



The Hon Scott Morrison MP
Minister for Social Services

MS15-000199

The Hon Dr Andrew Southcott MP
Chair of the Joint Committee of Public
Accounts and Audit
Parliament House
CANBERRA ACT 2600

Dear Dr Southcott MP

On 22 September 2014, the Joint Committee of Public Accounts and Audit (JCPAA) released *Report No. 445: Regional Cities Program, KPIs and Medicare*.

In regard to the Regional Cities Program, the JCPAA made two recommendations that:

- both the Department of Social Services and the Department of the Environment conduct a full and frank review into the Building Better Regional Cities program, identify the areas of failure and produce a 'lessons learnt' brief for all staff members, and their successors, so as to mitigate the possibility of similar mistakes being made with future programs (Recommendation 3; paragraph 3.42); and
- the Department of Social Services continue to inform the Joint Committee on Public Accounts and Audit through correspondence about the status of housing built with the assistance of the Building Better Regional Cities program every 6 months for the life of the 44th Parliament (Recommendation 4; paragraph 3.46).

The Government's Response is provided by the Secretary of the Department of Social Services. The Secretary of the Department of the Environment has agreed to the response to Recommendation 3.

I recommend that you table the Government's response at **Attachment A**.

I have copied this letter to the Minister for the Environment, the Hon Greg Hunt MP, for his information.

Yours sincerely

The Hon Scott Morrison MP
Minister for Social Services

19 / 3 / 2015

EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

REPORT No. 445

Regional Cities Program, KPIs and Medicare

General comments

The Department of Social Services (DSS) and the Department of the Environment (Environment) acknowledge the comments made by the JCPAA in its report. In particular, the departments acknowledge the JCPAA's comments that the Building Better Regional Cities (BBRC) programme was implemented in a way that gave insufficient attention to the programme's objective, the related key performance target (of delivering up to 8000 additional more affordable homes), the programme guidelines and the importance of achieving value from the expenditure of public funds. While no excuse for the deficiencies in the original design and management of this programme, we would note that issues with the programme were exacerbated by several moves between our departments as a result of Machinery of Government changes.

DSS has recently undertaken two major internal reform processes that have improved its capability in policy development and programme management. As a result of these reforms, the Department has improved the way it designs policy and programmes, and its focus on implementation. The programme management reforms have established a more rigorous, systematic and consistent approach to designing, implementing and managing programmes across DSS. They have enhanced DSS' capability to meet future objectives and challenges.

The programme management reforms established a single DSS Programme Management System, with best practice processes, and clearly defined roles and responsibilities; this is overseen by the newly established Programme Office. This new approach includes an overarching framework for designing programmes and selection processes, an improved focus on risk management, and consistent and centralised selection processes.

Response to the recommendation(s)

Recommendation No. 3 paragraph 3.42

That both the Department of Social Services and the Department of the Environment conduct a full and frank review into the Building Better Regional Cities program, identify the areas of failure and produce a 'lessons learnt' brief for all staff members, and their successors, so as to mitigate the possibility of similar mistakes being made with future programs.

Recommendation Three is supported by DSS and Environment. The departments are undertaking a full and frank review into the BBRC program.

Each department is developing a 'lessons learnt brief' for their staff. Among other things, these will identify: how adherence to the recently introduced mandatory processes and procedures in both departments will mitigate against staff paying insufficient attention to programme objectives, targets, guidelines and the importance of achieving value for money; and whether any additional enhancements should be considered to departmental processes and procedures.

Once the 'lessons learnt briefs' are completed, they will continue to form an important part of the documentation and procedures to be followed for staff designing and delivering future programmes, including a greater focus on minimum requirements and better practice. The departments will also use their 'lessons learnt brief' to assist staff in improving their understanding of the departments' ongoing contract management requirements.

The departments anticipate communicating their 'lessons learnt briefs' to their staff from mid-2015.

Recommendation No. 4 paragraph 3.46

That the Department of Social Services continue to inform the Joint Committee of Public Accounts and Audit through correspondence about the status of housing built with the assistance of Building Better Regional Cities program every 6 months for the life of the 44th Parliament.

Recommendation Four is supported by DSS and the first of these updates, for the period to the end December 2014, is at **Attachment A**.

We thank the Committee for its report and are committed to ensuring the lessons learned from the BBRC programme are applied in all future programmes managed by our respective departments.



Finn Pratt
Secretary
Department of Social Services

12/3/2015



Gordon de Brouwer
Secretary
Department of the Environment

10/3/2015

Status of housing built with the assistance of Building Better Regional Cities program as at 31 December 2014

LGA	Project Name	Lots/dwellings to be built (eligible for BBRC rebate)	Lots/dwellings completed (eligible for BBRC rebate)
Ballina	Ballina Heights Drive	120	27
Ballina	Wollongbar Sports Field	96	49
Fraser Coast	Hervey Bay	583	105
Geraldton	Karloo-Wadina	400	nil
Greater Bendigo	Viewpoint Huntly	100	100
Lake Macquarie	Wyee Sewer	105	nil
Lismore	Unlocking Lismore as a Regional City	200	nil
Maitland	Inner City Connection – Athel D’Ombrain Drive	260	nil
Mandurah	Pedestrian Bridge	34	nil
Port Macquarie	Key Infrastructure and Housing	100	78
Shepparton	Mooroopna West Growth Corridor	86	30
Tamworth	New Opportunity West (NOW) Project	58	nil
Tweed	Hundred Hills Murwillumbah	52	9
Warrnambool	Dennington North Residential Growth Area	75	26
Wollongong	West Dapto Access and Development Strategy	123	nil

Note: All lots/dwellings are due to be built by 30 June 2016, with the exception of Geraldton who is due to build 260 by 30 June 2016 and the remaining 140 by 1 December 2018