

Senator the Hon Robert Hill
Leader of the Government in the Senate
Minister for Defence

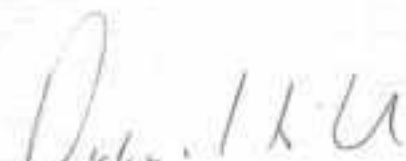
Mr James Catchpole
Acting Committee Secretary
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

23 NOV 2004

Dear Mr Catchpole

On 31 March 2004 the Joint Committee of Public Accounts and Audit released Report No 398. This report focused on two issues, including the Auditor-General's Audit Report No 51, 2002-2003 and Defence Housing and Relocations. I enclose my response to recommendations 2 and 3 in the Executive Minute on Joint Committee of Public Accounts and Audit Report No 398.

Yours sincerely


Robert Hill





Australian Government

Department of Defence

EXECUTIVE MINUTE

ON

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

REPORT [No. 398]

**[REVIEW OF AUDITOR-GENERAL'S REPORTS, 2002 - 2003, FOURTH
QUARTER]**

General comments

The JCPAA report No 398 provided two recommendations in relation to the Australian National Audit Office (ANAO) report into Defence Housing and Relocations (Audit Report No51, 2002 -2003). Of particular concern to the JCPAA were issues relating to the composition of the Defence Housing Authority Board and Defence's progress on actions to complete the requirements of the 'Services Agreement for Housing and Related requirements between Defence and Defence Housing Authority'.

Response to the recommendation(s)

Recommendation 2: Para 3.52

'Section 12(1) of the Defence Housing Authority Act 1987 be amended to remove the provision that the Defence Housing Authority include three members of the Australian Defence Force.

The Services Agreement for Housing and Related Requirements be amended to allow for a formal consultative process, possibly including the Defence Domiciliary Group, to enable the Department of Defence to advise Defence Housing Authority of Australian Defence Force housing requirements'.

Recommendation 3: Para 3.79

'The Department of Defence report within six months to the Joint Committee of Public Accounts and Audit on its progress towards addressing the outstanding issues listed in paragraph 4.6 of the Australian National Audit office Audit Report No. 51, 2002-2003, Defence Housing and Relocation Services.'

RECOMMENDATION 2

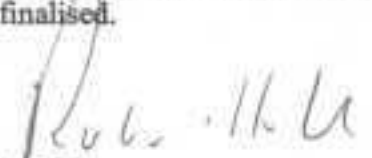
This recommendation is subject to the outcomes of the Inter-Departmental Committee (IDC) *Review into the Future Governance of the Defence Housing Authority*. The IDC report is being drafted by the Department of Finance and Administration. It is likely to include a number of policy issues, including future Defence membership on the DHA Board, that will need to be addressed by the Government.

RECOMMENDATION 3

Significant progress has been made towards achievement of the outstanding issues referred listed in paragraph 4.6 of ANAO Report No 51:

- a) DHA provided Defence with its Heritage Conservation Plan in June 2003;
- b) Key Performance Indicators have been agreed;
- c) Defence has conducted a review of the market segmentation, particularly the 'deemed effective markets' that is used to determine the fees and charges paid to DHA. DHA does not accept the recommendations of the review and it has been agreed that this will be considered as part of the review of the Services Agreement to be conducted shortly;
- d) DHA is providing Defence an updated Property Register every six months. Defence is using the Register as part of the validation process of the DHA Rent Bill; and
- e) DHA has provided Defence with an extract from its Corporate Plan that relates to continuous improvement and contains performance targets that align with that Plan and KPIs established with Defence.

While development has commenced, the Housing Management Instructions are currently not yet finalised.


Robert Hill
Minister for Defence