

**DEPARTMENT OF HOUSING — MAINTENANCE CONTRACT**

*Grievance*

**MR C.J. TALLENTIRE (Gosnells)** [9.38 am]: My grievance is to the Minister for Housing and it relates to the terrible problems that have been caused by the current head contract agreement between the Department of Housing and Transfield Services. This is an agreement for the maintenance of Department of Housing properties in my electorate and across the metropolitan area. The problems with this contract are manifold—we are hearing all sorts of reports about cases of work being badly done by unscrupulous contractors and having to be fixed later. Therefore, there is no way that this contract is leading to increased efficiencies; it is leading to increased inefficiencies because of the need for people to go back and check work, and to fix what has not been done properly. It seems that this contract has achieved only one thing—that is, to bring in an extra player, the Transfield company, and enable it to make a profit for providing a service that is of very little merit within the whole system.

Transfield provides what is known as a portal, which is a clearing house where jobs are allocated; Homeswest tenants make complaints and then a job is allocated, and the subcontractors are notified of the work. The portal system is failing dramatically. Even worse, the subcontractors are not being paid for work. There are cases in which firms subcontracting to Transfield are owed very large amounts of money. This is forcing them to lay off apprentices and to lay off other workers. We know that the maintenance industry is very quickly affected by upturns in the economy. I think competent businesses will choose not to be a part of any maintenance work associated with the Department of Housing. Therefore, the whole maintenance subcontracting scene for people in Western Australia is being jeopardised.

The situation only gets worse. There are some shocking stories of inappropriately qualified people or people without proper tickets or certification doing work for which they are not qualified. There are cases of people with some sort of handyman and carpentry-type background being asked to do gas and electrical work. This is extremely serious. The risks are enormous. Homeswest tenants could be put at risk because of faulty or shoddy workmanship. It is very dangerous.

The issue of people being messed around is an enormous one. Many Department of Housing tenants in my electorate are reporting incredible delays in getting works done. There is one case of people who had to wait seven weeks for a hot water system to be installed, and another case of a 14-week wait. The stoicism of people in my electorate and elsewhere is amazing. It is totally unacceptable that they should have to wait that amount of time for maintenance work to be done.

This issue the Minister for Housing really must address is that I believe the Department of Housing was in effect conned by Transfield into believing that it had the capacity to do this work. I know that the minister is likely to say to me that there were initial teething issues because the contract has been in place only since 1 July. We now need to know what the minister's plan B is, and I want the minister's specific answer on that point. What are the alternatives? Will the government be able to get out of this contract if it is deemed to be totally ineffective and disastrous for Homeswest tenants? Does he have another system ready? What is the minister going to do to fix this system? Is the minister going to blindly trust Transfield that it can eventually come good? Transfield is making a massive profit on this contract. I know of a subcontractor who once would have been paid \$100 for a job now getting about \$72 for the same piece of work. Where is all that money between \$72 and \$100 going? It is going to pay Transfield for running this portal service that is not working. That is a terrible situation.

There is a human face to all these problems. I have touched on the length of time taken to repair hot water systems. I have also heard of the case of an emergency call-out to a home to repair a broken door lock. The tradesperson, an unskilled Transfield subcontractor, was called to the home, which was occupied by a wheelchair-bound person. The subcontractor did not check to see whether there was more than one entry point to the home and boarded up the front door, effectively boarding the poor, wheelchair-bound person in the home. That is the sort of mistake that is occurring because this Transfield contract is very badly designed and not working in anyone's interests, except that of Transfield.

Another issue is locked box keys. This system is used in Department of Housing properties. I understand that Transfield has changed the locked box keys on all properties, so that in a way the company is ingratiating itself into the system. If the minister does not watch out, he will find that he cannot extract himself from this relationship with Transfield that is not working at the moment.

The issue of jobs costing more than \$800 is another point that I want the minister to specifically address. I understand that it is impossible for a subcontractor to get authorisation for a job costing more than \$800. The subcontractor risks having to pay out of his own pocket for equipment and material supplied because Transfield is not paying for jobs costing more than \$800. That is a really serious issue when we consider vacant homes on

which often major works are required. This problem is exacerbating the pressure on the number of vacant Homeswest homes. It means in my electorate that something like 129 homes are vacant because there is no capacity for tradespeople to fix them. The minister needs to tell us what plan B is for this disastrous contract.

**MR W.R. MARMION (Nedlands — Minister for Housing)** [9.44 am]: I thank the member for Gosnells for his grievance. He raised lots of points and I will try to address as many as I can in the short time I have. The member is correct: there were some problems at start-up of the head maintenance contracts. Indeed, of the three contractors we have, Transfield is probably the one that is a bit behind the eight ball at the moment. We are looking at that, as I mentioned in answer to previous questions without notice.

The aim is for the department to increase efficiency in the delivery of its maintenance services to its clients. It is early days. We are monitoring the performance of the contractors. I can say that for routine jobs—that is, jobs that can be completed in 10 working days—Transfield is not performing as well as the other two head contractors. The other two contractors are performing better than the department was performing when it was running the routine jobs, and at the moment Transfield is a little behind the department. Transfield certainly has to lift its game on the priority jobs—that is, jobs that must be completed in two days. We have been monitoring Transfield and it has been improving over time. However, I can tell the member that it is behind the Department of Housing's performance for two-day jobs. Likewise for the other two contractors, but I acknowledge that they are better than Transfield.

**Mr C.J. Tallentire:** So come 1 October what are you going to do; are you going to roll over the contract?

**Mr W.R. MARMION:** Wait a minute; I am just setting the scene. I want to acknowledge the member's point and give him some information.

Emergency jobs must be completed in three hours; they are the jobs that people get upset about if there is no decent system in place. Three hours is not a long time to wait for an emergency job. I know—as the member probably knows—that if an emergency problem in my house requires a plumber or an electrician, I have my fingers crossed because it is unlikely that the job will be done in three hours. I know that can be an issue. Nevertheless, the department has a three-hour turnaround time for emergency maintenance. I must say that is an area in which Transfield must lift its game. That is the area in which it is falling down the most. It is well behind the department's times. Given what is happening now compared with what was happening three months ago—and I guess what happened in the past 10 years with the Department of Housing doing the same job—Transfield needs to lift its game. I am monitoring that, as I am monitoring the other contractors. Indeed, we could argue that the other contractors have a harder job because a lot of their work is in country areas. However, they seem to be getting to the same level the department was at. The aim is for them to not only reach but also exceed the level that the department was at.

I am happy to let the member for Gosnells flick through this document I have with me. It is the tender document, which was quite specific about not only local content and use of local contractors, but also performance standards. It actually specifies the performance standards. I think they are extremely high. They are well above the department's standards.

**Mr C.J. Tallentire:** They lied to us on local content, though.

**Mr W.R. MARMION:** I am sorry?

**Mr C.J. Tallentire:** They misled us on local content because they've got an eastern states company working for them.

**Mr W.R. MARMION:** No. Under international mutual recognition laws, we cannot exclude anyone from contracting. The local content conditions of the contract relate to having people on the ground and having an office. Another example in the state is Perth Theatre Trust. Management of all our theatres in Western Australia was outsourced to a Queensland company, Ogden. However, that company does not run the management from Queensland; it has a manager in Western Australia. In fact, it took over exactly the same staff from the government when it was running it. Therefore, the contract is not being run from another state; it must be set up in WA. The contract is very specific on having an office in the locality, using local contractors and suppliers and having a plan in place to show that that is being done. The contractor needs to deliver on the specific elements of the contract, including minor things, such as what the member raised about the time to pay in the contract, because we have someone looking at that and specifically monitoring that, and, indeed, there were some early complaints. I cannot remember the exact number of days, but it could have even been out to 60 days. I think if the invoice went in at the wrong time, it could expand out. I think that we have managed to peg that back to 14 days —

**Mr C.J. Tallentire:** That's what I'm hearing. What about the jobs over \$800?

**Mr W.R. MARMION:** That has not been raised with me before. I understand that we need some reasonable controls in place. If a person is at work and he calls in a plumber to fix his hot water system, but it is totally kaput and will cost \$2 000 or \$3 000 for a new one, obviously, we would expect the plumber to ring the person at work to tell him that a new system is needed and to get him to tick off on that level of expenditure. I am not aware of the limit, but I will follow through on that and see that it is reasonable because that can slow things down.

I was trying to make a comment before I took the member's interjection but I have forgotten what it was! However, the important thing is that if Transfield, which the member specifically mentioned, is not going to deliver or perform as well as the department, we will have to do something about it.