



ACT AUDITOR-GENERAL'S OFFICE



MEDIA RELEASE

PA 07/19

7 August 2008

Performance Audit Report

Maintenance of Public Housing

The ACT Auditor-General, Mrs Tu Pham, has today presented a Performance Audit report titled '**Maintenance of Public Housing**', to the ACT Legislative Assembly.

In July 2005, a new 'Total Facilities Maintenance' (TFM) contract was entered into between the Department of Disability, Housing and Community Services (DHCS) and Spotless P&F Pty Ltd (Spotless) that provides for integrated maintenance services for some 11 500 public housing dwellings. The total sum paid per year for this TFM contract is approximately \$30 million, mostly for the maintenance work performed by sub-contractors, and a base management fee of around \$4.5 million to Spotless.

DHCS advised that the TFM model for the integrated maintenance of a public housing portfolio is unique amongst Australian jurisdictions, and had sought to redress problems with the previous contracts.

Audit Opinion

The audit concluded that there were difficulties and delays in implementing the TFM contract during the early period of the contract, leading to deficiencies in its management. Housing ACT had taken action in recent years to improve the performance of the maintenance of public housing. Nevertheless, there are opportunities for further improvement, particularly in monitoring the quality and timeliness of work carried out by sub-contractors.

Key Findings

Key findings are summarised below:

- There was generally sound governance of the contract. However, Housing ACT needed to establish a contract management plan and a risk management plan to assist better contract management, and to ensure the required actions by various management committees were completed in a timely manner.
- The Performance Management System within the contract has helped to identify risks, to provide mechanisms for their management, and to encourage improved delivery of services.

- Housing ACT has taken appropriate steps, such as changing performance measures and re-engineering the maintenance processes, towards monitoring and improving the maintenance of vacant properties.
- Notwithstanding recent improvements, the delivery of certain maintenance services was still well below targets allowed for in the contract. For example, a high proportion of responsive maintenance work was completed late and this situation has not improved over time.
- The Quality Assurance process was not sufficient to assure quality of services delivered by Spotless, especially in the early period of the contract. The Quality review program was running significantly behind schedule, and Housing ACT did not have sufficient information to monitor Spotless reviews of work orders carried out by sub-contractors.
- Housing ACT did not have sufficient on-going assurance that the Spotless call centre operations, such as assessing maintenance requests and allocating them to appropriate sub-contractors, were functioning as required.
- The selection process used by Spotless for sub-contractors in some cases lacked transparency and there was less assurance about Spotless's compliance with ACT Government procurement principles and guidelines.
- The design of the performance bonus scheme led to Spotless receiving bonus payments notwithstanding that Spotless did not meet the performance targets for some key measures.
- The TFM contract was for an initial three year period that expired on 30 June 2008, with the possibility of up to two two-year extensions. Although Housing ACT recommended in late 2007 that the contract be extended for two years, as at 31 July 2008, the contract extension had not been signed.

Recommendations

The audit made twelve recommendations to address the issues raised. The Department agreed, or agreed in part, with all recommendations, and advised that it has already started work on the implementation of those recommendations.

Further Information

For further information, please contact Rod Nicholas, Director, Performance Audits and Corporate Services on 6207 0833. Copies of the report are available from the ACT Auditor-General's Office (Level 4, 11 Moore Street, Canberra City) and from its website, www.audit.act.gov.au.