

Outsourcing Defence Housing: A Comparative Study of the Defence Housing Australia and the Canadian Forces Housing Agency initiatives

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Abstract

Defence housing as a component of Ministries of Defence estate has a direct impact on the welfare of personnel and their families and affects operational efficiency of personnel. Meeting these housing obligations to troops, particularly at the end of the twentieth century, has been a daunting challenge to Ministries of Defence (MODs) globally. The phenomenon is, however, more pronounced in Africa due to dwindling budgetary support to MODs. The result has been an increasing shortfall in Defence housing which is impacting negatively on the military culture, outlook and operational effectiveness of personnel. To deal with the housing challenge, some Defence Forces in Africa have explored the Public Private Partnership (PPP) arrangements. A PPP arrangement involves collaboration between a government agency and a private-sector company in the financing, building and operation of public projects. Most of these PPP arrangements have, however, been ad hoc and failed to meet the best practices requirements on planning, organization and management. This study engages in a comparative analysis of the Defence Housing Australia and Canadian Forces Housing Agency initiatives drawing from existing literature on the two housing schemes. It identifies similarities and differences between the two initiatives from planning as well as organizational and management perspectives. The paper posits that the engagement of private expertise in a PPP arrangement is a viable option as MOD-owned lands mitigate fixed cost that can be negotiated away for a lower variable cost spread over a

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period of time. Similarly, African Defence Forces could ensure efficient asset management through large-scale management contracts by bringing onboard other security agencies such as the Police Service, Immigration Service, Customs and Prison Services. Elaborate governance and management practices could be useful in the provision of housing to personnel.

Keywords: Defence Housing, Public Private Partnership, Australia, Canadian, Government Business Enterprise

Introduction

One institution where job satisfaction is viewed as a major contributor to the morale of workers is the Defence forces (Armed Forces). At the center of carrying out its constitutional mandate of defending the state, is its critically important human resource base. It is worth noting that having the requisite number of well-trained Defence personnel is essential, but the ultimate achievement of organizational goals is only assured when personnel are motivated and satisfied with their jobs. Thus, an employee who is satisfied with his/her work may show higher commitment towards the achievement of organizational goals and generally will not readily change jobs (Kreitner & Kinicki, 2001).

Housing, as a motivator, has been identified as an important component of the Ministry of Defence's (MoD) estate, with direct effects on the welfare of most personnel and their families. Moreover, effective operation and management of military housing is believed to be critical in stemming attrition of military personnel (Center for Defence Studies, 2011). Cognizant of the above, Defence forces have traditionally, by policy or custom, provided housing (barracks) for their personnel in return for their preparedness to make the ultimate sacrifice in the service of the nation. Furthermore, the positive correlation between motivated military personnel and operational effectiveness necessitates the provision of housing in a way consistent with operational effectiveness (Center for Defence Studies, 2011).

The end of the Cold War brought dwindling Defence budgets, attributable to higher justification standards required for investment in

national defence. The result has been less investment in the Defence estate including housing (Bruneau & Goetze, 2006). Current public spending constraints necessitated by the global economic slowdown, and the resulting austerity measures in Europe and the US, represents a challenge for Ministries of Defence in fulfilling their housing obligations to the troops (Center for Defence Studies, 2011). This growing shortfall in Defence housing is more severe in Africa since a huge percentage of the Defence budget covers personnel emoluments with only a small percentage meant for investment. Consequently, the drive of MoDs to innovatively and effectively manage Defence housing, by bringing in expertise from the property and commercial sector, is not only relevant but imperative (Center for Defence Studies, 2011). This arrangement could lead to a more efficient use of resources as well as free up the Defence forces to concentrate on their core mission of defending the state.

Given this context, this paper seeks to undertake a comparative study of the housing programs of the Australian and Canadian Defence forces, with a focus on outsourcing as an effective tool for addressing the age-old problem of inadequate military housing in the emerging democracies of Africa. The Australian and Canadian initiatives have been chosen for this study because they compare in scale to Defence forces in Africa. The study will provide an overview of the Defence Housing Australia (DHA) and the Canadian Forces Housing Agency (CFHA) initiatives with highlights on their level of success and challenges. This will lead to an evaluative assessment of DHA and CFHA from planning as well as organizational and management perspectives, after which lessons applicable to Defence forces in Africa will be drawn.

Defence Housing Australia

Background

The Australian Department of Defence has grappled with inadequate military housing for decades. Following decades of inattention, the quality of housing available to Defence personnel became a top priority

issue for the Department of Defence (DoD) and indeed was seen as a matter of national security in the mid-1980s (Australian Housing and Urban Research Institute, 2010). According to a comprehensive survey conducted by Sue Hamilton of the Office of the Status of Women in 1985, poor housing contributed, in no small measure, to early attrition of skilled personnel from the Defence force (Hamilton, 1986).

In 1985, Defence Minister Kim Beazley commissioned the J.V. Monaghan's Task Force on Australian Public Service and Defence Housing Programs. The Task Force investigated the problems associated with Defence housing and provided recommendations to improve Defence housing. This was done in recognition of the positive correlation between housing as part of a bigger military welfare system, and operational readiness and retention (Australian Housing and Urban Research Institute, 2010). The Task Force identified among others, the following flaws in the existing Defence housing scheme: the DoD lacked funding to adequately produce, maintain and operate quality housing; about 13,700 units, representing 60 per cent of Defence housing stock, were unsuitable; a large proportion of housing was managed by various states' public housing authorities; houses were poorly maintained; and many of these houses were poorly located and no longer met Defence operational requirements (Defence Housing Authority Annual Report, 1998).

To address these problems, the Task Force recommended setting up a statutory authority to manage the Defence housing delivery system, with a focus on large-scale joint ventures with private industry instead of the existing small-scale leasing scheme (Monaghan, 1985). This authority would be a separate legal entity with the capacity to act commercially, borrow from the domestic capital market, and trade in its housing stocks. Accordingly, the Hawke-Keating Labor Government, under the Defence Housing Authority Act 1987 legislation, created the Defence Housing Authority. In 2007, the name of the organization was changed to Defence Housing Australia (DHA) by a 2006 legislation amendment of the Defence Housing Act 1987 (Australian Housing and Urban Research Institute, 2010).

Evolution of Defence Housing Australia

The history of Defence housing in Australia can be traced to the War Service Homes Act 1918 (Australian Housing Commission, 1976). The post-World War I federal legislation assisted veterans of the war in acquiring homes upon their return. Later, the scheme was expanded to include veterans of World War II and those who served in Korea and Malaya, with the amendments to the War Service Homes Act in 1941 and 1951 respectively. After a failed attempt to build houses on a large scale, the War Service Homes Commission employed the Commonwealth State Housing Agreements (CSHA) to meet the growing demand for homes (Australian Housing and Urban Research Institute, 2010). Accordingly, the state, under this arrangement, built houses under their general public housing construction programs and allocated portions of these houses to service personnel. The state then owned and maintained the houses while the Commonwealth became the tenant (Monaghan, 1985).

In 1947, the office of the War Service Homes Commissioner was abolished and a corporate body known as the Director of War Service Homes was established. Furthermore, pursuant to Prime Minister Whitlam's policy on ending conscription and establishing a motivated all-volunteer force, the War Service Homes Act was amended in 1973 to include active personnel in peacetime for the provision of housing (Australian Housing Commission, 1976). The name was then changed to the Defence Service Homes Act 1973. This act was again amended in 1975 and the Director of War Service Homes was renamed the Australian Housing Corporation under the Department of Urban and Regional Development. By the mid-1980s, the DoD had assumed the administration of Defence housing which was in a poor state. This resulted in the establishment of the Defence Housing Authority which evolved over time into today's Defence Housing Australia.

Phase I of Defence Housing Authority (1988-96)

The efforts of DoD, in addressing widespread dissatisfaction with the quality and standard of Defence housing, culminated in the

passing of the 1987 Defence Housing Authority Act. The Act allowed the establishment of the Defence Housing Authority as a quasi-governmental (semi-independent) agency to provide housing and services to Defence members and their families. Though a government subvented organization, the Authority was designed to be financially flexible and relatively free from bureaucratic control, enhancing the authority's capacity to be innovative and entrepreneurial in its approach towards Defence housing provision (Defence Housing Authority Annual Report, 1988). With a strategy predicated on ownership of housing stock as more cost effective than leasing, the Authority built and purchased new housing, upgraded housing units, and disengaged from the states' public housing bodies (CSHA). This was funded through tax waivers, non-payment of dividends on profits, joint venture arrangements with the private sector and borrowing from the domestic capital market (Australian Housing and Urban Research Institute, 2010).

Phase II of Defence Housing Authority (1996 – 2007)

With the change of federal government from Labor to Liberal in 1996, the Defence Housing Authority's ability to generate funds took a nosedive. This drawback was the result of a government policy shift of transforming the agency from subsidized to self-sustaining one (Defence Housing Authority Annual Report, 1997). As a government business enterprise, the Defence Housing Authority was expected to pay its accumulated debt to the government as well as dividends to its stakeholders. Consequently, the Authority's objectives, operations and management changed. With an additional responsibility of delivering relocation services, the means of meeting its aim of providing acceptable and affordable housing for Defence members and their families changed under the circumstance (Australian Housing and Urban Research Institute, 2010). This phase of the Defence Housing Authority programme which lasted for eleven years, focused on providing the greater proportion of its housing stock through private sector investment and reducing its reliance on borrowing. Through the Sale and Leaseback (SLB) program, the Authority successfully funded

its operations and repaid a substantial part of its debt accumulated in its first eight years of operation (Defence Housing Authority Annual Report, 1997).

Defence Housing Australia Phase

Following John Uhrigs' 2002 review report on governance of statutory authorities, the Federal Parliament, in 2006, passed the Defence Housing Authority Amendment Bill aimed at getting the best performance and accountability from these authorities (Australian Housing and Urban Research Institute, 2010). The new Act in 2007 changed the name of the organization to Defence Housing Australia (DHA). The Act broadened DHA's functions to extend its services to other government agencies and established a smaller but more commercially focused board with greater freedom to act (Defence Housing Authority Annual Report, 1997). DHA currently provides about 85 per cent of the Australian Defence Force (ADF) housing requirement through construction, purchasing and leasing. The agency maintains and renovates current houses. The remaining 15 per cent is covered by Rental Allowance from the private rental market (Gallagher, 2010). The Defence Force pays DHA market rent (determined by independent valuations in each locality) based on amenity and locality for houses. For leased houses, DHA passes on the market rent from Defence to the lessor but retains a percentage as management fee. Subsequently, under the Group Rent Scheme housing policy, Defence levies ADF members a contribution as a percentage of the market rent (Gallagher, 2010).

Mandate and Role of Defence Housing Australia

The mission of DHA is to deliver efficiently, housing and related services to Defence members and their families that meet Defence operational and personnel requirements. Consequently, DHA buys land and, with the assistance of the private sector, develops and constructs houses or when required, purchases new houses outright (Defence Housing Authority Annual Report, 2013). It also provides housing allocation and tenancy management services to Defence families, and property

management services to lessors. DHA finances its commitments by selling and leasing houses through its SLB program¹³, rents collected for Defence, the sale of land and houses from its major development and the disposal of surplus properties. As a Government Business Enterprise (GBE) guided by the provisions of the Commonwealth Authorities and Companies (CAC) Act 1997, DHA maintains a balance sheet and meets shareholder return obligations including payments of tax and dividends (Defence Housing Authority Annual Report, 2013).

To achieve the above, the DHA has pursued some strategic objectives namely: housing supplied and managed effectively to meet Defence requirements; sustainable long-term financial position and strong corporate governance; and enhanced customer service. Others are good stakeholder management and public relations; motivated, engaged and productive staff; and information technology solutions that enhance the business and customer service (Defence Housing Authority Annual Report, 2013).

Level of Success and Future Challenges

The DHA since its inception has made significant progress towards the fulfillment of its mandate. The DHA's 2012-2013 Annual Report described the performance of the organization over the years in a challenging residential property market, as very satisfactory. Accordingly, the DHA housed about 16,000 Defence families in own properties, and 240 singles in their own off-base apartments. The organization also administered the payment of Rent Allowance to about 14,500 Defence families and singles in private rental housing. Furthermore, the DHA successfully acquired suitably located land and developed major holdings. Average occupancy rates on the DHA-owned and leased portfolio were maintained at around 92 per cent, while the completion rate for routine maintenance was held at 89 per cent within 15 days as against a target of 80 per cent in 28 days (Defence

13 SLB is a program in which an investor can purchase a DHA property on the condition that they lease it to DHA for a period between six and twelve years. They are paid guaranteed market rent but charged a management fee which includes routine maintenance of 16.5 per cent of rental income.

Housing Authority Annual Report, 2013). Finally, DHA generated high satisfaction level with its tenants and stakeholders (Australian Housing and Urban Research Institute, 2010).

Notwithstanding these successes, a few challenges are anticipated. Improving the quality of housing using modern amenities such as air-conditioning, solar hot water and water tanks will add complexity, cost and maintenance cost to rental houses. Another challenge is the anticipated rise in the cost of long-term provisioning of houses as houses age and new developments move further away from bases and city centers.

Canadian Forces Housing Agency

Background

Moving from a mobilization force to a volunteer service in the early 1950s, the Department of National Defence (DND) and the Canadian Forces (CF) evolved different recruitment and retention policies to meet changing socio-demographics of the military (Wait, 2002). Faced by strong competition from industry for the young and educated workforce, the CF introduced a number of quality-of-life programs and policies at different periods. These programs included improved compensation and benefit packages, and family housing (Girvan, 2003).

From 1996 to the present, family housing has assumed immense importance to CF members and families since they are required to change locations over the course of a military career. The posting cycle is a critical component of operations and career development for military members. Consequently, the DND and CF recognized that access to suitable and affordable housing would not only be significant to the well-being and morale of troops and their families, but also improve operational effectiveness of the Force. Subsequently, the Canadian Forces Housing Agency (CFHA) was created to concentrate accommodation resources and related expertise under a single dedicated organization.

Evolution of Canadian Forces Housing Agency

Canada, during the interwar period, maintained a small military force with majority made up of unmarried males and those unaccompanied by their families. Consequently, military housing was given minimal attention as families were seen as the soldier's problem (Martin & Pamela, 1999). Apart from the attempts to introduce some wartime housing under the patronage of Wartime Housing Limited (WHL), from 1941- 48, there was no deliberate provision made for families during the pre-1949 period (Fortier, 2000). However, the Canadian Forces, cognizant of the remoteness of the locations of established military bases and stations, instituted "a wide spread family housing, or married quarters, program... as a way of improving the soldier's lot in life" (Fortier, n. d.). With most of the CF houses located in a physically-defined military community since the 1950s, the changing demographics of the force resulted in changes to the needs of housing (Fortier, 1996).

Over the years, the military housing stock, particularly MQs, suffered neglect due to the fact that with so many competing demands on the Defence budget, housing comes a poor second to Defence capability. At the same time, the devolution of the Defence budget aggravated the poor housing situation, as MQs maintenance and improvements, depended on how much maintenance funds each service (i.e., the army, navy and air force) devoted to housing (Canada House of Commons, 1998). The Department of National Defence subsequently centralized this responsibility under the auspices of the Canadian Forces Housing Agency (CFHA). Formed in 1996 as a provisional agency, in anticipation of assuming full Special Operating Agency status, the CFHA was expected to maintain and upgrade military MQs using rental income collected for the MQs while eliminating operating losses. It assumed full management responsibility of the MQs by 1997 (Canada House of Commons, 1998).

However, the CFHA's efforts at attaining the status of a Special Operating Agency (SOA) and implementing its mandate, has faced several obstacles. These include: the absence of a policy framework; no clearly defined mandate; no agreed housing requirements; non-

innovative delivery strategies and absence of accounting regime. In 2001, following recommendations from the Chief Review Services report of a strategic level review of mandate and governance matters affecting the CFHA, the Deputy Minister of Defence (DM) and the Chief of the Defence staff (CDS) issued a directive for action which culminated in the transition of CFHA into a full SOA and the involvement of the private sector in meeting housing demand in March 2004 (Chief Review Services, 2001).

Mandate and Role of the Canadian Forces Housing Agency

The CFHA is the managing authority of the DND residential housing portfolio. To this end, the Agency contributes significantly to the well-being and morale of CF members and their families (Canadian Forces Housing Agency Annual Report, 2013). The CFHA is mandated to effectively manage state-controlled residential accommodation assets on behalf of the DND and CF, to ensure access to suitable military housing on a financially self-sustainable basis. The CFHA also ensures maintenance of these accommodation assets, occupied or available to be occupied, to an acceptable standard. Additionally, the Agency develops and implements plans to address current and forecasted housing needs of the CF consistent with DND accommodation policy and DND strategic objectives for residential accommodation support in 2020 (Accommodation 2020) (Canadian Forces Housing Agency Annual Report, 2013). Driving the mandate of the CFHA is the articulated mission and vision.

The mission of the CFHA is “To manage assets and provide accommodation services in support of the CF requirements and the CF members need” (Canadian Forces Housing Agency Annual Report, 2013). Its vision is to be an agent of excellence in providing wide-ranging innovative accommodation solutions to military members. To accomplish the mission and contribute to the achievements of Accommodation 2020 goals, the CHA set the following strategic objectives: Provide excellent services to customers and clients; be an agent of excellence in the provision of residential housing for the CF; foster a vibrant, competent work force in a healthy workplace; and

excel in sound management practices and stewardship of resources. CFHA funds its activities from revenues from shelter charges and appropriations from DND.

Level of Success and Future Challenges

The CFHA has contributed significantly to the quality of life of military members and their families. It successfully allocated and maintained over 12,000 state-owned housing units across 33 locations in Canada. The Agency also provided customer services to all clientele with minimal staff at a reduced operational cost. The main challenge anticipated in the future is guaranteed level of funding from government (Canadian Forces Housing Agency Annual Report, 2013).

Comparative Assessment of Defence Housing Australia and the Canadian Forces Housing Agency Programs

Available literature indicates that the DHA and the CFHA have contributed to improving the well-being and morale of military members and their families in Australia and Canada respectively, consistent with DHA and CFHA strategic goals. It is worth noting that the planning, organization and management of these housing initiatives have been critical to the successes of the DHA and CFHA until today. As a result, an analysis of these two housing initiatives from the planning as well as organizational and management perspectives could provide useful lessons for other small to medium-size Defence forces.

Planning Perspective of Defence Housing Australia and Canadian Forces Housing Agency

A cursory examination of the planning processes of the DHA and the CFHA reveal both common and dissimilar factors that shaped the solutions that each initiative proposed. The Departments of National Defence (DND) and the Defence forces of Australia and Canada respectively recognized that the unique circumstances of military

life create undue pressure on Defence personnel and their families. They may be moved to different locations around and outside the country in frequent and short timeframes. Both Defence authorities also acknowledged that access to good quality and affordable housing contributes to operational effectiveness, morale and well-being, and improved recruitment and retention of Defence members. Additionally, home ownership by Defence members was encouraged by both authorities. It is worth noting that Defence Forces in Africa also recognizes the above factors and therefore shares the commitment of providing suitable housing for their personnel in a sustainable manner.

On the other hand, while the DND of Australia and the Australian Defence Force (ADF) recognized the entitlement of Defence members and their families to housing and therefore accepted that responsibility, access by CF members to suitable living accommodation was not considered as an entitlement or benefit by the Canadian DND and CF. Similarly, while Australian Defence authorities advocated an entirely self-funded agency utilizing private business enterprise and expertise, the Canadian authorities settled for a dedicated government subsidized organization. Furthermore, while about 60 per cent of DND/ADF housing portfolio were owned by various states' public housing authorities and leased as Defence housing under the CSHA, the DND/CF housing stock is wholly owned. These factors helped shape the planning of the two housing initiatives resulting in the Public Private Partnership strategy adopted by DHA as against the Special Operation Agency strategy of the CFHA.

Policy Framework

The creation and operations of the DHA and the CFHA have been guided by broad policy frameworks shaped by factors alluded to in the preceding paragraph. These policy frameworks comprised legislation, regulations and policies. The differences in the frameworks explain the different approaches to the provision of housing to their respective Defence Forces.

Relevant Statutes

The modes of operations of the two housing programs were rooted in law and appropriate regulation. This is crucial as that gave the programs legitimacy and to some extent acceptability. The Defence Housing Australia was set up under the Defence Housing Authority Amendment Act 2006. The Act addresses the following areas: primary function of DHA; DHA shareholders; relationship with shareholders; governance structure; and accountability framework which placed high premium on the development of objectives and performance indicators. The shift from an arm of government to a statutory Government Business Enterprise, under the Commonwealth Authorities and Companies Act 1997, also provided opportunity for the DHA to adopt more innovative approaches to the provision of housing. This, unlike the CFHA, is the central principle of the DHA strategy.

Similarly, the Federal Real Property and Federal Immovables Act and the Federal Real Property Regulations are the relevant statutes guiding the creation and operations of the CFHA. However, unlike the DHA, these statutes sanctioned the CFHA as a centralized state subsidized departmental Special Operating Agency to manage the deteriorating state-controlled MQs for the DND. Complementing these statutes are policies.

Policy Directives

The operating principles of the DHA and CFHA were also guided by policy directives at the national level as well as DND regulations, Orders, Directives and Publications. Accordingly, the DHA business model is defined by these policy directives. First and foremost, Defence members and their families are entitled to suitable accommodation under the New Housing Classification Policy and the Group Rent Scheme Housing Policy. Also, the DHA business model begins with a signed Service Agreement with DND formalizing the services to be provided to ADF employing two planning tools; Defence Housing Forecast (DHF) and Draft Provisioning Scheme (DPS). Thus, DND provides DHA with its housing requirements in the DHF in terms of

numbers, location and classification over a four-year period. Taking into account the market and financial realities, DHA responds with a DPS. Following negotiation, DHA is contracted to supply an agreed level of housing through an approved provisioning schedule. Generally, DHA meets 85 per cent of the Defence requirement with the 15 per cent covered by private rentals where members receive housing entitlement as Rent Allowance (Defence Housing Authority Annual Report, 2013).

In the same vein, the Canadian DND living accommodation policies, plans and initiatives defined the direction on accommodation and the quality of life of CF members. However, unlike DHA, housing is not considered an entitlement to CF members although the DND/CF recognized that access to suitable and affordable housing contributes to operational effectiveness, morale and welfare of troops and their families. By way of policy therefore, the DND/CF through the CFHA provides intervention only if the private sector market cannot meet the needs of CF members. The DND/CF also ensured affordability through compensation.¹⁴ Notwithstanding the comprehensive policy frameworks, guaranteed funding arrangement is critical if the end-states of these housing initiatives are to be realized.

Funding Mechanism

It is without doubt that funding opportunities had been a critical planning factor that influenced the business models of the DHA and CFHA. Although faced with a common challenge of inadequate government funding due to competing budget priorities, the DHA and CFHA had dissimilar funding arrangements for their respective business models.

Aside guaranteed level of funding, business enterprise and expertise were other factors that necessitated the Public Private Partnership business model adopted by the DHA. As a self-sustained Government

14 DAOD 5024-0, DND Living Accommodation.

Business Enterprise, the DHA financed its operations with revenue from rents collected and its property development business such as the Sales and Leaseback (SLB)¹⁵ program. By this arrangement, DND/ADF pays DHA market rent (Rents collected) based on facilities and location as fees for the provision of housing services to members. Meanwhile for leased houses, DHA passes on total market rent from DND/ADF to lessor, retaining a small management fee. Subsequently, DND levies ADF members a contribution as a percentage of market rent for a suitable house consistent with the Group Rent Scheme Housing Policy (Gallagher, 2010).

Unlike the DHA, funding had been the critical factor that shaped the SOA approach adopted by the CFHA. Again, the operating activities of the CFHA were funded by the DND from vote-netted revenue from shelter charges generated from the housing portfolio and credited to the Defence appropriation. The shelter charges were appraised annually with the assistance of Canada Mortgage and Housing Corporation (CMHC) regulated by the Queens Regulations and Orders. The Agency received additional funding from departmental appropriation for DND-directed activities as well as proceeds from state property disposals (CFHA Revised Charter, Annex A-13/39). The emphasis of the CFHA business model centered on centralizing the management of state-controlled housing for the DND/CF to reduce operational losses.

Organizational and Management Perspective of Defence Housing Australia and Canadian Forces Housing Agency

The operations and business activities of DHA and the CFHA were underpinned by extensive organizational and management structures. These structures driven by planned policy frameworks reflected the business models of the two organizations. Organizational and management structures identified included governance and accountability frameworks as well as asset management.

15 Sales and Leaseback (SLB) program means DHA sells housing to private investors who then lease the property back for DHA to manage.

Governance Framework

The importance of good governance to the success of the two housing programs cannot be overemphasized. As a result, the DHA and CFHA had elaborate governance frameworks consistent with their legal status as GBE and SOA respectively.

A review of the DHA operations revealed a strong governance capacity of highly skilled directors obliged by legislation and a clearly defined and stable mission statement. As a GBE, the DHA has a comprehensive governance framework with clearly outlined governance processes. With an Advisory Committee made up of key stakeholders and a 9-member Board of experienced Directors with three sub-committees (i.e., Board Nomination and Remuneration, Board Audit and Property Committees), the DHA represented a mix of skills that reflected the range of activities undertaken (Australian Housing and Urban Research Institute, 2010). In this governance arrangement, institutional responsibilities and functions of each component were clearly defined, de-conflicted and documented. Another critical governance process is the existence of a Board Charter which provided guidance on the Boards behavior and the Audit Committee's operations. The Charter also outlined a Code of Conduct for Directors and an assessment process for determining performance of Directors and the Board (Australian Housing and Urban Research Institute, 2010). The role of the DHA Advisory Committee as a feedback mechanism of the business model is also worth mentioning.

Similarly, the CFHA as a SOA had a clearly defined governance structure with the Minister of National Defence at the Apex but accountable to Parliament. Equally, responsibilities and functions of components of the governance structure were clarified and documented. However, unlike the DHA, the CFHA had a large Accommodation Board membership inconsistent with best practices, skewed heavily to the military, and therefore lacked the appropriate private expertise mix expected. In the existing arrangement, the CF is indirectly heavily involved in the provisioning of housing to members contrary to contemporary Defence organization and management principles.

Although the performance indicators for the Board were clearly defined, the same board was responsible for initiating and approving amendments to these terms of reference. The fact that the Assistant Deputy Minister (Infrastructure and Environment) responsible for overseeing the CFHA's performance reports to the Deputy Minister of National Defence and particularly the Chief of Defence Staff (CDS) is in the view of the writer, an anomaly inconsistent with contemporary Civil-Military Relations concepts.

Accountability Framework

At the organizational level, the DHA and CFHA programs have embedded in them structures eliciting accountability. The high premium placed on the development of objectives and performance indicators in both housing programs is a case in point. Another accountability arrangement common to both DHA and CFHA is the comprehensive reporting framework. This framework is undertaken through a number of processes such as annual reports, annual business reports and performance measurement reporting. In the case of the DHA, the annual assessment of its Directors and the Board is an important accountability tool in gaining the best performance from them. Furthermore, DHA's detailed Annual Report, the Board Audit Committee's half yearly Reports, as well as a comprehensive web site, provided detailed information on DHA's performance against its performance targets.

In the same vein, the CFHA Result-based Management and Accountability Framework (RMAF) imposed by Treasury Board's legislation, provided a framework for measurement, evaluation and reporting of performance. The RMAF also serves as a feedback mechanism to the CFHA as it enables the CFHA to account to the Deputy Minister and the CDS on achievement compared to planned results. The legally required Annual Report of CFHA also enhances accountability leading to optimal performance. Finally, the clearly defined relationship among all the stakeholders common to both housing programs improved accountability.

Asset Management

The effective management of Defence assets was an integral part of the range of functions embodied in the business models of the two housing schemes. These assets include the legacy Defence housing and the land on which they are situated. Even though DND's ownership of the land on which Defence housing is located justified the exploitation of private partnership, as it reduces fixed cost, the planning assumptions which shaped CFHA's policy framework overlooked it. On the other hand, though the DND/ADF recognized this fact, its exploitation was limited since these houses were at physically defined military communities such as barracks, bases and stations. As a result, the business model of DHA involved replacing and upgrading of the legacy Defence housing in addition to constructing new houses on bought private lands.

Secondly, the DHA employed large scale maintenance contracts to drive down cost of maintaining its housing portfolio. The strategy of selling off or redeveloping inappropriate housing stock to meet client's needs is another useful asset management effort.

Lessons for Defence Forces in Africa

From the foregoing, it is evident that the socio-demographic and economic factors that necessitated the creation of the two affordable housing schemes in Australia and Canada are the very challenges faced by many Defence Forces in Africa. Defence Forces in Africa are still grappling with the difficult choice between funding Defence capability or housing infrastructure. Accordingly, this study provides potential lessons for the provision of affordable housing for members of African Defence Forces without sacrificing Defence capability. This is particularly useful as personnel and their families in most Defence Forces in Africa are entitled to living accommodation.

Viability of Public Private Partnership Arrangements

The success stories of Australia and Canada reinforce the possibility of Defence Forces in Africa successfully addressing the housing

challenge through similar innovative business models. This makes the engagement of private expertise in a Public Private Partnership (PPP) arrangement a viable option. Within the African context, such a housing solution should address both operational and human security concerns of personnel. This will therefore require a two-pronged PPP business model. The first tier of this model could be Defence housing provision for serving personnel, while arrangement for personnel to own homes at the twilight of their service could constitute the second tier.

Defence Housing for Defence Forces Members (Tier 1)

A PPP business model for the provision of appropriate housing for Defence personnel and their families ought not to be ad hoc. Such an arrangement should be well-conceived, unique to their respective circumstances, comprehensively planned, driven by housing forecasts and compliant with the requisite organizational and management tenets. This phase of the business model should aim at meeting about 80 per cent of Defence housing requirements. The allocation of these houses should be consistent with the operational requirements of the respective Defence Forces in order to enhance operational efficiency. Moreover, unlike Australia and Canada, the MODs in most African countries' also own lands outside their regular barracks, bases and stations. Consequently, any such PPP model could leverage on these lands as fixed costs that could be negotiated away for a lower variable cost spread out over time. The focus of this housing arrangement is on the lower¹⁶ to the middle¹⁷ level manpower of the Force which are required to be within barracks and easy reach to ensure discipline, developing military culture in personnel and therefore enhancing operational efficiency.

16 Lower level military manpower refers to the working class of the Force which comprises private soldiers through Sergeants and their equivalents (for Non-Commissioned Officers' category) and Second Lieutenant through Captain and their equivalents (for Commissioned Officers' category).

17 Middle level military manpower refers to the supervisory class of the Force. These comprises staff Sergeants through lower class Warrant Officers (for Senior Non-Commissioned officers' category) and Majors to Lieutenant Colonels and equivalents (for Commissioned Officers' category).

Personnel Home Ownership Arrangement (Tier 2)

Defence housing provision besides engendering job satisfaction, motivation and consequently operational efficiency, also has human security implications on personnel. These security concerns are more pronounced at the twilight phase of the careers of personnel. The fear of appropriate shelter for Defence personnel and their families after disengaging from the Force, is what, in the opinion of the author of this article, the second tier of the PPP business model ought to address. The focus of this phase of the PPP business model should be on the categories of personnel within the twilight of their career and constitute the remaining 20 per cent of the Defence housing requirements. It is proposed that as part of the PPP business model, African Defence Forces could leverage on their numbers and credit worthiness (as personnel are paid from a government consolidated fund) to negotiate an affordable home mortgage facility with a private commercial partner. Such an arrangement will ensure that personnel can transition to their own homes when at the twilight phase of their career freeing up housing for the younger personnel.

Asset Management

Poor state of housing infrastructure due to weak maintenance regimes is a common feature of African MODs' estates. Additionally, the lesson of efficient asset management (about creation and maintenance of assets) using a large-scale maintenance contract, requires African Defence Forces to consider bringing on board, other government agencies such as the Police Service, Immigration Service, Customs and Prison Services. This would create the necessary synergies and economies of scale. Finally, the elaborate governance and management practices developed as the DHA moved from a wholly government-funded to a government business enterprise, provide a useful lesson for affordable housing provisioning.

Conclusion

The Australian and Canadian military authorities, just like most Defence forces had over the years struggled to provide suitable and affordable living accommodation to Defence members and their families due to competing budget priorities. Responding to the growing emphasis on the morale and well-being of Defence members and their families, the DND/ADF and the DND/CF created the DHA and CFHA respectively to address the housing challenge. The business models developed by the two housing agencies have provided affordable housing to a good number of Defence members and their families and generated high satisfaction levels with its tenants and stakeholders. Current operations and practices of the DHA and CFHA provide useful lessons for Defence forces in Africa. It is recommended that MODs of African Defence Forces engage a private expertise in a PPP arrangement unique to their respective circumstances in the provisioning of Defence housing.

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