

15 FEB 2000



MINISTER FOR FINANCE AND ADMINISTRATION

Mr Bob Charles MP
Chair
Joint Committee of Public Accounts and Administration
Parliament House
CANBERRA ACT 2600

09 FEB 2000

Dear Mr Charles

Bob,

Please find attached the response my department has prepared to the JCPAA Report 371 – Costing of Services that recommends that ‘...the Department of Finance and Administration actively facilitate the development of appropriate costing methodologies’.

The introduction of accrual budgeting has brought a renewed focus to agencies improving their financial management systems. My department is promoting the update of improved financial systems through consultation with agencies on various aspects of budgeting.

As well, my department has been working with agencies undertaking Pricing Reviews to implement appropriate costing systems.

Overall, significant steps are being taken to implement improved processes to financial management in accordance with the Committee’s recommendation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Fahey'.

JOHN FAHEY



EXECUTIVE MINUTE

Joint Committee of Public Accounts and Audit Report 371 - Costing of Services

Response to the recommendation

Recommendation No. 3 paragraph 4.24

The Committee recommends that the Department of Finance and Administration actively facilitate the development of appropriate costing methodologies

DOFA notes the recommendation. Indeed, since the introduction of accrual budgeting DOFA has been actively facilitating the development of appropriate costing methodologies. There is a renewed focus on agencies improving their financial management systems. DOFA is promoting such improvements through consultation with agencies on various aspects of budgeting.

As well, DOFA has been working with a number of agencies undertaking Pricing Reviews to implement appropriate costing systems. These Pricing Reviews will assess the price of agencies' outputs and lead to improvements in costing systems used by agencies. DOFA is taking an active role in advising agencies on the relative merits of alternative costing models.

Overall, the work carried out by DOFA and individual agencies will ensure that Ministers and Parliament have access to higher quality information on the price of outputs produced by agencies in the Commonwealth.

Peter J. Boxall
Secretary

21 December 1999

Reference:	99/..
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