the Committee that, despite the implementation of the AMS contract in early 2016, the state-wide network of Tenants' Advice and Advocacy Services in New South Wales has continued to receive a large number of calls from public housing tenants seeking help with repairs and maintenance issues:

Over the two-year period 1 January 2018 through 31 December 2019, TAASs have provided approximately 11,700 sessions of advice and assistance concerning repairs in public housing – this accounts for around (2 in 5 or 38 per cent) of all sessions with public housing tenants. They have taken on 1,775 cases concerning repairs in public housing - this can include advice and assistance, further casework, and may involve representation at Tribunal. This accounts for around 1 in 3 (31 per cent) of all cases.<sup>72</sup>

*Advocacy through the Glebe Housing Action Plan Now*

- 3.44 The Glebe HAPN is a subcommittee of FLAG, made up of local residents and representatives from local service providers and community organisations in the Glebe and Forest Lodge area of inner Sydney. Glebe HAPN has been a voice for tenants' issues since 2014.<sup>73</sup>

*The NSW Civil and Administrative Tribunal*

- 3.45 The NSW Civil and Administrative Tribunal decides a range of civil and administrative cases in New South Wales and, according to their website, provides a simple, quick and effective process for resolving disputes and reviewing administrative action.<sup>74</sup>
- 3.46 Mr Thomas Chailloux, Policy Officer, Homeless Persons' Legal Service PIAC, told the Committee that normal repairs and maintenance should not routinely require tenants to contact legal services or make an application to NCAT. While people living in public housing are entitled to adequate maintenance and repairs in the

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<sup>71</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of evidence](#), 10 May 2021, p 5.

<sup>72</sup> [Submission 7](#), Tenants Union and the Public Interest Advocacy Centre, p. 17

<sup>73</sup> [Submission 5](#), Glebe Housing Action Plan Now (HAPN), p 1.

<sup>74</sup> NSW Civil & Administrative Tribunal, [What is NCAT](#).

same way as private market tenants, repair requests are not addressed in a timely manner or completed to a satisfactory standard. He suggested that a better system can be achieved through higher transparency, better communication and greater accountability, as well as a clear, efficient escalation process.<sup>75</sup>

- 3.47 Mr Mark Byrne told the Committee that, of all the complaints or feedback gathered by the LAHC central data system, nine per cent are to the NCAT. LAHC has regular meetings with the Tenants' Union NSW and advocacy services and has given them escalation points directly into their senior level. LAHC also regularly attends NCAT when tenants have made it difficult to enter the premises or when their contractors did not want to enter properties because they did not feel safe.<sup>76</sup>

### Relationship dynamics

- 3.48 The need for a strong relationship between all stakeholders involved in the provision of public housing was canvassed in the Committee's 2016 report and again in the course of the current inquiry. The Committee sought the views of DCJ Housing, the Deputy Ombudsman, the head contractors and advocate services about their current relationship with LAHC. The range of opinions is summarised below:

- LAHC told the Committee that they have strong and collaborative relationships with both DCJ Housing and AMS head contractors, although they do not directly deal with subcontractors.<sup>77</sup>
- The Deputy Secretary, Housing, Disability and District Services and Department Lead, Public Housing, DCJ also told the Committee that DCJ's relationship with LAHC was extremely important, but more for transactional and problem-solving purposes. DCJ did not always agree at the grass roots level with LAHC colleagues when acting as an advocate for a tenant, while respecting LAHC decisions in relation to assets. In addition, communication needed continual oversight, and DCJ provided training to reinforcing this at the interface with tenants.<sup>78</sup>
- The Deputy Ombudsman also told the Committee that its working relationship with LAHC was a constructive one. There was regular communication on a number of levels to discuss emerging issues, themes

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<sup>75</sup> Mr Thomas Chailloux, Policy Officer, Homeless Persons' Legal Service, Public Interest Advocacy Centre (PIAC), Transcript of evidence, 10 May 2021, p. 21.

<sup>76</sup> Mr Mark Byrne, Head of Portfolio Management (Assets), NSW Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 54.

<sup>77</sup> Mr Mark Byrne, Head of Portfolio Management (Assets) NSW Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 56.

<sup>78</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services and Department Lead, Public Housing, Department of Communities and Justice, [Transcript of evidence](#), 21 June 2021, p 29.

and trends and there was a lot of goodwill. However, whether that translated into demonstrable systemic changes was an open question.<sup>79</sup>

- The Executive General Manager, Social Infrastructure, Ventia expressed the view that a collaborative relationship with contract partners is a key element in the delivery of quality services. Most of the other head contractors supported this, stating that they all had a good relationship with LAHC. While there had been disputes and differences throughout the life of the contract, these were generally resolved.<sup>80</sup>
- The Joss Group noted that although liaison with LAHC worked pretty well, after hours contact could be improved. Contractors were required to provide a 24-hour, 7 day a week service, but were often hampered in actioning works in a timely manner due to the unavailability of departmental officers.<sup>81</sup>
- The Contract Manager, Land and Housing Corporation AMS Contract, Spotless Group, also told the Committee that having very deep relationships with contractors enables quick responses to emerging issues.<sup>82</sup>
- On the other hand, the Managing Director, Lake Maintenance, reported that in contrast to their previous contracts with the Department of Housing, the relationship with LAHC under the current AMS Contract had been adversarial and confusing.<sup>83</sup>

3.49 Evidence from other stakeholders indicated that improvement is needed in the relationship between service providers and tenants, as follows:

- The submission from the Tenant's Union NSW and PIAC called for better coordination, recommending that DCJ Housing and LAHC improve communication between the two agencies and the head contractor, and improve engagement with tenants by developing a set of procedures to coordinate a more effective response at the internal escalation process.<sup>84</sup>

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<sup>79</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of evidence](#), 10 May 2021, p 2, p6.

<sup>80</sup> Mr Rhys Barker, Executive General Manager, Social Infrastructure, Ventia, [Transcript of evidence](#), 21 June 2021 p 23; Mr David Morris, General Manager, Government and Citizen Services, Spotless Group, [Transcript of evidence](#), 21 June 2021 p. 2; Mr Ben O'Donnell, Director, O'Donnell & Hanlon, [Transcript of evidence](#), 21 June 2021, p 8; Mr Joshua Ryder, Contract Analyst, AMS Contract, Joss Group, [Transcript of evidence](#), 21 June 2021 p 18.

<sup>81</sup> Mr Joshua Ryder, Contract Analyst, AMS Contract, & Mr Jeff White, General Manager, Risk and Compliance, Joss Group, [Transcript of evidence](#), 21 June 2021, p 19.

<sup>82</sup> Mr Alex Saar, Contract Manager, Land and Housing Corporation AMS Contract, Spotless Group, [Transcript of evidence](#), 21 June 2021, p 3.

<sup>83</sup> Ms Ricci Schwarzler, Managing Director, Lake Maintenance, [Transcript of evidence](#), 21 June 2021, p 12.

<sup>84</sup> [Submission 7](#), Tenant's Union and the Public Interest Advocacy Centre, p 28.

- The Policy and Advocacy Coordinator, Tenants' Union NSW added that tenants will not always report a repair issue because they are worried that this would impact on their relationship with the Client Service Officer.<sup>85</sup>
- Ms Jenny Leong, MP, told the Committee that the big challenge is that the existing relationship between LAHC and the contractors does not directly include tenants, resulting in delays in addressing problems.<sup>86</sup>
- The Acting Deputy Ombudsman supported this, noting that a basic principle of good complaints-handling is that the person who is the decision-maker should be as close to the person making the complaint as possible. At the moment, this was considered to be quite remote.<sup>87</sup>

### **Improving relationships through a local or place based approach**

- 3.50 According to the DPIE submission, one phone call enables tenants to talk to a technically qualified person and schedule maintenance. Direct contact with the contractor means work will be accurately assessed and more maintenance issues can be fixed on a first visit, without the need for extra administration.<sup>88</sup>
- 3.51 However, the City of Sydney reported that tenants were frustrated because call centre staff often lacked specific knowledge of the local area and the building involved. For many tenants, particularly those with English as a second language, their preferred escalation point was their local DCJ Housing Office. Ms Clover Moore, Lord Mayor of Sydney, added that having a local manager would resolve problems before they escalated.<sup>89</sup>
- 3.52 In its submission, the City of Sydney told the Committee about the on-site maintenance popup meetings held across NSW in 2016/17, which provided an opportunity for tenants to communicate directly with LAHC and their local maintenance contractors. Over 50 pop-ups resulted in 1,600 tenants connecting with their maintenance contractor or other supports and approximately 3,600 work requests actioned.<sup>90</sup>
- 3.53 The Policy Officer, Homeless Persons' Legal Service, PIAC, supported this view, noting that the maintenance pop-ups were working well. One of the ideas from their consumer advocacy group StreetCare was to have a team of handymen who would know certain areas really well and who would develop relationships with the tenants.<sup>91</sup>

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<sup>85</sup> Dr Jemima Mowbray, Policy and Advocacy Coordinator, Tenants' Union of NSW, [Transcript of evidence](#), 10 May 2021, p 23.

<sup>86</sup> Ms Jenny Leong, MP, Member for Newtown, [Transcript of evidence](#), 10 May 2021, p 36.

<sup>87</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of evidence](#), 10 May 2021, p 4.

<sup>88</sup> [Submission 22](#), Department of Planning, Industry and Environment, Appendix 5: Contractor Contact Call Centre.

<sup>89</sup> [Submission 2](#), City of Sydney, p 12.

<sup>90</sup> [Submission 2](#), City of Sydney, p 12.

<sup>91</sup> Mr Thomas Chailloux, Policy Officer, Homeless Persons' Legal Service, Public Interest Advocacy Centre, [Transcript of evidence](#), 10 May 2021, p 26.

- 3.54 Ms Jenny Leong, MP, suggested that it might be a much more cost effective mechanism to contract an onsite plumber, electrician and handyman at public housing estates.<sup>92</sup> She also recommended that all persons employed in public housing areas and estates, and not just the tenants, should be required to report maintenance issues even if it was not their responsibility. However, rather than using the maintenance hotline, a more accessible mechanism would be needed to log a job.<sup>93</sup>

#### Committee comment

- 3.55 A locally based approach would provide a better avenue for tenants to lodge their requests and would aid in the identification of problems, particularly in public housing estates. The Committee believes that LAHC should reactivate maintenance pop-up meetings, and consider appointing a local manager to act as a conduit between tenants and service providers.

#### Recommendation 1

**The Committee recommends that the NSW Land and Housing Corporation appoints local managers to improve public housing tenant liaison and assist with problem solving at a more responsive and locally based knowledge level.**

#### Servicing rural and regional areas

- 3.56 Within the total public housing portfolio, 72 per cent of properties are located in metropolitan areas and 28 per cent in regional NSW.<sup>94</sup>
- 3.57 Some head contractors told the Committee that the AMS Contract had made it easier to service rural and remote areas:
- O'Donnell & Hanlon reported that the flexibility of the Contract allowed head contractors to make their own decisions about a suitable remuneration model for subcontractors and the region serviced. As the biggest employer in Kempsey, the decentralisation of employment was very positive because the subcontractors appreciated the local approach and the accessibility of working for a regional contractor.<sup>95</sup>
  - Joss Group also said that the AMS Contract model provided sustainable rates for the local subcontracting workforce it managed, ensuring long-term viability and willingness to be engaged continually with LAHC work.<sup>96</sup>

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<sup>92</sup> Ms Jenny Leong, MP, Member for Newtown, [Transcript of evidence](#), 10 May 2021, pp 41 - 42.

<sup>93</sup> Mr Jenny Leong, MP, Member for Newtown, [Transcript of evidence](#), 10 May 2021, p 39.

<sup>94</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 2.

<sup>95</sup> Mr Ben O'Donnell, Director, O'Donnell & Hanlon, [Transcript of evidence](#), 21 June 2021, p 9.

<sup>96</sup> [Submission 25](#), Joss Group, p 1.

- 3.58 However, Lake Maintenance told the Committee that it had experienced difficulty in servicing areas such as the South Coast, where local subcontractors were not interested in working under the AMS Contract.<sup>97</sup>
- 3.59 The Committee was also told that some challenges remained because the tyranny of distance made it difficult to provide timely service to certain areas. In some cases, subcontractors needed to travel considerable distances to service problems in areas where a local tradesman was not available.<sup>98</sup>
- 3.60 Furthermore, the volatility of work in some areas and the lack of consistency of planned works meant that head contractors were unable to commit to taking on local apprentices under the current Contract.
- 3.61 Mr Ben O'Donnell, Director, O'Donnell & Hanlon told the Committee that putting more structure in place around the specific details of works would assist in training and upskilling trades and ensuring that qualified tradesmen could be kept on board. Subcontractors rely on planned works and find it challenging to schedule small repairs without getting large jobs on a consistent basis.<sup>99</sup>

### Licensing requirements for subcontractors

- 3.62 Head contractors informed the Committee that subcontractors go through an in-depth induction and checking process, including mandatory trade licenses, insurances, and current working with children and criminal history checks. Subcontractors were also required to wear identification badges when they are on-site.
- 3.63 While it could be onerous to continually check that subcontractors' licences remained up-to-date, the Committee was assured that contractors had systems in place to achieve this and no subcontractors were allocated orders if their credentials had expired.<sup>100</sup>

### Performance and audit measures

- 3.64 The Committee was informed that LAHC reviews a proportion of all completed maintenance to confirm the work had been performed at the standard required under the AMS Contract. While LAHC maintains that the AMS Contract has delivered higher quality of work than under the previous contract, this remains an area requiring constant contractor management.
- 3.65 Contractor performance is monitored through monthly and quarterly KPI reports verified by a dedicated team within LAHC. LAHC also monitors the quality of work using a combination of audit, quality assurance and trend analysis methodologies

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<sup>97</sup> Ms Ricci Schwarzler, Managing Director & Mr David Bell, National Risk and Compliance Manager, Lake Maintenance, [Transcript of evidence](#), 21 June 2021, p 14.

<sup>98</sup> Mr Joshua Ryder, Contract Analyst, AMS Contract and Mr Jeff White, General Manager, Risk and Compliance, Joss Group, [Transcript of evidence](#), 21 June 2021, p 20.

<sup>99</sup> Mr Ben O'Donnell, Director, O'Donnell & Hanlon, [Transcript of evidence](#), 21 June 2021, p 10.

<sup>100</sup> Mr Ben O'Donnell, Director, O'Donnell & Hanlon, [Transcript of evidence](#), 21 June 2021, pp 10 – 11.; Mr David Bell, National Risk and Compliance Manager, Lake Maintenance, [Transcript of evidence](#), 21 June 2021, pp 15 – 16; Mr Jeff White, General Manager, Risk and Compliance, Joss Group, [Transcript of evidence](#), 21 June 2021, p. 19; and Mr Ian Ryles, Project Director, Ventia, [Transcript of evidence](#), 21 June 2021, pp 25 - 26.

and is able to apply abatements ('penalties') when contractor performance is below standard.<sup>101</sup>

- 3.66 Data collected since March 2017 shows there has been improvement in quality demonstrated by a downward trend in the number of failed compliance inspections. First time inspection failures were 29 per cent in March 2017 and steadily declined to 13 per cent in September 2020.<sup>102</sup>
- 3.67 The AMS Contract includes a performance management framework requiring contractors to perform against a set of 22 individual KPIs grouped into the following parameters: timeliness; quality; work, health and safety; and governance (including tenant satisfaction surveying).<sup>103</sup>
- 3.68 Ms Jenny Leong, MP, suggested that a reporting back mechanism, where KPIS are set not just around initial repair completion, but also capturing additional work required, would give more transparency for the tenant.<sup>104</sup>
- 3.69 Joss Group, told the Committee that whereas early in the contract, physical auditing would be performed for two days a quarter, this was extended to three or four days. In the last 12 to 18 months, this has changed again to an online audit, with the result that the audits are dragging out over several weeks, involving increased personnel time compared to the earlier approach.<sup>105</sup>

#### **The Gain Share/Pain Share Model**

- 3.70 In addition, the AMS Contract included a mechanism called the Gain Share/Pain Share, which provided incentives for contractors to achieve efficiencies in the delivery of responsive maintenance.<sup>106</sup>
- 3.71 When asked how the pain/gain mechanism reconciled with tenants' complaints of short term fixes and repairs not solving underlying problems, LAHC replied that contractors are reimbursed for the actual cost of the works and paid a tendered project management fee (responsive service fee) for responsive works. There was no additional payment made to the contractor for the actual work completed by the subcontractor.
- 3.72 Furthermore, the contractor was responsible for scoping and asking the necessary questions when triaging a call from the tenant, and for sending the appropriate subcontractors to the site to repair the issue described by the tenant:

The pain share mechanism is designed to drive the contractor to control subcontractor scopes of work and associated costs and ensure that subcontractors do not perform more work than is actually required. If the cost of responsive repairs is driven up by subcontractor costs rather than an increase in tenant requests, the

<sup>101</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 4.

<sup>102</sup> [Submission 22](#), Department of Planning, Industry and Environment, pp 7-8.

<sup>103</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 11.

<sup>104</sup> Ms Jenny Leong, MP, Member for Newtown, [Transcript of evidence](#), 10 May 2021, p 38.

<sup>105</sup> Mr Jeff White, General Manager, Risk and Compliance, Joss Group, [Transcript of evidence](#), 21 June 2021, p 21.

<sup>106</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 11



contractor is required to reimburse LAHC a pain share amount as they have not controlled scopes and consequent costs of work.<sup>107</sup>

- 3.73 The Committee was told that the pain/gain model has now been removed from the extended Contract. Spotless welcomed its removal and the decision to reorient contract KPIs towards quality outcomes. In the future, a gain share regime correctly calibrated to reactive spend was claimed to work better overall for all parties.<sup>108</sup>

### **Measurable improvements in tenant outcomes after revised contractual framework**

- 3.74 As outline in Chapter One, the AMS Contract was designed to improve the timeliness and quality of maintenance delivery and enhance the tenant experience by:
- delivering continuous improvement in the quality and cost of maintenance through a strong focus on audit and compliance regimes;
  - driving efficiencies in the delivery of responsive maintenance so tenants receive a better service and more funds can be redirected to planned maintenance; and
  - strongly focusing on social outcomes, including tenant participation, training and local industry and community participation.<sup>109</sup>
- 3.75 According to evidence presented to the 2016 inquiry, the previous contract was considered to be operationally complex and resource intensive to administer, with a complicated scoping and approval process slowing repairs. Additionally, there was a lack of appropriate and clear performance data on work conducted, including quality and timeliness of maintenance services.<sup>110</sup>
- 3.76 According to the DPIE submission to the current inquiry, significant improvements have been achieved in the value for money resulting from planned maintenance programs. Contractors averaged performance scores of over 83 per cent against combined timeliness, quality, tenant satisfaction and social outcomes metrics. Additionally, the average overall performance score increased to 90 per cent by April 2018 and has been consistently over 90 per cent every month since August 2019.<sup>111</sup>
- 3.77 The City of Sydney told the Committee that it had seen measurable improvements for public housing tenants following the changes to maintenance introduced in 2015/16. This was demonstrated through feedback from tenants at Neighbourhood Advisory Board meetings, Sydney Lord Mayor Social Housing Forums and records of resident requests through City customer service channels.

<sup>107</sup> [Answers to Supplementary Questions on Notice](#), Land and Housing Corporation, 31 May 2021, Question 8.

<sup>108</sup> [Submission 23](#), Spotless Group, p 5.

<sup>109</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 2.

<sup>110</sup> Department of Family and Community Services, Land & Housing Corporation, [Public Accounts Committee Inquiry into the Management of NSW Public Housing Maintenance Contracts Progress Report](#), October 2017, p 4.

<sup>111</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 4.

The improvements were largely attributed to place based coordinated approaches in supporting tenants and managing maintenance issues.<sup>112</sup>

- 3.78 Conversely, Glebe HAPN reported evidence of many properties with a long period of neglect becoming unfit for purpose, without any visible planned maintenance program in the area. It was also unclear to tenants whether the condition of properties not repaired to standard was due to LAHC policies or veto, or poor workmanship.
- 3.79 HAPN suggested that quality outcomes from contractors should be measured against industry benchmarks for service and that it would be more effective to form 'area contracts' with local industries.<sup>113</sup>
- 3.80 The Greens NSW considered that the current system for delivery of maintenance across public housing in NSW was not working and had been further exacerbated by ever-increasing privatisation and outsourcing. They suggested that LAHC review the standards of repairs required of its contractors and have regard to its obligations to repair and maintain tenanted properties under renting laws in New South Wales.<sup>114</sup>
- 3.81 Finally, the Tenants' Union NSW and the Public Interest Advocacy Centre told the Committee that LAHC was still failing to meet timelines provided to tenants when the repair was first logged and there appeared to be little or no follow-up from either LAHC or the contractor about outcomes.<sup>115</sup>
- 3.82 Most of the head contractors were supportive of the current Contract, particularly the shift away from the previous schedule of rates contract and the removal of the Gain Share/Pain Share model in the contract extension. They offered the following comments for possible improvements:
- the risk taking model around vandalism was a challenge for contractors to manage and should be considered further in the next round of contracting;
  - a model that has more strategic asset management and preventive maintenance at the front end of the Contract would allow contractors to help the department to reduce the reactive costs; and
  - the current Contract ensured that response times and tenant satisfaction was driven through the head contractor management processes and performance measures required under contract conditions. However, the administrative burden and cost behind the execution of tasks was still disproportionate and ever increasing and needed to be addressed, along

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<sup>112</sup> [Submission 2](#), City of Sydney, p 7.

<sup>113</sup> [Submission 5](#), Housing Action Plan Now (HAPN), Forest Lodge and Glebe Co-ordination Group, p 2.

<sup>114</sup> [Submission 6](#), The Greens NSW, p 11.

<sup>115</sup> [Submission 7](#), Tenants' Union and the Public Advocacy Centre, p 20.

with the need for better coordination between LAHC, DPIE, DCJ and other stakeholders.<sup>116</sup>

- 3.83 RTC Group Holdings provides maintenance services to public and community housing organisations. While supporting the head contractor model currently utilised under the AMS Contract, it suggested other methodologies to assist in ensuring a consistent standard to public housing maintenance services across NSW. This included collaborative contracting, a transparent pricing mechanism, and accountability through clear performance management and contract management frameworks.<sup>117</sup>
- 3.84 Lake Maintenance was critical of the AMS Contract, noting that although there were some good concepts, most of them were not designed, implemented or managed to their full potential. It found both the Contract and its management confusing compared to other contracts, because it was based on outcomes that were not prescriptive or descriptive enough. This resulted in mixed messages coming from different sections of LAHC.
- 3.85 Furthermore, the Contract utilised three IT systems not appropriately integrated with each other. While the responsive section of the Lake Maintenance contract had been very successful for subcontractors and tenants, the vacant process had been hindered by LAC's inconsistent approach to tenant requirements. Finally, compliance and operational teams' opinions differed about interpretation of the LAHC standard of 'clean, safe and habitable'.<sup>118</sup>
- 3.86 The Committee also sought the views of other stakeholders about perceived improvements since the introduction of the AMS Contract and was told that while there had been some, the Contract still did not correct some of the previous underlying problems. The following illustrations were provided:
- significant delays remain in getting repairs done;
  - transparency had decreased since 2016, particularly in the annual reports and there was much less clarity around what is being spent on repairs and maintenance and on the backlog. Information regarding performance standards and indicators on timeliness of service, quality of work and tenant satisfaction was not publicly available; and
  - the complexity of the AMS contracting arrangements limited the flexibility, investment and service delivery changes that community housing providers needed to be able to respond to local tenant needs, which had, in turn, impacted on tenant satisfaction outcomes.

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<sup>116</sup> Submission 25, Joss Group, p 4; Mr David Morris, General Manager, Government and Citizen Services, Spotless Group, ; [Transcript of evidence](#), 21 June 2021, p 2; Mr Ian Ryles, Project Director, [Transcript of evidence](#), 21 June 2021, p 23.

<sup>117</sup> [Submission 1](#), RTC Group Holdings, p 1.

<sup>118</sup> [Submission 28](#), Lake Maintenance, p 3.

- 3.87 In addition, the AMS Contract had created significant financing and governance risks for CHPs that needed to be addressed in the context of a potential future management transfer.<sup>119</sup>

**Committee comment**

- 3.88 From the evidence presented, it is clear that there has been some progress in service delivery since the introduction of the AMS Contract. Problems still remain, however, and more needs to be done to improve the delivery of repair and maintenance services to public housing tenants.
- 3.89 Central to the provision of an effective and efficient repair and maintenance service is a good working relationship between service providers and tenants. While it is evident that good relationships exist between LAHC, DCJ and contractors, the same cannot be said about service providers and tenants.
- 3.90 The Committee was told that under the current administrative arrangements, tenants are isolated from direct contact with providers and forced to rely on outside players to obtain satisfactory outcomes for maintenance issues. There is also a highlighted need for better after hours communication between LAHC and contractors.
- 3.91 Improvements are also needed to rectify delays in responding to maintenance requests and in keeping tenants informed of the progress of their requests. It appears that instances of poor workmanship still occur and these are not being identified in the current audit process.
- 3.92 In addition, evidence provided to the Committee indicates that the separation of the delivery of public housing services as a result of the 2019 machinery government arrangements has created complexity in the delivery of maintenance and repairs. Expressions of frustration at having to navigate across two portfolios has been a source of significant complaints to the Committee and should be looked at as part of a comprehensive strategic review.

**Recommendation 2**

**The Committee recommends that the NSW Land and Housing Corporation and the Department of Communities and Justice conduct a cost benefit analysis of the current separation of public housing maintenance and tenancy services to determine whether a comprehensive service should be provided by a single agency.**

**Impediments to accountability**

- 3.93 A further issue which arose in the course of the inquiry relates to certain provisions in the Contract, which restrict the ability of contractors to supply

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<sup>119</sup> [Submission 7](#), Tenants Union NSW and Public Interest Advocacy Centre, p 5; [Submission 13](#), Community Housing Industry Association, p 4; Mr Mark Degotardi, Chief Executive Officer, Community Housing Industry Association NSW, [Transcript of evidence](#), 10 May 2021, p 16; Mr Leo Patterson Ross, Chief Executive Officer, & Dr Jemima Mowbray, Policy and Advocacy Coordinator, Tenants' Union of NSW, [Transcript of evidence](#), 10 May 2021, p 23.

information to external parties without the written consent of the Land and Housing Corporation. Consequently, the Committee was informed that contractors felt restrained in providing information without first obtaining clearance from LAHC.

- 3.94 However, after further discussions with LAHC, the requested information was sent directly to the Committee, following written instructions from LAHC providing explicit approval for this to occur. While the Committee is pleased that the confidentiality provisions in the AMS had been clarified in this instance, concerns remain that advice had been given to contractors inhibiting their direct communication with the Committee. This may also explain the initial reluctance of contractors to provide a written submission to the inquiry.
- 3.95 Notwithstanding the need to address confidentiality issues, the end result provided a satisfactory outcome, as any attempt to circumvent or prevent the free flow of information potentially compromises the Committee's ability to exercise its legitimate scrutiny and review functions. This may serve to significantly undermine public confidence in the Parliamentary inquiry process.

**Committee comment**

- 3.96 These matters are rarely straightforward, as they require careful consideration of the powers of parliamentary committees and the extent to which those powers should be exercised in the public interest.
- 3.97 Assistance is always available to witnesses on committee procedure and processes. It is noted that the Land and Housing Corporation has been forthcoming in its discussions with the Chair and Committee Secretariat about any concerns held.
- 3.98 However for the benefit of future witnesses before the Committee, or any other interested parties, the Committee makes the following assertions.
- 3.99 First, that the Public Accounts Committee has the power to compel the production of documents pursuant to Legislative Assembly Standing Order 288.<sup>120</sup>
- 3.100 Secondly, that the Public Accounts Committee does not accept either "secrecy" or "commercial in confidence" as valid reasons for not providing evidence, unless express statutory provisions apply to limit the power of Parliament and its committees.
- 3.101 The Committee makes these assertions because without the ability to require answers to lawful questions and compel the production of documents, its

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<sup>120</sup> Legislative Assembly Standing Order 288 (SO 288), provides that "A committee shall have power to send for persons, papers, records, exhibits and things".

Section 58(11) of the *Government Sector Audit Act 1983* provides that "the production of documents to the Committee shall be in accordance with the practice of the Legislative Assembly with respect to the production of documents to select committees of the Legislative Assembly".

inquiries would falter at the first display of reluctance. It would also undermine any effective role for the Public Accounts Committee (as the oldest committee of the NSW Parliament and charged with scrutinising the State's finances) under our system of responsible government, by which the Executive is held accountable to Parliament.

- 3.102 As the servant of the people of New South Wales, that is not an outcome this Committee would ever contemplate.
- 3.103 Finally, for a more detailed opinion on these matters and one that is entirely independent of the Committee, interested parties may wish to refer to legal advice given to the Auditor-General by the Crown Solicitor's Office in August and September of 2018 respectively.<sup>121</sup>

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<sup>121</sup> In which the Crown Solicitor defers to view of the Solicitor General that it is "more likely than not" that if the question were to be the subject of a decision of a court, a finding would be made that a committee of the NSW Parliament has the power to call for a witness to attend and give evidence, including by the production of a document. The Solicitor General goes on to say that if the power existed it would likely emerge in court proceedings as to whether it lay in statute, standing order or a power based on reasonable necessity.

## Chapter Four – Mechanics of Maintenance

- 4.1 The practicalities involved in the delivery of public housing maintenance is detailed in this chapter, which sets out the various components of service delivery and the roles and obligations of the agencies involved.
- 4.2 As the responsible authority for managing the NSW's Government's public housing portfolio, the Land and Housing Corporation is tasked with delivering the maximum number of fit for purpose public housing dwellings to best meet the needs of tenants.<sup>122</sup>
- 4.3 As previously detailed, LAHC operates within the Department of Planning, Industry and Environment under the direction of the Minister for Water, Property and Housing. In its complementary role, the Department of Communities and Justice is responsible for tenancy management, while private contractors are responsible for maintenance services for LAHC owned properties.<sup>123</sup>
- 4.4 The earlier contractual framework was replaced by the Asset Maintenance Contract in 2016, placing a stronger emphasis on monitoring contractor performance to confirm that quality maintenance services were being provided. This includes a performance management framework, incorporating a KPI regime requiring the head contractors to achieve a minimum overall weighting performance score of 85 per cent per month and per quarter. As at 1 July 2021, KPIs included the following categories:
- Timeliness of Service
  - Planned Works Delivery
  - Quality Management
  - Contact Centre and Governance
  - Value Management
- 4.5 A contractor's performance is monitored through monthly and quarterly KPI reports which are verified within LAHC. In addition, LAHC also monitors the quality of work using a combination of audit, quality assurance and trend analysis methodologies and applies abatements when the contractor's performance is below standard.
- 4.6 A failure to achieve the minimum of 85 per cent against the KPIs results in an abatement in the contractor's service fee. LAHC noted that all AMS contractors have been achieving scores above the contractual minimum since the commencement of the Contract.<sup>124</sup>

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<sup>122</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 3.

<sup>123</sup> [Answers to questions on notice](#), Department of Planning, Industry and Environment, 31 May 2021, p 3.

<sup>124</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 5.

- 4.7 When managing and maintaining social housing properties, LAHC has a duty of care to maintain social housing properties for tenants to a habitable and safe standard which includes:
- Providing a property that is in a 'reasonable state of cleanliness and fit of habitation by the tenant'.<sup>125</sup>
  - Providing and maintaining the property is 'in a reasonable state of repair, having regard to the age of, rent payable for and prospective life of the premises'.<sup>126</sup>

### **Responsive and Planned maintenance**

- 4.8 The AMS Contract delivers three different types of maintenance services. These include responsive maintenance, planned maintenance, and servicing. Of these, servicing comprises a range of facilities management activities such as annual servicing, maintenance and inspection of smoke alarms, fire alarms, security services, and CCTV services. This chapter will focus on the two other main forms of maintenance, namely responsive and planned maintenance.
- 4.9 Responsive maintenance is the day-to-day high risk maintenance or repairs requested by tenants to restore an amenity or component to its working condition. The focus of responsive maintenance is to keep the property clean, safe and habitable on a day to day basis.
- 4.10 Planned or programmed maintenance is non-urgent work aimed to keep a property as close as possible to its built condition. Planned maintenance includes activities such as renewing kitchens and bathrooms, interior and exterior painting, and re-roofing. These activities require planning, providing quotes and coordination with tenants living in the property.
- 4.11 The criticality of the maintenance request and the timeframe required is determined through the information provided by the tenant, which is then ascertained by the contractor's call centre and by using the Criticality Repair Matrix (CRM).
- 4.12 The timeframes for responsive maintenance consist of urgent maintenance requests which must be responded to within 2, 4 and 8 hours respectively. Other maintenance requests are prioritised for attention within 24 or 48 hours, or within 20 days.
- 4.13 Planned maintenance is scoped and quoted by the contractor and assessed for value for money by LAHC against an office estimate which is based on quantity surveyor prepared rates. LAHC has the discretion to seek additional quotes from other contractors, if they deem the contractor's initial quotes not to be value for money.

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<sup>125</sup> *Residential Tenancies Act 2010 (NSW)*, s52.

<sup>126</sup> *Residential Tenancies Act 2010 (NSW)*, s64.



- 4.14 Value for money is defined as "the provision of work at the best possible price considering the benefit while meeting the contractual requirements particularly with regard to fitness of purpose, quality and time of completion."<sup>127</sup>

### Call Centre Operations

- 4.15 One of the main changes in the 2016 AMS Contract was that contractors would be the direct point of contact for reporting and requesting maintenance repairs. Mr Mark Byrne, , Head of Portfolio Management (Assets), LAHC, provided context for the changes, as follows:

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.<sup>128</sup>

- 4.16 The establishment of the Contractor Contact Centre (CCC) enabled tenants to speak directly to a technically qualified person and schedule their maintenance request with the contractor. Tenants are encouraged to contact the CCC for maintenance, in the first instance.
- 4.17 The CCC is open for tenant maintenance requests 24 hours a day, seven days a week. Tenant maintenance calls are answered within 3 minutes.

### Criticality Repair Matrix

- 4.18 When making a determination, a CCC operator would rely on the information provided by the tenant to assess the urgency of a maintenance request and set the timeframe required for completion within a Criticality Repairs Matrix. In order to determine the priority and the minimum timeframe for delivery of the work, a scale of 1 to 5 (with 5 being the highest priority) is applied.<sup>129</sup>
- 4.19 The criticality indicator is a measure of the severity and level of risk associated with that failure. The CRM also determines whether the repair must be dealt with as responsive or planned maintenance.

<sup>127</sup> [Answers to question on notice](#), NSW Land and Housing Corporation, 15 July 2021, p 6.

<sup>128</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 49.

<sup>129</sup> [Submission 22](#), Department of Planning, Industry and Environment, NSW Land and Housing Corporation, p 18.

**Table 8 - Parameters of Criticality**<sup>130</sup>

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

4.20 The CRM is a guide for contractors to determine the appropriate timeframes according to the risk identified by the tenant or their representative. However, LAHC noted that the criticality determination should not be read in isolation, as each call and request for maintenance is assessed by the contractor based on the information provided by the caller.<sup>131</sup>

4.21 Mr Mark Byrne provided an explanation of the timeframes for responsive and planned maintenance:

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

<sup>130</sup> [Answers to question on notice](#), NSW Land and Housing Corporation, 15 July 2021, p 19.

<sup>131</sup> [Answers to question on notice](#), NSW Land and Housing Corporation, 15 July 2021, p 20.

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.<sup>132</sup>

- 4.22 Throughout the inquiry, numerous stakeholders raised questions about the clarity and effectiveness of communication with tenants and highlighted the complexity of the maintenance system.
- 4.23 The NSW Ombudsman told the Committee that the nature and type of complaints from tenants had not changed since the introduction of the AMS Contracts. The Ombudsman noted that the top three grounds for complaints were: customer service (delays, inaction and poor quality of work); the complaints-handling process and complaints outcomes; and breaches in duty of care, by failing to ensure the safety and wellbeing of tenants.
- 4.24 Ms Lucy Lawless, Acting Deputy Ombudsman, Complaints and Investigations, provided some key observations concerning the management of public housing maintenance:

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

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<sup>132</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 49.

issues and escalating complaints. Those delays can often lead to further damage to the property and also injuries to the tenant.<sup>133</sup>

4.25 The Committee received evidence from a number of stakeholders citing their frustrations in navigating the complex maintenance system and the lack of clear communication. This was reinforced by the Tenants' Union NSW and the Public Interest Advocacy Centre who noted gaps in communication with tenants. These included providing notice to tenants when the contractor would arrive and a failure of internal processes and procedures when escalating matters.

4.26 The Greens NSW stressed the importance of keeping tenants informed about progress on maintenance requests and determinations for planned maintenance:

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.<sup>134</sup>

4.27 Dr Jemima Mowbray, Policy and Advocacy Coordinator, Tenants' Union NSW identified gaps in communication in relation to the escalation of a maintenance request:

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.

<sup>135</sup>

4.28 The Greens NSW also emphasised the frustrations of long waiting times for calls and poor communication when contacting tenants, in particular when organising a time for a contractor to arrive.<sup>136</sup> In addition, reference was made to the need

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<sup>133</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of evidence](#), 10 May 2021, p 2 - 3.

<sup>134</sup> Mr Ned Kutcher, Electorate Officer, The Greens NSW, [Transcript of evidence](#), 10 May 2021, p 39.

<sup>135</sup> Dr Jemima Mowbray, Policy and Advocacy Coordinator, Tenants' Union of NSW, [Transcript of evidence](#), 10 May 2021, p 25.

<sup>136</sup> Ms Kaitlyn Birkett, Electorate Officer, The Greens NSW, [Transcript of evidence](#), 10 May 2021, p 37.

to have local knowledge of the particular building, in order to better inform the decision making process when determining the criticality of a maintenance request.<sup>137</sup>

- 4.29 A further communication issue identified in evidence was the lack of clarity in advising tenants about scheduling work into planned maintenance. Mr Mark Byrne noted the challenges involved:

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.<sup>138</sup>

- 4.30 LAHC noted the strong and collaborative relationship between the DCJ, and the AMS Contractors. A revised Service Level Agreement (SLA) between DCJ Housing and LAHC focuses on improving the client experience.

- 4.31 In March 2021, LAHC reported that they had implemented a number of amendments to improve tenant engagement. These include the following:

- Revised Contractor Scripts to improve communication between tenants, Call Centre Operators and Inspectors. These scripts aim to better inform and manage tenant expectations with respect to maintenance, particularly with planned maintenance.<sup>139</sup>
- A joint project with DCJ called Set for Success. The project focuses on enhancing Client Service visits to improve tenancy and property management outcomes with links to necessary support services if required.
- Training – Where both departments have joint responsibility, LAHC provides mandatory training to DCJ staff to provide better support to tenants with maintenance concerns and manages tenants' expectations about how maintenance is prioritised.

<sup>137</sup> Ms Jenny Leong, Member for Newtown, The Greens NSW, [Transcript of evidence](#), p 36 – 37.

<sup>138</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 49.

<sup>139</sup> [Answers to questions on notice and supplementary questions](#), Department of Planning, Industry and Environment, Land and Housing Corporation NSW, 31 May 2021, p 3.

### **Committee comment**

- 4.32 As already discussed in the previous chapter, the Committee is concerned about the adequacy of customer service in relation to maintenance requests, and the lack of clear communication with contractors, LAHC and DCJ. This particularly applies to unclear explanations of timeframes for responsive and planned maintenance works. The Committee notes that the CRM is prescriptive for individual situations and circumstances.
- 4.33 The determination of the urgency of a repair affects its timing and can result in long delays, where tenants become frustrated about a seeming lack of action in response to an identified problem. Recurrent callouts can also result in inefficiencies and affect the overall cost of repairs, impacting on the total housing maintenance budget.
- 4.34 It is apparent from the evidence provided that there is a need to improve communication with tenants, particularly in relation to providing clear timeframes for maintenance requests and their escalation.

### **Recommendation 3**

**The Committee recommends that the NSW Land and Housing Corporation conducts a review into the responsive repair process in order to remove duplication and facilitate better service delivery.**

- 4.35 The Committee acknowledges that LAHC and DCJ have made changes in the form of revised contractor scripts for contractors, and the initiation of the joint project with LAHC and DCJ 'Set for Success'. It remains to be demonstrated, however, whether these changes have improved communication between tenants, call centre operators and contractors.
- 4.36 The Committee also considers it necessary to develop specific measures for contractors to inform tenants about progress on maintenance requests, including timeframes for completion.

### **Recommendation 4**

**The Committee recommends that the NSW Land and Housing Corporation and the Department of Communities and Justice provide a progress report on the Revised Contractor Scripts and their effectiveness in improving communication between tenants, call centre operators and contractors.**

### **Recommendation 5**

**The Committee recommends that the NSW Land and Housing Corporation and the Department of Communities and Justice provide a progress report on the effectiveness of the project 'Set for Success', and improvements in communication with tenants in relation to responsive and planned maintenance.**

### **Recommendation 6**

**The Committee recommends that the NSW Land and Housing Corporation develops policies and KPIs requiring contractors to keep tenants informed of**

**the progress on maintenance requests. In the case of planned maintenance, contractors should provide tenants with an expected timeframe.**

### **Recommendation 7**

**The Committee recommends that the NSW Land and Housing Corporation, the Department of Communities and Justice and AMS contractors develop and implement specific procedures when escalating repair maintenance requests to NSW Land and Housing Corporation or Department of Communities and Justice, with a particular focus on keeping tenants informed about progress of the maintenance request.**

### **The complexity of the complaints-handling process**

- 4.37 In the course of the inquiry, the Committee was informed about a lack of transparency and poor communication with tenants in relation to the complaints-handling process.
- 4.38 LAHC noted that contractors are required to manage complaint calls through to resolution. If tenants are dissatisfied with the response or solution provided by the contractor, they are transferred to the DCJ Client Feedback Unit, which records the complaint. DCJ will then forward the complaint to LAHC for escalation and resolution with the contractor.
- 4.39 The NSW Ombudsman observed that in a large number of cases, there were concerns with the complaints-handling system, particularly the avenues of communication when making a complaint:

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.<sup>140</sup>

- 4.40 The NSW Ombudsman noted a disconnect between the decision maker and the person making the complaint. As such, the Ombudsman said that the Complaints-Handling Improvement Program (CHIP) policy principles have not been maintained in the complaints-handling process since the separation of LAHC and DCJ Housing.

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

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<sup>140</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of evidence](#), 10 May 2021, p 5.

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.<sup>141</sup>

#### Committee comment

- 4.41 The Committee reinforces the importance of providing transparent and accountable processes for public tenant complaints. While the Committee notes there are procedures in place, it would be beneficial for LAHC and DCJ to further develop their complaints-handling mechanism in consultation with the NSW Ombudsman.

#### Recommendation 8

**The Committee recommends that the NSW Land and Housing Corporation and the Department of Communities and Justice consult with the NSW Ombudsman to improve their complaints-handling procedures, with a particular emphasis on keeping tenants informed about progress on the resolution of their complaints.**

#### On-site inspections and maintenance work

- 4.42 As already described, the Committee received evidence from a number of stakeholders about inadequate communication with tenants, as well as delays and poor quality workmanship from contractors. LAHC noted that it is the contractor's responsibility to manage expectations and to determine the criticality of work with reference to the CRM and the contractor's scripts.
- 4.43 Lake Maintenance illustrated a case where a difference of 0.2 square meters determined whether a roof leak was classified as responsive or planned work:
- There might be a roof leak and the criticality of repairs [CRM] matrix says if it less than 10 square metres it is responsive and if it is over 10 square metres it is planned works. So it is scope and quote.
- ... and the regional will come back and say, "No, it is 9.8 metres. You need to do it under responsive".<sup>142</sup>
- 4.44 The Department provided the following context:

You have got to have a position somewhere to determine what work is responsive, which will be done a lot quicker than planned works. It is 10 metres, after research of former maintenance work determined that was the sweet spot in terms of saying, "This is what would happen most frequently, to this measure, that would mean that we should do it as responsive and in a timely manner". The notion of pushing 9.8 into planned works—planned works is going to take longer to perform and be to the detriment of the tenants. So the assertion that pushing it into planned works was a

<sup>141</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of evidence](#), 10 May 2021, p 4.

<sup>142</sup> Mr David Bell, National Risk and Compliance Manager, Lake Maintenance, [Transcript of evidence](#), 21 June 2021, p 13.



more satisfactory outcome for tenants is not something that is agreed upon or accepted by myself in this space.<sup>143</sup>

- 4.45 The Committee was told that part of the rationale for the long timeframes for planned maintenance was the scoping and quoting process, in order to attain value for money. The NSW Ombudsman noted that the consequences of prolonged negotiations is its impact on the tenants:
- ...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.<sup>144</sup>
- 4.46 It is the responsibility of contractors to provide an accurate, value for money scope and quote for maintenance work in line with LAHC's Standards. Contractors are required to provide evidence to justify the costings, which are investigated by LAHC to ensure that only required work is being carried out.
- 4.47 There is a process of escalation to manage disputes over the accuracy of the scope of work and quote, from the LAHC operational supervisor to the Regional Portfolio Director. The vast majority of escalations are addressed at the supervisor level.<sup>145</sup>
- 4.48 The escalation process can range from a matter of hours, to 2 to 3 days, without a defined timeframe for resolution. The Department noted that approximately 85 per cent of scopes and quotes are accepted without a need of escalation, while 10 per cent are resolved within a minimum timeframe (24-72 hours) and less than 5 per cent are escalated for higher determination.<sup>146</sup> Where there is no resolution in achieving a negotiated value for outcome, an alternative delivery model is escalated to the Regional Manager for approval.<sup>147</sup>
- 4.49 The following diagram illustrates the sequence of steps involved in the scoping and quoting of work for maintenance repairs:

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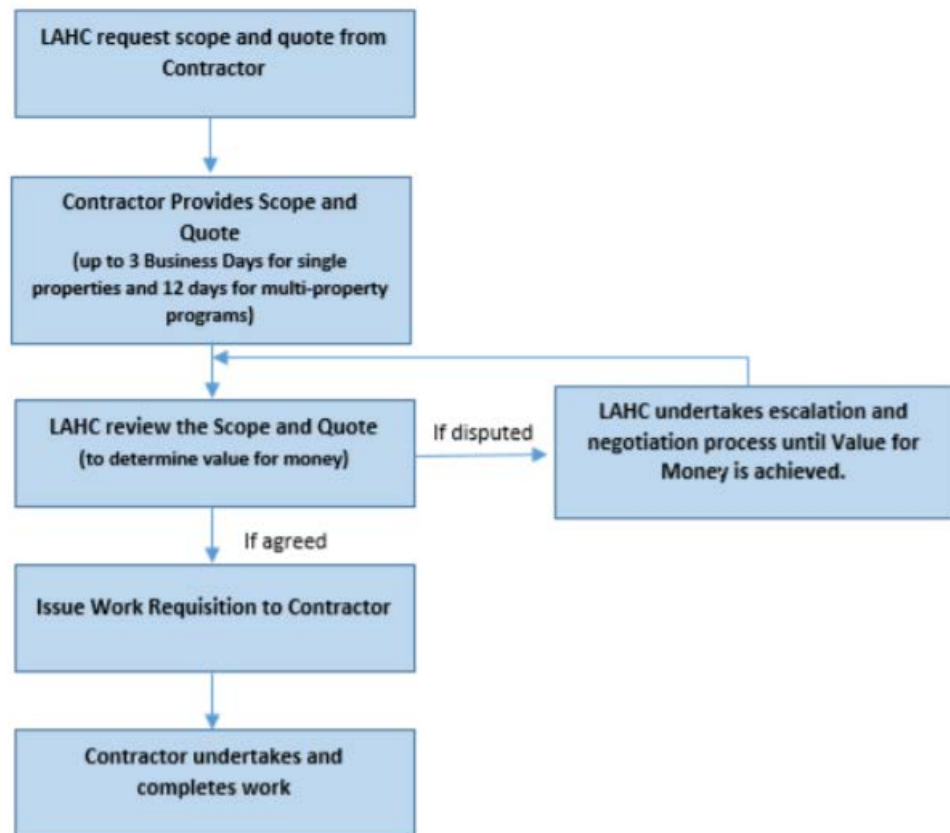
<sup>143</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 33.

<sup>144</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of evidence](#), 10 May 2021, p 3.

<sup>145</sup> [Answers to question on notice](#), NSW Land and Housing Corporation, 15 July 2021, p 3.

<sup>146</sup> [Answers to question on notice](#), NSW Land and Housing Corporation, 15 July 2021, p 3.

<sup>147</sup> [Answers to question on notice](#), NSW Land and Housing Corporation, 15 July 2021, p 3.

Diagram 1 – Scope and Quote Procedure<sup>148</sup>

### Difficulties in contractual interpretation

- 4.50 Evidence provided by head contractors highlighted the administrative hurdles faced in complying with the AMS Contract. A principal challenge is the confusion and disjointed interpretations of the AMS Contract by LAHC Compliance and LAHC Programs.
- 4.51 O'Donnell and Hanlon noted the frustration and uncertainty caused by inconsistent interpretations of the Contract, and how this has impacted on contract delivery and management of the tenant experience. Instances were cited of acting on one set of advice, which was subsequently changed.<sup>149</sup>
- 4.52 LAHC noted that each team within the Portfolio Management Division (Contract Management, Compliance, Programs, Business, Capital Sales and Engagement teams) received the same training and should have the same level of understanding of the Contract. LAHC differentiated between the LAHC Compliance teams, solely responsible for identifying defective works and strictly following contractual standards and requirements, as opposed to Programs teams.<sup>150</sup>

<sup>148</sup> [Answers to question on notice](#), NSW Land and Housing Corporation, 15 July 2021, p 4.

<sup>149</sup> [Submission 24](#), O'Donnell and Hanlon, p 5.

<sup>150</sup> [Answers to question on notice](#), NSW Land and Housing Corporation, 15 July 2021, p 5.

#### **Committee comment**

- 4.53 The Committee appreciates that due to the termination of its Contract in 2021, the evidence provided by Lake Maintenance is not as constrained by contractual obligations as other contractors.
- 4.54 It is apparent from the evidence received from various stakeholders that there is confusion and inconsistency in contractual interpretations for compliance with inspections and maintenance work. This has created delays and inefficiencies for contractors and affected the quality and timeliness of maintenance services provided.
- 4.55 The Committee notes that there would be benefits in providing workshops, training and guidelines for all stakeholders including contractors, LAHC teams and DCJ in order to provide clear and consistent interpretations of contractual terms.
- 4.56 While the Committee notes the importance of achieving value for money in planned maintenance, it cannot be at the cost of the tenants' safety and wellbeing. When negotiating quotes to achieve value for money, there should be a stronger emphasis on the safety and welfare of tenants.

#### **Recommendation 9**

**The Committee recommends that the NSW Land and Housing Corporation provides workshops and guidelines for AMS Contract interpretation, including the requirements and responsibilities of contractors, Land and Housing Corporation and Department of Communities and Justice teams and any other stakeholders, in order to ensure consistency and fairness.**

#### **Recommendation 10**

**The Committee recommends that the NSW Land and Housing Corporation and AMS contractors, when negotiating the scope and quotes for planned maintenance, give greater emphasis to the safety and welfare of tenants.**

#### **Systems and technologies to assess and respond to gaps**

- 4.57 In order to optimise maintenance service delivery, LAHC needs accurate data and analytics to assist strategic investment decision making to improve the quality of the asset, and better inform future policy.
- 4.58 The Committee was informed that the Department is undergoing a review of compliance checks for properties. From the 2021-22 financial year, the Department will aim to review a minimum of 33 per cent of all properties, resulting in the entire public housing stock being reviewed over three years. This will provide LAHC with an improved assessment of priority areas of maintenance and the ability to target funds accordingly.<sup>151</sup>

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<sup>151</sup>Mr Jim Hristovski, Director, Operational Policy & Standards, NSW Land and Housing Corporation, [Transcript of evidence](#), 10 May 2021, p 55.

- 4.59 The consolidated information can be used in a centralised database system, with app-based software. The Department noted that they have made initial steps to deploy app-based software and data analytics.<sup>152</sup>
- 4.60 The Department referred to their interest in utilising enhancements in IT systems to develop better datasets:
- I think we want to be looking closely at how we develop the datasets and be able to utilise that better with an enhancement to IT systems to be able to forward program more targeted than we have in the past. Currently the budgets are really allocated on a property number basis per region. We want to be more and more moving into most need based upon empirical evidence, which is the property assessment surveys. We will be doing all of the portfolio over a three-year period. So it is better information, it is better communication and it is simplifying the contract so that we do not have the dispute or the disruption because the contractors are not ready for this style of contract.<sup>153</sup>
- 4.61 Evidence provided to the Committee by contractors made specific reference to potential delays when negotiating quotes to achieve value for money. A greater emphasis on improved data management to better target gaps and increase efficiency and timeliness is a welcome development.
- 4.62 When logging jobs and providing scope and quotes, the Department uses two primary systems SAP Ariba and SPM Assets, as follows:
- (a) SAP Ariba is a work management system which is used for raising, tracking the progress of and claiming maintenance work orders.
  - (b) SPM Assets is used to capture asset condition data and collate programs of work which are then scoped and quoted into the system by contractors to LAHC.
  - (c) Once a quotation is accepted, the data from SPM Assets is used to raise a work order in SAP Ariba.
- 4.63 In addition, each head contractor has individual systems and processes to track the progress and completion of a maintenance job.

**Committee comment**

- 4.64 The Committee supports the benefits of a structural asset review of all current stock to forecast future maintenance requirements and to assist in future strategic planning. The three-year compliance check of all properties in NSW by the Department should assist in this regard.
- 4.65 The Committee also notes the importance of bringing all properties up to a liveable standard. Evidence from contractors indicates that the trend in maintenance is more concerned with responsive, rather than preventive work.

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<sup>152</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 21 June 2021, p 37.

<sup>153</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 21 June 2021, p 35.

Evidence from head contractors, such as Spotless Group, reiterated that there was a lack of strategic and tactical asset management and inadequate funding, undermining a proactive maintenance approach.

- 4.66 The Committee welcomes the move to bring the current stock up to standard to assist the Department in its strategic planning and as a sound base for a more proactive and preventive approach to public housing maintenance.
- 4.67 The Committee notes that there are number of different software systems including the Department's SAP Ariba, SPM Assets and multiple systems used by head contractors when managing work orders, providing scope and quotes and tracking progress on work orders. The Committee believes there would be benefit in having a centralised system, where SPM Assets and SAP Ariba are better integrated to allow for easier quoting and scheduling of work orders.

### **Recommendation 11**

**The Committee recommends that the NSW Land and Housing Corporation provides a significant upgrade to the SAP Ariba and SPM Assets systems in order to better link both software systems, and enable a centralised system for Land and Housing Corporation staff and head contractors to scope and quote work orders.**

### **Recommendation 12**

**The Committee recommends that the NSW Land and Housing Corporation considers how best to incorporate live property data in an app-based program, to enable greater transparency for contractors.**

## **Striking a balance between efficiency and effectiveness of contractor performance**

- 4.68 Another issue canvassed in the course of the inquiry was the shift in the risk burden, with more responsibility and accountability measures applied to AMS contractors rather than LAHC.
- 4.69 LAHC referred to amendments in the first term of the AMS Contract, implemented from September 2020 through to 1 July 2021. These amendments included:
- Increasing controls over high cost responsive repairs;
  - Improving LAHC's ability to monitor delivery of disability modifications;
  - Adjusting KPIs to place even greater emphasis on outcomes such as quality, timeliness and value for money;
  - Refocussing LAHC's auditing regime to contribute directly to the adjusted KPIs;
  - Enhancing the abatement regime which applies when contract standards are not met and increasing LAHC's ability to seek liquidated damages for quality failures; and

- Updating the meeting and reporting requirements to further improve accountability.

4.70 The Committee received evidence from the head contractors that the level of risk and responsibility placed on them may be an impediment to providing effective service. Spotless Group noted that the AMS Contract's risk transfer also includes acts of vandalism and arson, which contractors have limited ability to control.<sup>154</sup>

4.71 In response, the Department noted that head contractors are financially compensated for the level of risk that is transferred to them in the Contract.<sup>155</sup>

My preamble on that would be that I think that the contract was clearly stated and put before contractors in terms of the tender and the documents. I do not believe that the contractors were ready in the sector to embrace a contract of that style. They were very much wedded to their schedule of rates and so were the subcontractors. While there was some maturity in some of the head contractors, I probably think when reality struck and they took it to the next level and gave the work out, it was quickly realised that it was difficult to supervise, get quality, understand and deal with the realities of the abatements and the pain-gain share.<sup>156</sup>

## Contract administration

4.72 The Committee also received evidence from contractors noting the heavy administrative requirements of the AMS Contract. As mentioned earlier in the chapter, the changes to the Contract such as increased controls on high responsive costs, refocussing LAHC's auditing regime to directly focus on adjusted KPIs, and updating meeting and reporting requirements to improve accountability, have placed a heavy administrative burden on the head contractors.

4.73 This was reinforced by Lake Maintenance, noting the amount of time taken to meet the reporting requirements:

The amount of reporting and meetings that are required for this contract—a couple of years ago, at its peak, I was spending 88 hours a month, reporting or in meetings. That gives you an idea of how much admin is taken up when you could be out there actually driving efficiencies, improvements and performance but you are stuck in a meeting room.<sup>157</sup>

4.74 An example of an administratively difficult requirement was the Gain Share/Pain Share mechanism, which provided incentives for contractors to achieve efficiencies in the delivery of responsive maintenance. This was designed to drive down costs of responsive maintenance by encouraging contractors to complete repairs on the first visit.

<sup>154</sup> [Submission 23](#), Spotless Group, p 3.

<sup>155</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 21 June 2021, p 35.

<sup>156</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 21 June 2021, p 39.

<sup>157</sup> Mr Bell, Lake Maintenance, Public Hearing Transcript, p16

- 4.75 The administrative difficulties of implementing the Gain Share/Pain Share mechanism was recognised by LAHC, and resulted in its subsequent removal from the current iteration of the contract:

Given that, we are trying to make it as simplified as we can but there will be some complexity. In the contract enhancements we have removed some of the complexity by removing things like the pain-gain mechanism, which we felt was delivering constant dispute with the contractors over there because it is a complex mechanism. Understanding how that mechanism works is very complex and we felt that the contractors were not really quite there with understanding that, so we removed that. We removed that from the vacant process earlier—a couple of years ago—and removed that from the responsive process for the contract extension.<sup>158</sup>

### Remuneration model

- 4.76 In further evidence to the inquiry, contractors referred to the need for more flexibility in the remuneration model. In particular, Joss Group mentioned that there should be more realistic costings for schedules of rates, particularly in rural and regional areas:

By having a schedule of rates it is a one size fits all and we are dealing with a geographically dispersed area across the State. The city price for something might be a different price to something down at Brewarrina or Bourke, somewhere remote where you have to bring those trades and items from the nearest major centre. That is where we struggle when it is a one size fits all and we have that tyranny of distance that we have to cater for.<sup>159</sup>

- 4.77 LAHC noted that, while the contract provides a degree of flexibility, this could be achieved through market variability.

... if that were happening they could come forward to us and discuss the local implications for the cost pressures on delivering the maintenance. We do not want a maintenance contractor to go broke; we do not want them to gouge us either. But a good viable contractor delivers good quality work and continues to be sustainable throughout the length of the contract. We want them to talk to us; that is the premise. If they do not come and talk to us and they just assume the absorbing of that, it is going to be difficult for us to deal with that.

We have got to strike a balance with contractors about having the discussion when it is on and when it pushes up, but when it relaxes, equally, they have got to be prepared to accept that prices should be reduced. There are mechanisms for it.<sup>160</sup>

### Committee comment

- 4.78 The Committee notes that the shift in risk profile for contractors may be an impediment to the delivery of efficient and effective performance, particularly for disputes concerning scoping and quoting for works. However, the Committee is

<sup>158</sup> Ms Rebecca Krumins, Director, Stakeholder Engagement and Programs, NSW Land and Housing Corporation, [Transcript of evidence](#), 21 June 2021, p 39.

<sup>159</sup> Mr Joshua Ryder, Contract Analyst, AMS Contract, Joss Group, [Transcript of evidence](#), 21 June 2021, p 19.

<sup>160</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 21 June 2021, p 34.

conscious that LAHC is trying to strike a delicate balance in providing accountable measures for contractors in order maintain a high level of assurance.

- 4.79 The Committee notes that LAHC is looking into ways to simplify the Contract to enable the provision of maintenance services without a significant administrative burden.
- 4.80 When considering the flexibility of the remuneration model, the Committee notes the Department's openness to discuss greater flexibility in responding to market conditions. This applies particularly to rural and regional head contractors.

### **Recommendation 13**

**The Committee recommends that the NSW Land and Housing Corporation, in consultation with head contractors, devises measures to better streamline processes and procedures, with a particular focus on scoping and quoting for planned maintenance, to provide for the delivery of efficient and effective maintenance services.**

### **Recommendation 14**

**The Committee recommends that the NSW Land and Housing Corporation devise measures to provide more flexibility in the remuneration model, particularly for rural and regional service providers.**

## **Relationship between Community Housing providers (CHPs) and head contractors**

- 4.81 The Social Housing Management Transfer (SHMT) program is a key initiative under the Future Directions for Social Housing reform program.
- 4.82 The aim of the SHMT program is to:
- Make the most of the community networks to deliver better long term outcomes for social housing tenants and applicants;
  - Make the social housing system stronger and more diverse;
  - Access more sources of funding that are available to CHPs to better support tenants; and
  - Build up the skills and the size of the community housing sector.
- 4.83 Under the SMHT program, LAHC and DCJ transferred tenancy and property maintenance responsibility for approximately 14,000 public housing tenancies to nine community housing providers in 2018/19 and 2019/20.<sup>161</sup> This means that CHPs are responsible for ongoing repairs and maintenance, while the LAHC retains its responsibilities for the structural maintenance issues.

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<sup>161</sup> Department of Communities and Justice, [Management Transfer Program](#), viewed on 30 September 2021.



- 4.84 Each of the nine SHMT CHPs signed a Maintenance of Engagement Deed for the delivery of maintenance for the properties under the AMS Contract until the end of June 2021.<sup>162</sup>
- 4.85 Issues were identified concerning the inspection of properties prior to transfer. This was detailed in evidence by the Community Housing Industry Association at the public hearing, as follows:

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.<sup>163</sup>

#### Committee comment

- 4.86 The Committee notes that there are challenges for CHPs to do their due diligence when inspecting properties prior to transfer. There is a lack of sufficient detail in relation to programmed works, which can have a significant impact on the amount it would take for the CHPs to bring the property portfolio up to standard.
- 4.87 Whereas LAHC uses the Property Assessment Survey (PAS) as a tool to measure the condition of its public housing portfolio, PAS is also used to assess the overall property condition and ensure the compliance with the *Residential Tenancies Act 2010*. The Act requires that all leased residential premises must be clean, safe and habitable.<sup>164</sup>

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<sup>162</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 28.

<sup>163</sup> Mr Mark Degotardi, Chief Executive Officer, Community Housing Industry Association NSW, [Transcript of evidence](#), 10 May 2021, p 17-18.

<sup>164</sup> *Residential Tenancies Act 2010* (NSW), s52, s63

**Recommendation 15**

**The Committee recommends that the NSW Land and Housing Corporation conducts a Property Assessment Survey prior to providing the allocated housing portfolio to Community Housing Providers.**

**Recommendation 16**

**The Committee recommends that the NSW Land and Housing Corporation provides Community Housing Providers with a dataset for their allocated housing portfolio, including information from the Property Assessment Survey to measure the condition of the public housing portfolio and what is required to bring the properties up to a clean, safe and habitable standard, as defined in the *Residential Tenancies Act 2010 (NSW)*.**

## Chapter Five – Maintenance Expenditure

- 5.1 Timely and effective public housing maintenance is a challenge for all Australian State and Territory governments. This is exacerbated by the below-market rental income derived from public housing, which has proven to be inadequate in covering increasing maintenance costs. This chapter explores the past and current costs of public housing maintenance contracts; planned works and responsive works; expenditure trends and future projections; and opportunities for improving budgetary deficiencies.

### Past and current maintenance costs

- 5.2 As detailed in previous annual reports, the NSW Government public housing maintenance budget has decreased. A contributing factor has been the transfer of properties to Community Housing Providers under the Social Housing Management Transfer program during 2018/19 and 2019/20<sup>165</sup>. This is detailed in the following table:

**Table 9: Land and Housing Corporation total annual repair and maintenance expenditure on residential properties<sup>166</sup>**

Repair and Maintenance	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)
	295,819	408,023	412,385	323,238	310,975

- 5.3 Under the SHMT contract, CHPs are responsible for ongoing property repairs and maintenance, while the Department retains the responsibility for structural repairs.<sup>167</sup> During the 10 month period between November 2018 and September 2019, 14,000 social housing properties were transferred to nine CHPs on 20-year lease terms.<sup>168</sup>
- 5.4 Although the transfer of management was welcomed by the Community Housing Industry Association NSW and various CHPs, they argued that the public value will not be fully realised unless there is a consequential title transfer from the State Housing Authority to Community Housing Providers.<sup>169</sup>
- 5.5 The Committee Housing Industry Association NSW described the significant economic and social benefits for tenants of a more extensive program of title transfers as follows:

<sup>165</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 16.

<sup>166</sup> NSW Department of Planning, Industry and Environment. (2020). *Annual Report 2019-20* [Website], <https://www.opengov.nsw.gov.au/publications/19104>, p401. (accessed 23 July 2021).

<sup>167</sup> [Submission 13](#), Community Housing Industry Association NSW, p 12.

<sup>168</sup> [Submission 13](#), Community Housing Industry Association NSW, p 8.

<sup>169</sup> [Submission 13](#), Community Housing Industry Association NSW, p 7.

- Creation of new jobs and employment in residential constructions and renovations;
- Expansion of revenue streams and an increased asset base for individual CHPs;
- Increased borrowing capacity of individual CHPs against owned assets through the National Housing Finance and Investment Corporation;
- Provision of better-quality housing through innovative support and increased capacity building programs; and
- Improved tenant satisfaction through better outcomes in repairs and maintenance and support services.<sup>170</sup>

### Committee comment

5.6 The Committee acknowledges that there may be a number of potential social and economic benefits to be achieved through the SHMT program. These include improving the physical conditions of the housing stocks, injecting additional funding for repair and maintenance works and increasing tenant satisfaction.

5.7 However, there are additional issues to be considered in a transfer of title. The Committee is of the view that a detailed and comprehensive study of the implications of title transfer of public housing properties to the community housing sector is required, before any potential benefits may be realised.

### Recommendation 17

**The Committee recommends that the NSW Commissioner for Productivity undertakes an inquiry to determine whether the title transfer of public housing properties to the community housing sector will improve the outcome for tenants in terms of the physical condition of the properties, the waiting time for repairs and maintenance and overall tenant satisfaction.**

### Planned and responsive works

5.8 The primary recurrent funding source for the provision of responsive day to day maintenance for public housing is rental income from tenants.<sup>171</sup>

Responsive maintenance includes activities such as repairing water leaks and hot water systems, fixing broken windows, mending broken fixtures and replacing items that have stopped working. The focus of responsive maintenance is to keep the property clean, safe and habitable on a day to day basis.

Responsive maintenance further breaks down into urgent and priority works, as follows:

- Urgent works - where services are required for a functional failure resulting in an immediate risk to safety, health or security or in response to an

<sup>170</sup> [Submission 13](#), Community Housing Industry Association NSW, p8.

<sup>171</sup> [Submission 22](#), Department of Planning, Industry and Environment, p3.

emergency or major incident or risk. These works occur within a short timeframe, usually between two to eight hours.

- Priority works - where services are required for a functional failure of a component, when there is an immediate threat of safety or a security risk. The response time for these works are from 24 to 48 hours, up to 20 days for the completion of work.<sup>172</sup>

## 5.9 The DPIE funds planned maintenance, property upgrades and renewal of properties from government grants and asset sales:<sup>173</sup>

Planned maintenance aims to keep a property as close as possible to its built condition. It includes activities such as renewing kitchens and bathrooms, replacing carpets, interior and exterior painting, and re-roofing. These activities require planning, getting quotes, and coordination with tenants and residents living in the property.

Vacant property restoration is also included in planned maintenance.<sup>174</sup>

## 5.10 Compared to responsive maintenance, the planned maintenance program is constrained by the Departmental budget, whereby expenditure is limited by funds available, rather than an on-demand basis.<sup>175</sup> According to the Department's submission, the budget for average annual maintenance expenditure over the next four years is as follows:

- \$278 million per year for responsive maintenance; and
- \$131 million per year on planned maintenance.

The projected expenditures are in line with the actual expenditure in 2018/19 and 2019/20, excluding the NSW Government COVID-19 Stimulus funding contributions.<sup>176</sup>

## 5.11 A number of head contractors considered that the Department should focus on planned work, as it results in better outcomes and higher satisfaction from tenants. According to the contractors, the Department should schedule its planned works based on the Annual Condition Assessment (ACA) of the housing stock, and not use planned works as an option to delay non-urgent responsive works.<sup>177</sup> Additionally, they considered that it would also help the Department to achieve value-for-money by extending the useful life of the overall housing stock.

## Expenditure trends and future projections

### 5.12 Mr Ben O'Donnell, Director of O'Donnell & Hanlon, referred to issues with budget allocations for responsive and maintenance work and the expected quantity of

<sup>172</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 34.

<sup>173</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 3.

<sup>174</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 34.

<sup>175</sup> NSW Department of Planning, Industry and Environment (2020) [Annual Report 2019-20](#), p 401, viewed on 23 July 2021.

<sup>176</sup> [Submission 22](#), Department of Planning, Industry and Environment, p 17.

<sup>177</sup> [Submission 23](#), Spotless Group, p 4.

planned works to be delivered. In his evidence, Mr O'Donnell explained this as follows:

One of the real challenges has been the consistency of planned works deliveries. If there was more consistency in planned works and the amount of planned works and where it would be delivered, I think it would provide some further capabilities for head contractors to consider direct apprenticeships or shared apprenticeships, things like that.

But throughout this contract we have kind of struggled a little bit with budget allocations and the expectation of how much planned works we are expected to deliver under the contract and when it is going to be delivered under the contract. I think there could be a little bit more structure put in place around what and when and where works were going to be done, which would possibly assist in that training and upskilling of trades.<sup>178</sup>

- 5.13 This comment was also echoed by the National Risk and Compliance Manager of Lake Maintenance, Mr David Bell, where there had been some confusion for tenants in their understanding of the difference between responsive and planned works and the corresponding budget for which the contractors should charge. Mr Bell explained it in the following terms:

I guess it is not so much confusion for us, but it is confusing for the tenants and it creates a bit of that adversarial impact that Ms Schwarzler mentioned—is the difference between what is responsive and what is planned works, and for LAHC which budget does that then come out of. Is it the responsive budget for the contractor or is it their planned work budget? There might be a roof leak and the criticality of repairs [CRM] matrix says if it less than 10 square metres it is responsive and if it is over 10 square metres it is planned works. So it is scope and quote. We might have 10 metres and the regional will come back and say, "No, it is 9.8 metres. You need to do it under responsive".<sup>179</sup>

- 5.14 A number of tenants and community groups expressed concern that maintenance works were delayed due to lack of funding. In the Housing Action Plan Now, Forest Lodge and Glebe Co-ordination Group submission, the issue raised was when there was a substantial delay in the commencement of maintenance works in the inner city area compounded over five years. This was contributing to an increase in cost of maintenance and further deterioration of the properties<sup>180</sup>.

- 5.15 The Tenants' Union NSW and Public Interest Advocacy Centre, the peak bodies representing the interests of tenants and other renters in New South Wales, also raised concern that some of the capital maintenance works including renovation of bathrooms, kitchens, and roofs were funded through asset sales, rather than funded under a standard portfolio management strategy<sup>181</sup>.

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<sup>178</sup> Mr Ben O'Donnell, Director, O'Donnell & Hanlon, [Transcript of evidence](#), 21 June 2021, p 12.

<sup>179</sup> Mr David Bell, National Risk and Compliance Manager, [Lake Maintenance](#), Transcript of evidence, 21 June 2021, p 15.

<sup>180</sup> [Submission 5](#), Housing Action Plan Now (HAPN), Forest Lodge and Glebe Co-ordination Group (FLAG), p 4.

<sup>181</sup> [Submission 7](#), Tenants' Union NSW and Public Interest Advocacy Centre, p15.

- 5.16 Ms Jodie Harrison, MP, Member for Charlestown, highlighted that the 2020-21 budget allocation of \$8 million for major works in her electorate was barely addressing the existing maintenance issues for public housing. She further stated that the amount allocated "will do little to address the maintenance and remediation work backlog or issues of overcrowding and extended wait times".<sup>182</sup>
- 5.17 A closer look at the Department's financial statements over the reporting period indicates a substantial underfunding of repairs and maintenance in the public housing sector, combined with wider gaps between the stagnant rental income received and the current market rent.
- 5.18 The rent forgone by the Department is provided to public housing tenants in the form of rental subsidies. The following table provide a summary of the rent subsidies as a percentage of market rent from 2016 to 2020.

**Table 10: Land and Housing Corporation notional market rent and rental subsidies to tenants<sup>183</sup>**

	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)
Notional Market Rent	1,948,458	2,009,943	2,038,958	2,020,538	1,897,729
Rental Subsidies	(1,122,050)	(1,181,516)	(1,204,357)	(1,205,709)	(1,155,246)
% of market rent forgone by the Department	57.6%	58.8%	59.1%	59.7%	60.9%

- 5.19 The current rental income received from public housing tenants is demonstrably insufficient to simultaneously meet operating and maintenance costs, as well as funding the renewal of the social and affordable housing program. As a result, the only options for the Department to bridge this gap is through implicit subsidies from a combination of operation losses, deferred maintenance programs, unfunded depreciation and forgone returns on assets.<sup>184</sup>

#### Committee comment

- 5.20 On the basis that the average NSW public housing property is now 40 years old, and the demand for maintenance over the next decade is expected to increase, additional funds are required to provide regular and more frequent repairs of the property portfolio.
- 5.21 The funding model of relying heavily on government grants and divestment of assets for planned and capital works is not sustainable in the long term and the Department will need to find alternative solutions to fund its capital works program.

<sup>182</sup> [Submission 10](#), Ms Jodie Harrison MP, p 7.

<sup>183</sup> NSW Department of Planning, Industry and Environment (2020) [Annual Report 2019-20](#), p399, viewed on 16 July 2021.

<sup>184</sup> [Submission 22](#), Department of Planning, Industry and Environment, p32.

**Recommendation 18**

**The Committee recommends that the Department of Planning, Industry and Environment seeks a one-off budgetary investment to fund the current backlog of the planned and capital works program, aiming to restore the existing public housing stock to a clean, safe and habitable standard.**



## Chapter Six – Special Needs Groups

- 6.1 In view of the previously identified aging and inadequate public housing stock and its impact on people with disabilities, this chapter will focus on the specific requirements of tenants with special needs and the extent to which these needs are met under current administrative arrangements.
- 6.2 The Committee's 2016 inquiry made several findings and three recommendations specifically relating to tenants with disabilities. In its report, the Committee recommended that the then Department of Family and Community Services:
- Monitor, evaluate and report on the success of addressing maintenance difficulties experienced by tenants with disability;
  - Examine the current funding formula for maintenance and modifications of housing stock with a view to funding modifications separately, thereby improving service delivery arrangements for tenants with a disability; and
  - Include in a further progress report to the Committee, the results of the Council of Australian Governments' examination of the impact of the National Disability Insurance Scheme arrangements on the social housing sector.
- 6.3 In the current inquiry, the NSW Ombudsman stressed the need for continuing monitoring to meet disability modification needs and raised concerns that the Departments had not implemented the Committee's recommendations in a meaningful way.<sup>185</sup>
- 6.4 For the purposes of the chapter, the terms aged tenants, tenants with disabilities and tenants with special needs will be used interchangeably.

### Particular requirements for people with disabilities

- 6.5 As previously described, the Asset Maintenance Services Contract separates general maintenance work into three categories: responsive maintenance; planned maintenance; and servicing. Work requiring home modifications is undertaken in accordance with the LAHC Disability Modification Policy, which includes the LAHC Home Modification Guidelines and the terms and conditions of the AMS Contract.
- 6.6 As the lead agency for all aspects of tenancy management, the Department of Communities and Justice actively works with tenants who require extra support to live independently. Tenants requiring additional support are identified in various ways, including: annual client visits conducted by DCJ; neighbours reporting their concerns about a tenant's welfare; and contractors attending for maintenance issues or condition assessments making a note if there is a vulnerable tenant.

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<sup>185</sup> [Submission 3](#), NSW Ombudsman, pp 3-4.

- 6.7 Once alerted, DCJ typically engages with a tenant to understand their support needs and, with their consent, makes referrals to the appropriate support services such as aged care and disability, including referrals for Occupational Therapy (OT) assessments.
- 6.8 Tenants with more complex needs are managed by DCJ Senior Client Service Officers (CSOs). They engage with and co-ordinate wrap around support plans involving multiple agencies and service providers, to provide tenants with appropriate services. In addition, the Senior CSO also provides ongoing monitoring of the tenant's engagement with services and ensures that the tenant meets their tenancy obligations, such as the payment of rent and property care.<sup>186</sup>
- 6.9 Any tenant requests for disability modifications to their LAHC owned home follow the process outlined in the LAHC Disability Modification Policy.
- 6.10 Where LAHC confirms a property as being suitable for modifications, the following steps apply:
- DCJ Housing receives a tenant's request for a home modification, and ensures that the request is complete as per the LAHC Disability Modification Policy;
  - DCJ Housing workflows the request to LAHC within three business days;
  - LAHC assesses the impact of the proposed modification on the dwelling and associated costs within three business days;
  - Under the AMS Contract, LAHC advises the contractors of the requirements (as documented in the OT report) for each modification by issuing a work order request to document a scope of work, quotation and proposed completion time; and
  - The contractor is required to provide a scope of works and quotation within three business days after the issue of the work order. Works must be completed within 3 business days for minor modifications (works under \$1000) and all other modifications are negotiated and must not exceed 12 business days.<sup>187</sup>
- 6.11 If LAHC determines a property unsuitable for modification following an assessment, LAHC will notify DCJ Housing within 10 business days with reasons for the determination. DCJ Housing will then notify the tenant of the decision.
- 6.12 In the case of a dispute, the tenant can contact DCJ Housing, which may escalate the matter to a formal review of the decision.

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<sup>186</sup> [Answers to Questions on Notice and Supplementary Questions](#), NSW Land and Housing Corporation, 14 July 2021, p 11.

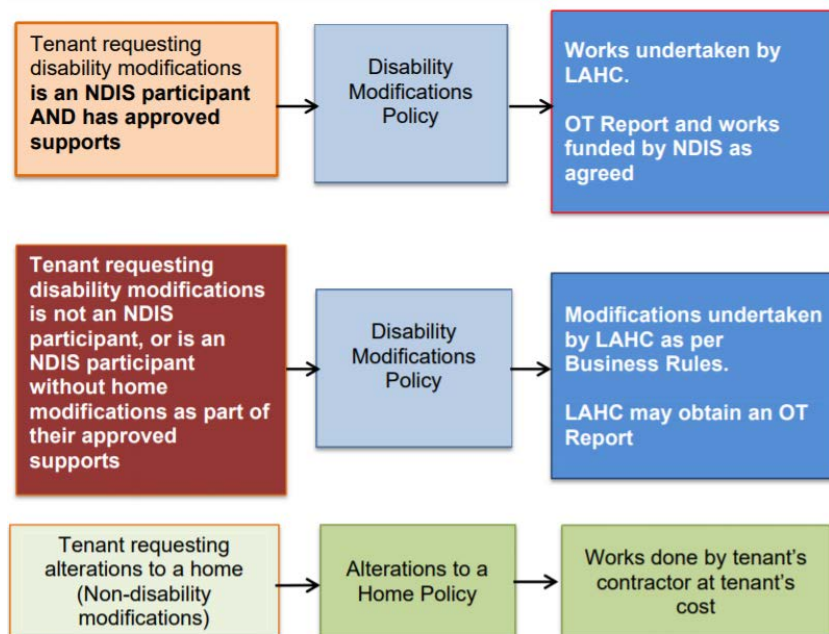
<sup>187</sup> [Answers to Questions on Notice and Supplementary Questions](#), NSW Land and Housing Corporation, 14 July 2021, p 12.

- 6.13 Comprehensive discussion of the complaints-handling system is contained in Chapters 3 and 4.

### **Funding mechanisms for home modifications**

- 6.14 In the previous 2016 inquiry report, the Committee recommended that the Department of Family and Community Services examine the current funding formula for maintenance and modifications of housing stock, with a view to allocate a separate amount to fund home modifications for tenants with disabilities.
- 6.15 Currently, the DCJ Disability Modification Policy explains how DCJ and LAHC manage disability modification requests by tenants or an approved housing applicant. The policy was revised to reflect LAHC's asset-related obligations and aligned with the National Disability Insurance Scheme (NDIS).
- 6.16 The NDIS provides that eligible NDIS participants may receive funding (NDIS support packages) for 'reasonable and necessary' services required to engage with service providers to meet their needs. An NDIS Support Package may include funding for home modifications.
- 6.17 The NDIS applied principles require LAHC to fund and provide 'reasonable adjustments' (minor modifications) to a participant's dwelling, whereas complex asset related works (major works) would be funded by the NDIS.
- 6.18 The process is set out in the following diagram:

**Diagram 2 - Flow chart – Tenants requesting home modifications<sup>188</sup>**



6.19 LAHC's annual budget for home modifications reflects the demand in any given year. Over the past four years, LAHC has invested an average of \$10.4 million for such works.<sup>189</sup>

6.20 The budget covers all tenants or approved housing applicants who have an identified need for disability modifications to a modified or adapted home or to have their existing home modified. If the disability modification budget is exceeded, there is flexibility to allocate additional funds from other programs within the parameters of the total maintenance budget.

6.21 Examples of such modifications are set out in the following table:

**Table 11 - Schedule of modifications<sup>190</sup>**

External and Common Areas	Dwelling Internal Areas
<ul style="list-style-type: none"> <li>• Front gates, letterboxes</li> <li>• Pathways, ramps, and steps</li> <li>• Service Areas</li> <li>• Parking and covered areas</li> <li>• External lighting, signage, security and safety</li> <li>• Lobby Entries</li> </ul>	<ul style="list-style-type: none"> <li>• Entrance areas</li> <li>• Stairs, Internal</li> <li>• Doors and doorways</li> <li>• Floors</li> <li>• Walls</li> <li>• Electrical work and temperature control</li> <li>• Kitchen</li> <li>• Bedroom</li> <li>• Bathroom and wet areas</li> </ul>

<sup>188</sup> Family and Community Services, Land and Housing Corporation – [Home Modification Guidelines](#), p 7, (accessed on 30 August 2021).

<sup>189</sup> [Answers to Questions on Notice and Supplementary Questions](#), NSW Land and Housing Corporation, 14 July 2021, p 11.

<sup>190</sup> [Answers to Questions on Notice and Supplementary Questions](#), NSW Land and Housing Corporation, 14 July 2021, p 11 - 12.

## Particular requirements for people with disabilities

- 6.22 LAHC noted a number of challenges to support tenants with disabilities, including: very complex home modification requests from NDIS participants; the mismatch of properties to meet tenant's disability needs (including a lack of specialist disability accommodation); and the difficulties in achieving successful relocation due to a lack of available LAHC housing stock.<sup>191</sup>
- 6.23 One of the principal challenges for LAHC is the age of properties. Averaging 40 years, the majority of the housing stock has not been constructed with the accessibility features to support the contemporary needs of LAHC's tenant cohort. This includes people with chronic medical conditions, age-related health issues, and disabilities.
- 6.24 Another challenge is the very complex and extensive home modification changes requested by some NDIS participants. LAHC noted that these requests are unachievable, given the design and age of the portfolio owned by LAHC.
- 6.25 The supply of NDIS Specialist Disability Accommodation is limited at present and LAHC is increasingly being called to fund and undertake modification works well exceeding reasonable adjustment requirements.

### Scoping and quoting process for home modifications

- 6.26 During the inquiry, the Committee identified that scoping and quoting to attain value for money results in long timeframes for planned maintenance. Lengthy timeframes are also evident when providing home modifications for aged tenants and tenants with disabilities.
- 6.27 The NSW Ombudsman noted the impact on tenants of prolonged negotiations in determining value for money in planned works.<sup>192</sup> Lake Maintenance provided a concerning instance, where prolonged negotiations could have had adverse consequences for a tenant requiring a drop down handrail:

There is an example we provided some information on, about a grab rail, where the OT had gone out and suggested that a tenant with mobility issues needed a dropdown handrail. A dropdown handrail is load-bearing. We need to block out the wall, we need to support it, et cetera. We quoted \$860 for that piece of work. That went to LAHC. LAHC declined that. They said, "No, it is above our office estimate", so we were too dear. It then sat. Two months later—I think that was around November—it was still on the radar. Nothing had been done. We were asked to provide three quotes. So we provided three independent quotes: 840, 1,100 and 1,200, something like that—still too dear.

By that stage I was involved with the region. I said, "Our price is 840. That is the best we can do. Lake Maintenance is going to make a hundred bucks out of that. All this is for a hundred bucks." They said, "No, too dear. You are triple our office estimate." I

<sup>191</sup> [Answers to Questions on Notice and Supplementary Questions](#), NSW Land and Housing Corporation, 14 July 2021, p 13.

<sup>192</sup> Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, NSW Ombudsman, [Transcript of evidence](#), 10 May 2021, p 3.

said, "Fine. If you can get that done for 250 bucks, go for it and call me when it falls off the wall." We are now in December, and I have handed that job back. Three months since the OT said this tenant needs this to help her go to the toilet, we are still waiting and still arguing over a couple hundred bucks. That was in December I handed it back. I then found out in January the LAHC regional officer—the programs officer—had gone back to the OT, got the OT to re-scope for an L-shaped handrail that did not need as much blocking, went back to our call centre and got them to send someone out to go and reprice it. They got that job done for 650 bucks in February, so five months and they have saved 200 bucks.<sup>193</sup>

6.28 In response, LAHC stated that if protocols were followed, there should have been a temporary handrail installed on an interim basis, to mitigate any potential risks to the tenant. However, this did not appear to have been carried out. LAHC acknowledged that their response and escalation process requires continuous improvement.<sup>194</sup>

6.29 The Committee also noted a lack of clear communication to tenants about timeframes for home modifications. Mr Paul Vevers, Deputy Secretary, DCJ described the consequences of a lack of consistent communication with tenants:

If I can give you an example, I went to give a face-to-face apology to one of our tenants where we had badly stuffed up in terms of carrying out disability modifications for her. I asked her if she would be willing to let us film that so that I could use that as a staff education tool.

She was a really wonderful lady, let us film it, and I am about to send it out to all of our staff so that we can understand when our communication falls down. What she actually said to me was, "I just felt so undervalued. I felt you didn't appreciate the importance of what we were doing because you never kept in touch with me." That is just an example of how we want to constantly reinforce with our staff that keeping in touch and communicating, even when there is not much news or it is bad news, we need to do it. We still have a way to go and I just want you to know how important we know that is.<sup>195</sup>

6.30 Mr Lance Carden, Director, Customer Service and Business Improvement, DCJ noted that there is value in an app which would keep tenants informed about the progress of their repairs. A repair tracker app for tenants has been discussed with LAHC for a period of time.<sup>196</sup>

#### Committee comment

6.31 Based on the evidence to the inquiry, the Committee appreciates the challenges faced by LAHC when providing home modifications for aged tenants and tenants with disabilities. This is complicated by the requirements of the *Disability Discrimination Act 1992*, whereby LAHC must meet its legal obligations to provide

<sup>193</sup> Mr David Bell, National Risk and Compliance Manager, Lake Maintenance, [Transcript of evidence](#), 21 June 2021, p 16 - 17.

<sup>194</sup> Mr Mark Byrne, Head of Portfolio Management, Assets, and Executive Director, Maintenance, NSW Land and Housing Corporation, [Transcript of evidence](#), 21 June 2021, p 40.

<sup>195</sup> Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services and Department Lead, Public Housing, Department of Communities and Justice, [Transcript of evidence](#), 21 June 2021, p 30 -31.

<sup>196</sup> Mr Lance Carden, Director, Customer Service and Business Improvement, Department of Communities and Justice, [Transcript of evidence](#), 21 June 2021, p 31.

reasonable and necessary adjustments to the tenant's dwelling, while major modifications are funded under the NDIS.

- 6.32 The Committee was told that LAHC works closely with DCJ, tenants and various stakeholders to unpack the complexities and challenges experienced by tenants with disabilities and engages in suitable, critical, and priority modifications to LAHC's existing properties.<sup>197</sup>
- 6.33 The Committee is pleased that LAHC has created a separate budget for home modifications and is aware of the challenges that LAHC faces, including complex home modification requests from NDIS tenants and the lack of suitable properties to meet the needs of tenants with disabilities.
- 6.34 The Committee reiterates that the obligation to attain value for money for planned maintenance and home modifications quotes must be weighed against the potential risk profile of the tenant, especially tenants with special needs.
- 6.35 The Committee is also concerned about the lack of clear and regular communication with tenants regarding timeframes for home modifications. This has impacted on service delivery and satisfaction for tenants with special needs.
- 6.36 The Committee notes that the repair tracking app cited in the evidence provided by DCJ could be usefully implemented to keep tenants informed of progress on their maintenance and home modification requests.<sup>198</sup> In addition, it would allow the assignment to be tracked, and in the event of follow-up by the tenant, referred to the call centre.

### **Recommendation 19**

**The Committee recommends that the NSW Land and Housing Corporation and Department of Communities and Justice further develop and implement the repair tracking app which allows tenants, contractors, and representatives from NSW Land and Housing Corporation and Department of Communities and Justice to document the progress of home modifications and maintenance requests.**

### **Recommendation 20**

**The Committee recommends that the Department of Communities and Justice implements specific policies and procedures to provide consistent communication with tenants with special needs for home modification and maintenance requests.**

### **Recommendation 21**

**The Committee recommends that the Department of Communities and Justice provides material and training to their Client Service Officers on the importance**

<sup>197</sup> [Answers to Questions on Notice and Supplementary Questions](#), NSW Land and Housing Corporation, 14 July 2021, p 13.

<sup>198</sup> Mr Lance Carden, Director Customer Service and Business Improvement, Department of Communities and Justice, [Transcript of evidence](#), 21 June 2021, p 30 -31.

**of providing consistent communication for tenants with special needs for their home modification and maintenance requests.**



## Appendix One – Terms of reference

### **Follow-up Review of the Management of NSW Public Housing Maintenance Contracts**

- That the Committee inquiries into and reports on the management of public housing maintenance contracts in NSW, with particular reference to:
- Whether changes to public housing maintenance introduced in 2015/16 have delivered measurable improvements and evidence based outcomes for public housing tenants;
- The current administrative and contractual arrangements between Land and Property NSW and private providers of maintenance services.
- The current repair status and physical condition of the public housing stock;
- The costs of maintenance of the current public housing stock, variations in expenditure trends over the previous five years and projected expenditure for the next five years;
- Methodologies and processes for ensuring consistent public housing maintenance standards across NSW, including quality assurance, effectiveness, efficiency and contract supervision;
- Any other related matters.

## Appendix Two – Submissions

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RTC Group Holdings Pty Ltd

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City of Sydney Council

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NSW Ombudsman

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Confidential

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Housing Action Plan Now (HAPN), Forest Lodge and Glebe Co-ordination Group (FLAG)

---

Greens NSW

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Tenants' Union NSW and Public Interest Advocacy Centre

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Neighbourhood Advisory Board

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Name suppressed

---

Ms Jodie Harrison MP

---

Miss Amanda Buchholz

---

Mr Anthony Kimpton

---

Community Housing Industry Association NSW

---

Ms Carolyn Ienna

---

Ms Ifeanna Tooth

---

Mr Barry Gardner

---

Ms Lisa Coates

---

Ms Alison George

---

Miss Carole Ann King

---

Confidential

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Name suppressed

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Department of Planning, Industry and Environment

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Spotless Group

---

O'Donnell & Hanlon

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Joss Group

---

Ventia

---

Department of Communities and Justice

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## Appendix Three – Witnesses

### 10 May 2021

Ms Nicole Lawless	Acting Deputy Ombudsman and Assistant Ombudsman, Complaints and Investigations, NSW Ombudsman
Ms Sanya Silver	Manager Investigations, NSW Ombudsman
Ms Clover Moore	Lord Mayor, City of Sydney
Ms Trina Jones	Safe City Manager, City of Sydney
Mr Mark Degotardi	Chief Executive Officer, Community Housing Industry Association NSW
Kira Levin	Managing Solicitor, Homeless Persons Legal Service, Tenants' Union NSW and Public Interest Advocacy Centre
Mr Thomas Chailloux	Policy Officer, Tenants' Union NSW and Public Interest Advocacy Centre
Dr Jemima Mowbray	Policy and Advocacy Co-ordinator, Tenants Union of NSW
Mr Leo Patterson Ross	Chief Executive Officer, Tenants Union of NSW
Mr Steve Gray	Chief Executive Officer, RTC Group Holdings Pty Ltd
Mr Michael Rigby	Director, RTC Group Holdings Pty Ltd
Ms Jenny Leong MP	Member for Newtown, The Greens NSW
Ms Kaitlyn Birkett	Electorate Officer, The Greens NSW
Mr Ned Cutcher	Electorate Officer, The Greens NSW
Ms Jodie Harrison MP	Member for Charlestown
Mr Michael Cassel	Chief Executive, Department of Family and Community Services
Mr Mark Byrne	Head of Portfolio Management (Assets), Department of Family and Community Services
Mr Rebecca Krumins	Director Stakeholder Engagement and Programs, Department of Family and Community Services
Ms Catrina Kim	Regional Portfolio Director - South East, Department of Family and Community Services
Mr Jim Hristovski	Director, Operational Policy & Standards , Department of Family and Community Services

**21 June 2021**

Mr David Morris	General Manager, Government & Citizen Services, Spotless Group
Mr Paul Mahoney	Executive General Manager, Government & Citizen Services, Spotless Group
Mr Alex Saar	Contract Manager – LAHC AMS Contract, Spotless Group
Mr Ben O'Donnell	Director, O'Donnell & Hanlon
Mr Chris Porter	LAHC AMS Contract Executive, O'Donnell & Hanlon
Ms Jenna Coombes	Strategy & Operations Manager, O'Donnell & Hanlon
Mr Ricci Schwarzler	Managing Director, Lake Maintenance
Mr David Bell	National Risk & Compliance Manager, Lake Maintenance
Ms Mandy Pemberton	National Contact Centre Manager, Lake Maintenance
Ms Jade Robertson	Call Centre Team Leader, Lake Maintenance
Mr Andrew Cameron	Chief Operating Officer, Joss Group
Mr Joshua Ryder	Contract Analyst – AMS Contract, Joss Group
Mr Jeff White	General Manager, Risk and Compliance, Joss Group
Mr Ian Ryles	Project Director, Ventia
Mr Rhys Barker	Executive General Manager, Social Infrastructure, Ventia
Ms Angela Williams	General Manager, Community and Housing, Ventia
Mr Paul Vevers	Deputy Secretary, Housing, Disability and District Services, Department of Communities and Justice
Mr Lance Carden	Director, Department of Communities and Justice
Mr Michael Cassel	Chief Executive, NSW Land and Housing Corporation
Mr Mark Byrne	Head of Portfolio Management (Assets), NSW Land and Housing Corporation
Ms Rebecca Krumins	Director Stakeholder Engagement and Programs, NSW Land and Housing Corporation
Mr Jim Hristovski	Director, Operational Policy & Standards, NSW Land and Housing Corporation
Ms Catrina Kim	Regional Portfolio Director – South East, NSW Land and Housing Corporation

## Appendix Four – Extracts from Minutes

### **MINUTES OF MEETING No. 16**

22 October 2020

9:32am, Macquarie Room

#### **Members Present:**

Mr Greg Piper (Chair), Mrs Tanya Davies (Deputy Chair), Mr Lee Evans, Mr Justin Clancy, Mr Ryan Park

#### **Officers in attendance:**

Bjarne Nordin, Caroline Hopley, Jacqueline Linnane, Cheryl Samuels, Ze Nan Ma

#### **1. Apologies**

Ms Felicity Wilson

#### **2. Minutes of Meeting No. 15**

Resolved, on the motion of Mrs Davies, seconded by Mr Clancy:

That the draft minutes of deliberative meeting No. 15 of 24 September 2020 be confirmed.

#### **3. \*\*\*\***

#### **4. \*\*\*\***

#### **5. Follow-up Review of the Management of NSW Public Housing Maintenance Contracts**

- 5.1.** Review of the Management of NSW Public Housing Maintenance Contracts Resolved, on the motion of Mr Evans, seconded by Mrs Davies:
- o That the Committee adopts the draft Terms of Reference for a Follow-up Review of the Management of NSW Public Housing Maintenance Contracts.
  - o That the Committee agrees to the indicative timeline for the inquiry.
  - o That the Committee invites representatives of identified organisations to make a submission to the inquiry by 21 December 2020
- 5.2. Letter to the Minister for Water, Property and Housing**  
Resolved on the motion of Mrs Davies, seconded by Mr Park:  
That the Committee writes to the Minister for Water, Property and Housing to inquire about current design, build quality and cost efficiency of public housing construction.
- 6. \*\*\*\***

**7. \*\*\*\***

**8. Next meeting**

The Committee adjourned at 10.02 am until 19 November 2020 at 9.30am.

**MINUTES OF MEETING No. 19**

18 February 2021

9:30am, Macquarie Room

**Members Present:**

Mr Greg Piper (Chair), Mrs Tanya Davies (Deputy Chair), Mr Justin Clancy, Mr Lee Evans, Mr Ryan Park, Ms Felicity Wilson

**Officers in attendance:**

Bjarne Nordin, Jacqueline Linnane, Cheryl Samuels, Derya Sekmen, Ze Nan Ma (by videoconference)

**1. Apologies**

Nil

**2. Minutes of Meetings Nos. 17 and 18**

Resolved, on the motion of Mr Evans, seconded by Mrs Davies:

That the draft minutes of deliberative meeting No. 17 of 19 November 2020 and public hearing No. 18 of 20 November 2020 be agreed to.

**3. \*\*\*\***

**4. \*\*\*\***

**5. Follow-up Review of the Management of NSW Public Housing Maintenance Contracts**

Resolved, on the motion of Ms Wilson, seconded by Mrs Davies:

- That the Committee receives and authorises the publication of submissions 1 — 22 received for the Follow-up Review of the Management of NSW Public Housing
- Maintenance Contracts, with personal details redacted as appropriate, and orders that they be placed on the Parliament's website.
- That the Committee receives the correspondence listed and authorises its referral to the Land and Housing Corporation for further action and response.
- That the listed correspondence also be referred to their respective local Member for information.

The Committee discussed site locations for potential inspections of public housing properties.

Resolved, on the motion of Mr Park, seconded Mr Evans:

- That the Committee conducts two days of inspections as part of the inquiry, dates and sites to be determined.

**6. \*\*\*\***

**7. \*\*\*\***

**8. Next meeting**

The Committee adjourned at 10:25 am until 9:30 am, 25 March 2021 in Room1254.

**MINUTES OF MEETING No. 20**

25 March 2021

9:35am, Macquarie Room

**Members Present:**

Mr Greg Piper (Chair), Mr Justin Clancy, Mr Lee Evans, Mr Ryan Park, Ms Felicity Wilson

**Officers in attendance:**

Bjarne Nordin, Cheryl Samuels, Candy Lee, Ze Nan Ma, Derya Sekmen

**1. Apologies**

Mrs Tanya Davies (Deputy Chair)

**2. Minutes of Meeting No. 19**

Resolved, on the motion of Mr Clancy, seconded by Mr Park:

That the draft minutes of deliberative meeting No. 19 of 18 February 2021 be agreed to.

**3. \*\*\*\***

**4. Follow-up Review of the Management of NSW Public Housing Maintenance Contracts**

Resolved, on the motion of Mr Evans, seconded by Ms Wilson: That the Committee confirms that a public hearing will be conducted at Parliament House on 10 May 2021.

Resolved, on the motion of Mr Evans, seconded by Ms Wilson: That arrangements be made to invite individuals and representatives of nominated organisations to appear as witnesses at the public hearing on 10 May 2021.

Resolved, on motion of Mr Park, seconded by Mr Clancy: That the Committee contact the head contractors requesting a formal submission and indicating that they may be required to appear before the Committee at a public hearing.

**5. \*\*\*\***

**6. \*\*\*\***

**7. Next meeting**

The Committee adjourned at 10.25 am until a time to be confirmed on 13 May 2021 in Room 1254.



**MINUTES OF MEETING No. 23**

10 May 2021

8:45 am, Jubilee Room

**Members Present:**

Mr Greg Piper (Chair), Mr Justin Clancy, Mr Lee Evans,

By Webex: Mrs Tanya Davies (Deputy Chair), Mr Ryan Park, Ms Felicity Wilson

**Officers in attendance:**

Bjarne Nordin, Cheryl Samuels, Candy Lee, Ze Nan Ma, Derya Sekmen

**1. Apologies**

**2. Minutes of Meeting Nos. 20, 21 and 22**

Resolved, on the motion of Mr Clancy, seconded by Mr Evans:

That the draft minutes of deliberative meeting No. 20 of 25 March 2021 and the site inspections No 21 of 21 April 2021 and No 22 of 22 April 2021 be agreed to.

**3. Follow-up Review of the Management of NSW Public Housing Maintenance Contracts**

Resolved, on the motion of Mr Evans, seconded by Mr Clancy:

- That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 10 May 2021 in accordance with the NSW Legislative Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.
- That the corrected transcripts of evidence given on 10 May 2021 be authorised for publication and uploaded on the Committee's website.
- That witnesses be requested to return answers to questions taken on notice within 21 days of the date on which the questions are forwarded, and that once received, answers be published on the Committee's website.
- That documents tendered during the public hearing be accepted by the Committee and published on the Committee's website.

**4. \*\*\*\***

**5. Public Hearing:**

**Follow-up Review of the Management of NSW Public Housing Maintenance Contracts**

The public and press were admitted.

The public hearing commenced at 9:00 am. The Chair welcomed witnesses and the public gallery.

The following witnesses representing the NSW Ombudsman were admitted:

Ms Nicole Lawless, Acting Deputy Ombudsman, Complaints and Investigations, affirmed and examined

Ms Sanya Silver, Manager Investigations, sworn and examined.

The following witnesses representing the City of Sydney were admitted:

Ms Clover Moore, Lord Mayor of Sydney, affirmed and examined  
Ms Trina Jones, Safe City Manager, affirmed and examined  
Ms Monica Barone, Chief Executive Officer, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witness representing the Community Housing Industry Association NSW was admitted:

Mr Mark Degotardi, Chief Executive Officer, affirmed and examined.

Evidence concluded, the witness withdrew.

The following witnesses representing the Tenants' Union NSW and Public Interest Advocacy Centre were admitted:

Ms Kira Levin, Managing Solicitor, Homeless Persons Legal Service, Tenants' Union NSW and Public Interest Advocacy Centre, affirmed and examined  
Mr Thomas Chailloux, Policy Officer, Tenants' Union NSW and Public Interest Advocacy Centre, affirmed and examined  
Dr Jemima Mowbray, Policy and Advocacy Co-ordinator, Tenants' Union NSW, affirmed and examined  
Mr Leo Patterson Ross, Chief Executive Officer, Tenants' Union NSW, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing RTC Group Holdings Pty Ltd were admitted.

Mr Steve Gray, Chief Executive, sworn and examined  
Mr Michael Rigby, Executive Director, by Webex, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing the Greens NSW were admitted:

Ms Jenny Leong, MP, Member for Newtown, having previously been sworn, examined  
Ms Kaitlyn Birkett, Electorate Officer, Newtown Electorate Office, affirmed and examined  
Mr Ned Cutcher, Electorate Officer, Balmain Electorate Office, affirmed and examined.

Ms Jodie Harrison, MP Member for Charlestown, having previously been sworn, was admitted and examined.

Evidence concluded, the witness withdrew.

The following witnesses representing the NSW Land and Housing Corporation were admitted:

Mr Michael Cassel, Chief Executive, sworn and examined  
Mr Mark Byrne, Head of Portfolio Management (Assets), sworn and examined  
Ms Rebecca Krumins, Director, Stakeholder Engagement and Programs, sworn and examined  
Ms Catrina Kim, Regional Portfolio Director – South East, sworn and examined

Mr Jim Hristovski, Director, Operational Policy and Standards, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The Chair thanked the witnesses, Committee Members and the Secretariat.

**6. Next meeting**

The Committee adjourned at 4.40 pm until 9.45 am on Thursday 13 May in the Jubilee Room.

**MINUTES OF MEETING No. 24**

13 May 2021

9:45 am, Jubilee Room

**Members Present:**

Mr Greg Piper (Chair), Mrs Tanya Davies (Deputy Chair), Mr Justin Clancy, Mr Lee Evans, Mr Ryan Park, Ms Felicity Wilson

**Officers in attendance:**

Bjarne Nordin, Cheryl Samuels, Candy Lee, Ze Nan Ma

**1. Apologies**

Nil.

**2. Minutes of Meeting No. 23**

Resolved, on the motion of Mr Evans, seconded by Mrs Davies:

That the draft minutes of deliberative meeting No. 23 of 10 May 2021 be agreed to.

**3. \*\*\*\***

**4. Follow-up Review of the Management of NSW Public Housing Maintenance Contracts**

The Committee noted the following submissions received:

- O'Donnell & Hanlon (ODH) dated 29 April 2021
- Spotless Facility Services dated 29 April 2021
- Joss Facilities Management dated 30 April 2021
- Ventia dated 30 April 2021
- Department of Communities and Justice dated 6 May 2021.

Resolved, on the motion of Mr Evans, seconded by Mrs Davies:

- That the submissions from O'Donnell and Hanlon, Joss Facilities Management, Ventia and the Department of Communities and Justice be received and authorised for publication and published on the Committee's website.
- That the submission from Spotless Facility Services be received and treated as a confidential document to the inquiry, subject to further review.
- That representatives from organisations who have made late submissions be invited to give evidence to the Committee at a public hearing on 21 June 2021 at Parliament House.

**5. \*\*\*\***

**6. \*\*\*\***

**7. Next meeting**

The Committee adjourned at 10.25 am until 9.45 am on Thursday 24 June 2021 in the Macquarie Room.

## **MINUTES OF MEETING No. 25**

21 June 2021

8:55 am, Jubilee Room and by videoconference

### **Members Present:**

Mr Greg Piper (Chair), Mr Lee Evans (in person)

Mrs Tanya Davies (Deputy Chair), Mr Justin Clancy, Mr Ryan Park (by Webex)

### **Officers in attendance:**

Bjarne Nordin, Cheryl Samuels, Candy Lee, Ze Nan Ma, Derya Sekmen

#### **1. Apologies**

#### **2. Minutes of Meeting No. 24**

Resolved, on the motion of Mr Evans, seconded by Mr Clancy:

That the draft minutes of deliberative meeting No. 24 of 13 May 2021 be agreed to.

#### **3. Follow-up Review of the Management of NSW Public Housing Maintenance Contracts**

The Committee noted receipt of the submission received from Lake Maintenance, circulated separately to Members dated 1 June 2021.

Resolved, on the motion of Mr Park, seconded by Mr Evan:

That the Committee ratify the decision by email to receive the submission from Lake Maintenance and authorise its publication on the Committee's webpage.

Resolved, on the motion of Mr Evans, seconded by Mr Park:

- That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 21 June 2021 in accordance with the NSW Legislative Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.
- That the corrected transcripts of evidence given on 21 June 2021 be authorised for publication and uploaded on the Committee's website.
- That witnesses be requested to return answers to questions taken on notice within 14 days of the date on which the questions are forwarded, and that once received, answers be published on the Committee's website.
- That documents tendered during the public hearing be accepted by the Committee and published on the Committee's website.

#### **4. Public Hearing: Follow-up Review of the Management of NSW Public Housing Maintenance Contracts**

The public and press were admitted.

The public hearing commenced at 9:00 am. The Chair welcomed witnesses and the public gallery.

The following witnesses representing Spotless Group were admitted to the Jubilee Room:

Mr David Morris, General Manager, Government & Citizen Services, sworn and examined

Mr Paul Mahoney, Executive General Manager, Government & Citizen Services, sworn and examined

Mr Alexander Saar, Contract Manager – LAHC AMS Contract, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing O'Donnell & Hanlon were admitted by Webex:

Mr Ben O'Donnell, Director, affirmed and examined

Mr Chris Porter, LAHC AMS Contract Executive, affirmed and examined

Ms Jenna Coombes, Strategy & Operations Manager, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing Lake Maintenance were admitted to the Jubilee Room:

Ms Ricci Schwarzler, Managing Director, affirmed and examined

Mr David Bell, National Risk & Compliance Manager, affirmed and examined

Ms Mandy Pemberton, National Contact Centre Manager, affirmed and examined

Ms Jade Robertson, Call Centre Team Leader, affirmed and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing Joss Group were admitted by Webex:

Mr Andrew Cameron, Chief Operating Officer, affirmed and examined

Mr Jeff White, Contract Manager – AMS Contract, sworn and examined

Mr Joshua Ryder, Contract Analyst – AMS Contract, sworn and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing Ventia were admitted to the Jubilee Room and by Webex:

Mr Ian Ryles, Project Director, affirmed and examined

Mr Rhys Barker, Executive General Manager, Social Infrastructure, affirmed and examined

Ms Angela Williams, General Manager, Community and Housing, sworn and examined.

Evidence concluded, the witnesses withdrew.

The following witnesses representing Department of Communities and Justice were admitted to the Jubilee Room:

Mr Paul Vevers, Deputy Secretary, Housing, Disability and District Services, sworn and examined

Mr Lance Carden, Director, Customer Services & Business Improvement, affirmed and examined

The following witnesses representing NSW Land and Housing Corporation were admitted to the Jubilee Room:

Mr Michael Cassell, Chief Executive, sworn and examined

Mr Mark Byrne, Head of Portfolio Management (Assets), sworn and examined

Ms Rebecca Krumins, Director, Stakeholder Engagement and Programs, sworn and examined

Ms Jim Hristovski, Director, Operational Policy & Standards, sworn and examined

Ms Catrina Kim, Regional Portfolio Director – South East, sworn and examined.

Evidence concluded, the witnesses withdrew.

The Chair thanked the witnesses, Committee Members and the Secretariat.

**7. General Business**

Nil.

**8. Next meeting**

The Committee adjourned at 1.45 pm until 9.45 am on Thursday 24 June 2021 in the Macquarie Room.

**MINUTES OF MEETING No. 31**

18 November 2021

9.30 am, Macquarie Room and via Webex videoconference

**Members Present:**

Mr Greg Piper (Chair), Mrs Tanya Davies (Deputy Chair), Mr Lee Evans, Mr Gurmeh Singh, Mr Ryan Park (by videoconference)

**Officers in attendance:**

Bjarne Nordin, Candy Lee, Cheryl Samuels, Anna Tran, Ze Nan Ma, Nicole Gill

**AGENDA**

**1. Apologies**

Mr Justin Clancy

**2. Minutes of Meeting No. 30**

Resolved, on the motion of Mrs Davies, seconded by Mr Evans: That the draft minutes of deliberative meeting No. 30 on 21 October 2021 be agreed to.

**3. \*\*\*\***

**3.1. \*\*\*\***

**3.2. \*\*\*\***

**4. \*\*\*\***

**4.1. \*\*\*\***

**5. Follow-up Review of the Management of NSW Public Housing Maintenance Contracts  
Consideration of Chair's Draft Report (previously circulated)**

The Committee considered the Chair's draft report on the Follow-up Review of the Management of NSW Public Housing Maintenance Contracts as circulated.

Discussion ensued.

Resolved, on the motion of Mrs Davies, seconded by Mr Evans: That the Committee adopts Chapters 1 to 6 of the Chair's draft report.

Resolved, on the motion of Mrs Davies, seconded by Mr Evans: That the Committee adopts the recommendations of the Chair's draft report.

Resolved, on the motion of Mrs Davies, seconded by Mr Evans:

- That the Committee adopts the draft report, signed by the Chair for presentation to the House, and authorises Committee staff to make appropriate final editing and stylistic changes as required.
- That once tabled, the report be published on the Committee's webpage.

**6. \*\*\*\***

**7. \*\*\*\***

**8. \*\*\*\***

**9. Next meeting**

The Committee adjourned at 10.14 am until the Public Hearing at 9.00 am on Monday 22 November in the Jubilee Room and via Webex videoconference.