

Annual Report 2021-22

Digital report

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30 September 2022



The Hon Matt Thistlethwaite MP
Assistant Minister for Defence
Parliament House
Canberra ACT 2600

Senator the Hon Katy Gallagher
Minister for Finance
Parliament House
Canberra ACT 2600

Dear Ministers

On behalf of the Board of Directors, I am pleased to present Defence Housing Australia's (DHA) Annual Report 2021–22 for the year ended 30 June 2022 (the report).

The report has been prepared in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), related instruments and guidance material, including the *Public Governance, Performance Accountability Rule 2014* and *Commonwealth Government Business Enterprise Governance and Oversight Guidelines*.

In the Board's opinion, the report is based on properly maintained records and accurately reflects DHA's performance against the purposes and performance measures set out in our Corporate Plan 2021–22 to 2024–25 and Statement of Corporate Intent 2021–22.

I trust that while this report is primarily a mechanism of accountability to the Australian Government, it will also be a valuable source of information for the Parliament and the public about the achievements and performance of DHA for the reporting year.

I commend this report to you as a record of DHA's achievements and compliance, and request that you present it to the Parliament in accordance with section 46(1) of the PGPA Act.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Sandy Macdonald'.

Hon J.A.L. (Sandy) Macdonald AM

Chair



About this report

This report is the Board of Directors' primary mechanism of accountability to the Parliament of Australia and has been prepared in accordance with legislative and parliamentary reporting requirements.

This report describes Defence Housing Australia's (DHA) performance against stated objectives and performance measures for the period 1 July 2021 to 30 June 2022 as set out in our Corporate Plan 2021–22 to 2024–25 (Corporate Plan 2021–22) and publicly available Statement of Corporate Intent 2021–22 (www.dha.gov.au/sci). In accordance with section 16E(4) of the PGPA Rule, the Board has chosen not to make our Corporate Plan publicly available to protect DHA's commercial interests. Rather, we prepare and publish a Statement of Corporate Intent annually, based on our Corporate Plan. The Statement of Corporate Intent 2021–22 provides a high level, overview of DHA's key priorities for the financial year and was published in August 2021.

Guide to this report

Part 1 provides a review of the year from our Chair and Managing Director and details of our significant highlights and achievements over the reporting period.

Part 2 provides an overview of our purpose, responsibilities, services to Defence and landlords, our property portfolio, organisational structure, and financial structure as at 30 June 2022.

Part 3 contains our annual performance statement and a detailed assessment of our performance in 2021–22.

Part 4 details our management and accountability processes, including corporate governance, external scrutiny, and workforce management.

Part 5 contains our consolidated financial statements for 2021–22.

Part 6 contains appendices and reference information.

The appendices provide supplementary information on specific areas of the business, including those that required under legislation.

The reference information includes a list of acronyms and abbreviations, a compliance index, a directory of our services and offices, and an alphabetical index.

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PART 1

Year in review

Chair's review

Managing Director's review

2021–22 in summary

Awards and achievements

Chair's review



Hon J.A.L. (Sandy) Macdonald AM

It gives me great pleasure to introduce Defence Housing Australia's (DHA's) Annual Report 2021–22.

Over the previous year, DHA continued to deliver quality housing and services in the face of the ongoing COVID-19 pandemic. The Managing Director will comment more specifically on DHA's operational achievements, however, I wanted to highlight some key areas.

Operating environment

The context within which DHA operates is complex and constantly evolving. In 2021–22, we embedded our revised business model into business-as-usual operations and developed DHA's Technology Refresh Program, with a renewed focus on our core purpose—providing Australian Defence Force (ADF) members and their families with housing services. We continue to work closely with the Departments of Defence and Finance to ensure alignment with government needs.

COVID-19 pandemic

The ongoing COVID-19 pandemic continues to challenge us as a country and organisation. In this constantly changing environment, DHA has established flexible and responsive ways of working to deliver services and ensure a safe workplace. On behalf of the Board I extend special thanks to our staff across the country who remained dedicated and continued to meet the needs of our customers throughout the ups and downs of 2021–22. Their tireless efforts, flexibility and dedication was, and continues to be, extraordinary.

Support of the Australian Government

In 2021–22, DHA worked very closely with Shareholder Ministers and their departmental representatives to ensure we continue to meet the current and future needs of the Australian Government.

DHA will return a dividend of \$78.2 million for 2021–22. This is a substantial effort given the challenges.

I would like to thank the previous Minister for Defence, the Hon Peter Dutton MP, the Minister for Finance, Senator the Hon Simon Birmingham, and the previous Minister for Defence Personnel, the Hon Andrew Gee MP, for their support of DHA.

I look forward to working with the newly appointed Minister for Defence, the Hon Richard Marles MP, the Minister for Finance, Senator the Hon Katy Gallagher, and the Assistant Minister for Defence, the Hon Matt Thistlethwaite MP, over the coming year.

Support of the Defence community

DHA remains committed to delivering on our primary purpose to provide housing and related services for ADF members and their families. We are also proud members of the broader Defence community and play an important role in supporting Defence capability to defend our country.

In 2021–22, DHA participated in two major sponsorships. DHA supported Legacy Australia's Centenary Torch Relay which is a campaign to acknowledge veterans' families, salute their sacrifice and particularly to acknowledge the role that Legacy has played over the past 100 years.

DHA agreed to a 12 month collaboration with Kookaburra Kids to enable it to support young people impacted by family mental illness. It provides a range of programs such as support camps, activity days and online sessions. Kookaburra Kids offer a dedicated program to support the unique needs of children of Australian Defence Force families.

As well as our major sponsorships, we have a long history of supporting small community organisations that play a key role in the Defence community. In 2021–22, we supported the Military Wives' Choir, the Northern Territory Officers' Ball and the Sydney Legacy Remembrance Day lunch.

Our presence at these events provides a positive interaction between DHA, ADF members and their families. It highlights our brand and services to other Defence support groups and key stakeholders.

Support of the broader community

One of the most pleasing aspects of DHA's national operations is that we can contribute to local and regional economies. In 2021–22, we continued to employ local businesses and tradespeople wherever possible in maintaining our property portfolio, constructing new properties and creating new residential communities.

Appointments and acknowledgements

Board

The Australian Government appoints DHA Board members. In 2021–22, the Board welcomed the reappointment of Mr Robert Fisher AM as a commercial director and Mr Simon Lewis AO PSM as the nominee of the Secretary of Finance. Mr Fisher and Mr Lewis bring valuable perspectives and experience to the Board.

The current composition of members brings together a diverse range of skills and experience. I thank them for their service.

Managing Director

I wish to acknowledge Mr Barry Jackson and his exemplary leadership of DHA over the previous year. The Board and I thank him for his efforts, particularly in relation to implementation of the revised business model, the development of DHA's Technology Refresh Program, and oversight of DHA's operations throughout the COVID-19 pandemic.

Staff

I would like to acknowledge and thank the Leadership Team and all staff for their ongoing efforts and achievements in 2021–22.

The Board and I are consistently impressed and thankful for the professionalism and commitment to service that is displayed. DHA has highly motivated people at every level of our highly decentralised organisation.

There are always challenges in a business as large and complex as DHA, but I am confident we will continue to navigate them and deliver quality outcomes for ADF families, landlords and shareholders in 2022–23.



Hon J.A.L. (Sandy) Macdonald AM
Chair

Managing Director's review



Mr Barry Jackson

In 2021–22, DHA continued to contribute to Defence capability by providing sufficient suitable housing for, and housing related services to, ADF members and their families.

We supported Defence outcomes by housing 15,844 ADF members and their families, supporting 7,211 families to relocate across Australia during the year, administering rent allowance for 16,066 ADF members and managing 153,671 Living in Accommodation bookings.

We continued to manage and overcome a range of external factors challenging our ability to deliver value to our Shareholders through achieving our purpose. COVID-19 continued to affect the coordination of housing and ADF member postings, property market volatility affected property prices and availability, building supplies shortages affected the timing and delivery of some of our housing and extreme weather events in early 2022 required us to support ADF members through a series of flooding events along Australia's east coast.

Performance highlights

DHA provided flexible housing options to ADF members and their families to meet the evolving needs of the ADF. We achieved this through providing a portfolio of suitable properties, ongoing improvements to our services, supporting the ADF Employment Offer Modernisation program, and Flexible Housing Trial being run by Defence, and the execution of the contemporised Defence Services Agreement. The new agreement provides a strong foundation for further modernisation, through ongoing review of the Agreement to ensure it remains fit-for-purpose. The execution of revised Defence Services Agreement also addressed recommendation two of the ANAO *Report 31 (2019–20) Management of Defence Housing Australia* and provides key performance indicators to support the measurement of performance against the objectives and desired outcome of the agreement.

We commenced further investigation of strategic partnerships and revised provisioning strategies to help support our ability to provide adequate and suitable housing to ADF members by mitigating provisioning challenges and increasing our leasing capacity. Our initial trial in Darwin was successful, receiving strong interest from the market.

DHA continued to improve the way we deliver our services. We enhanced our service delivery models and digital platforms to provide more services online, making it easier for ADF members and their families to do business with us when it suits them.

DHA implemented a range of initiatives to uplift staff engagement and embed a positive culture. We implemented an Enterprise Change Management function, enhanced flexible work policy, improved visibility of our Leadership Team through meaningful conversations and engagement opportunities. We built staff capability through the implementation of our Strategic Recruitment Plan, Learning and Development Strategy and Succession Planning Framework to establish a talent pipeline to support business continuity.

Our profitability exceeded expectations reflecting sound overall performance, underpinned by strong national property market growth. We implemented a range of measures to improve our capital strength and financial capability to secure and maintain our portfolio of housing.

Priorities for the year ahead

DHA will continue to provide housing for, and related services to, ADF members and their families to support Defence capability. We will focus on providing a connected, coordinated and committed service to Defence, ADF members and their families and internally, as we seek to address three key challenges:

- › Providing housing in an efficient and sustainable way that balances Defence policy compliance, ADF member preferences, and the availability of housing stock.
- › Ensuring our services are contemporary and provided efficiently.
- › Ensuring we have and maintain our capable workforce and service delivery capability.

To address these challenges, we will leverage improvements being delivered through the Technology Refresh Program and position DHA to provide contemporary, efficient, and scalable services in order to continue to evolve to meet Defence needs into the future.



Mr Barry Jackson

Managing Director

2021-22 in summary

We support Defence capability by providing housing for, and housing related services to ADF members



15,844

ADF members and families housed¹



7,211

Housing allocations



2,901

Self-service welcome visits



16,066

ADF members in receipt of rent allowance¹



10,015

Rent allowance applications



153,671

Living in Accommodation bookings



95,186

Maintenance calls received



24,881

Online maintenance requests



224,517

Maintenance work orders raised

¹ As at 30 June 2022.

We deliver value for the Australian Government by managing a property portfolio to meet Defence requirements.



16,955

Properties under management^{2,3}



12,264

Properties leased from investors²



1,977

Total property additions to the portfolio⁴



55

Property added to the portfolio from DHA constructions



53,229

Property inspections undertaken



\$88.2m

Revenue raised through Property Investment Program



\$4.5m

Revenue for Defence from property sales



\$133m

Revenue raised from other property sales³



\$78.2m

Dividend payments to Australian Government

² As at 30 June 2022.

³ Properties managed by DHA includes properties owned and leased by DHA, owned by Defence and annuity properties.

⁴ Includes Property Investment Program sales.

Awards and achievements

FRAME Awards 2021

Arkadia Apartments received a Highly Commended at the Frame Awards in Best Use of Material and Co-Living Complex.

Joint Accreditation System of Australia and New Zealand (JAS-ANZ) Certification

DHA is currently certified to standard AS/NZS 4801: Occupational health and safety management systems and ISO9001: Quality Management Systems. DHA's certification is issued by a JAS-ANZ⁴ accredited agency.

Australian Report Awards (ARA)

Gold Award in the 2020–21 Awards General Award



Arkadia Apartments, located in Sydney's desirable inner-west

⁴ JAS-ANZ is the Joint Accreditation System of Australia and New Zealand established under an agreement between Australia and New Zealand. The JAS-ANZ system assures certified entities and accrediting agencies comply with Australian, New Zealand and International standards, and accreditation processes.

Case study

Supporting ADF members during emergencies



Emily Furlong, one of our Housing Specialists, assisting ADF members and their families

From late February to early April 2022, the east coast of Australia was hit with a number of floods affecting south-east Queensland and parts of coastal New South Wales. These weather events caused damage to 565 DHA managed properties.

Of the 278 properties affected in Queensland, four properties incurred major damage and 274 properties minor damage. The incidence of property damage was equally extensive in New South Wales with 287 properties affected—seven properties incurring major damage and 280 properties minor damage. In addition, 21 on-base service residences at the RAAF Base Richmond in New South Wales were storm damaged.

DHA responded immediately to support affected ADF members. Staff in our contact centres and our property managers provided information about the availability of contractors to undertake property repairs and options for alternative accommodation. For each report of property damage, we needed to assess the damage, liaise with insurance, engage contractors to repair it, and track and monitor the issue until it was resolved. In the case of leased properties, we managed relations and communication with landlords. We also liaised closely with Defence stakeholders at every step. Our focus in addressing the situation was not letting anything fall through the cracks – what can be minor damage today (like a roof leak) can turn into a major problem later if we did not address it on time.

As a result of DHA's swift response, the vast majority of ADF members and their families were able to remain in their property or return to their property after being placed in temporary accommodation for a short time. Nine families chose to relocate to another service residence.





PART 2

Agency overview

About us

Services to Defence

Services to landlords

Housing portfolio

Organisational structure

Financial structure

About us

DHA was established in 1988⁵ and our function is to *meet the operational needs of the Defence Force and the requirements of the Department [of Defence] by providing adequate and suitable housing for, and housing related services to:*

- › *members of the Defence Force and their families; and*
- › *officers and employees of the Department and their families; and*
- › *persons contracted to provide goods or services to the Defence Force, and their families; and*
- › *persons contracted to provide goods or services to the Department, and their families.*

DHA is a corporate Commonwealth entity and Government Business Enterprise (GBE) operating under the provisions of the *Defence Housing Australia Act 1987* (DHA Act), the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

More information can be found in the Legislative framework section of this report.

5 *Defence Housing Australia Act, 1987*

Our purpose

The 2021–22 Portfolio Budget Statements outline DHA's primary outcome is to *contribute to Defence outcomes by providing total housing services that meet Defence operational and client needs through a strong customer and business focus*. This outcome is broken down into two key purposes.

1. Provide quality housing and related services

We provide housing for, and related services to, Australian Defence Force (ADF) members and their families and administer Defence housing policy in accordance with our Services Agreement with the Department of Defence. Our services under this purpose include:

- › provision a property portfolio, including the management of housing
- › provide assistance to ADF members to find a housing solution
- › provide a booking and allocation service for on-base accommodation
- › administer rent allowance for ADF members occupying private rental accommodation
- › acquire, construct and maintain properties to meet Defence housing demands.

2. Provide value to shareholders

We provide value for money services to Defence and seek to generate sufficient revenue to enable us to perform our role on a commercially sustainable basis. We do this while continuing to maintain an operational service delivery model, sound governance practices, and organisational capability that delivers high quality and professional outcomes.

More information and an assessment of our performance can be found in the Annual Performance Statement section of this report.

Services to Defence

We provide a range of services in support of ADF capability. We administer Defence housing policy in accordance with the pay and conditions for ADF members and in accordance with our Services Agreement with Defence, and our functions as outlined in the DHA Act.

Defence determines the pay and conditions for ADF members including their eligibility for subsidised housing. Housing policy specifies the types of housing solutions that are adequate and suitable for ADF members and their families. The Services Agreement is the contract that governs the operational relationship between Defence and DHA and sets out agreed servicing requirements.

We provision properties to house ADF members and their families in accordance with Defence policy. Our portfolio covers all capital cities, major regional centres, and remote parts of Australia, and includes houses located on Defence bases and establishments.

Housing solutions

DHA facilitates ADF members finding a suitable home in their posting location, based on their eligibility for housing solutions and services as determined by Defence housing policy. Housing solutions provided to ADF members are based on factors including posting location, rank, family composition and other relevant circumstances.

Member with Dependants housing

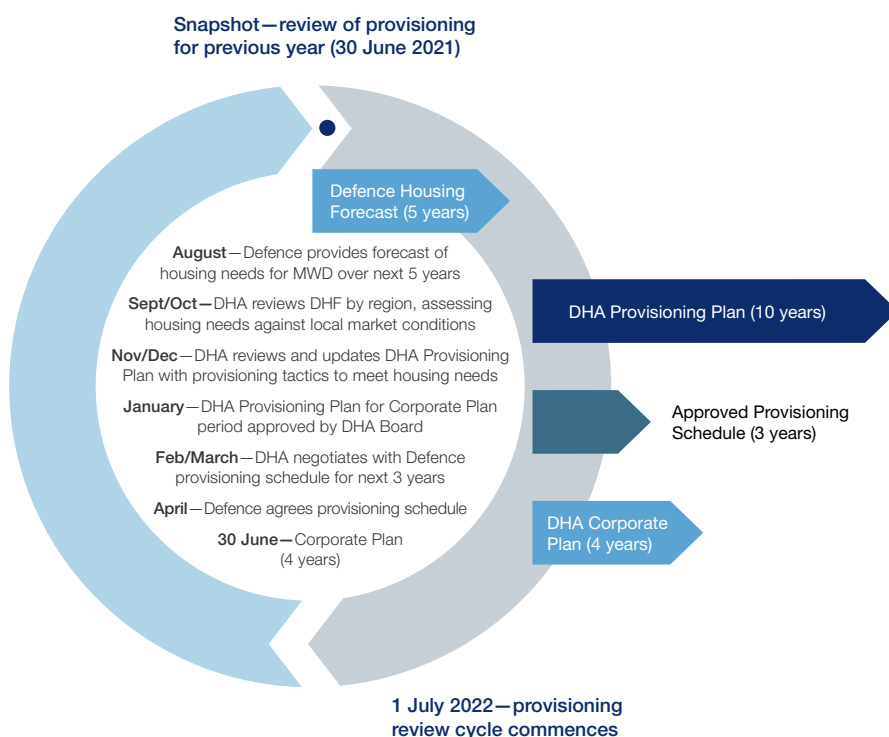
Each year the Department of Defence provides DHA with estimates of the number of Members with Dependants (MWD) requiring housing for the next five years in each region and location. DHA uses this information to determine the number, nature and location of housing solutions to be provided, taking into account those ADF members who rent accommodation privately. Once agreed by Defence, DHA's housing plan—now the Approved Provisioning Schedule—is incorporated into our Corporate Plan. Under contractual arrangements with Defence, we aim to provide at least 99 per cent of properties in the Approved Provisioning Schedule.

Member Choice Accommodation

Member Choice Accommodation (MCA) is designed for Members without Dependants (MWOD) and Members with Dependants Unaccompanied (MWD(U)) as an alternative to the private rental market. Using information provided by Defence regarding nominated priority locations for MCA housing, DHA develops a provisioning schedule which sets out the number of MCA housing solutions we plan to supply, taking into account properties we own, lease and intend to add to our portfolio. Defence reviews the plan annually.

Figure 2.1

Annual provisioning planning cycle



Rent allowance

Rent allowance is a subsidy payable to eligible ADF members who require housing other than service accommodation. DHA administers rent allowance and undertakes an annual review of rent allowance eligibility on behalf of Defence.

Living in Accommodation

We manage the online booking system for the more than 42,000 Defence owned and maintained beds across 53 Defence bases and establishments. Living in Accommodation (LIA) caters for ADF members, reservists and Defence employees who require permanent, transit, temporary or course accommodation to fulfil Defence operational needs.

More information about our housing portfolio, housing solutions, and provisioning in 2021–22 can be found in the Strategic Priority 2—Portfolio and Regional report on operational performance sections of this report.

Related services

Policy advice and guidance

In administering Defence housing policy, we provide advice and guidance to ADF members on housing related matters including eligibility for housing benefits. This includes providing advice on different elements of eligibility and guidance on how to find a suitable service residence or apply for a benefit such as rent allowance.

Tenancy and housing management

We support ADF members and their families throughout the time they live in a housing solution managed by DHA. This includes supporting them through the relocation process when they receive new posting orders, selecting a new home, vacating their current home, and ongoing administration and maintenance services provided through our contact centre, regional office network and Online Services portal.

We offer a personal welcome to ADF members and their families into their new home and conduct inspections to ensure the properties are well maintained. We continue to innovate the way we provide these services and provide ADF members choice in how they engage with us, offering online services including housing selection, self-service welcome visits, and online maintenance requests.

We manage all maintenance and repairs to properties in accordance with Defence standards. We engage third parties such as external contractors undertake all maintenance and repairs to provide prompt and professional services which also supports local and regional economies.

Property upgrades

We project manage upgrades to Defence owned properties located on-base and in regional and remote areas of Australia. We update these properties so they continue to be suitable housing options for ADF members and their families.

Managing Commonwealth Heritage Listed properties

DHA manages, protects and conserves 72 Commonwealth Heritage Listed properties on behalf of Defence. These properties are located at ADF bases and establishments across Australia. We own, manage, and maintain two properties with Commonwealth Heritage Listing status.

We plan and undertake conservation activities in accordance with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), our Heritage Management Framework and Heritage Strategy preserving the historical and cultural significance of these sites.

More information about our Commonwealth Heritage Listed properties can be found in the Strategic Priority 2—Portfolio and Appendix F: Environmental performance sections of this report.

Services to landlords

Our portfolio includes properties that are leased from investors in the Australian property market. This is an important source of housing solutions for ADF members and their families.

We primarily lease properties from private owners and negotiate with existing landlords to retain properties through a new lease or lease extension. We also sell and lease back properties through our Property Investment Program when we are unable to find leases or lease extensions in locations we need housing for the ADF.

More information about the proportion of our housing portfolio that is leased can be found in the Housing portfolio section of this report.

We offer landlords leases that provide:

- › a long lease term, typically six to 12 years, or more when lease options are exercised
- › a reliable rental income payable from the date of the lease, even if the property is not occupied⁶
- › an extensive range of property care services provided during the lease term, in return for a fixed service fee.

⁶ Rent may be subject to abatement under certain circumstances.

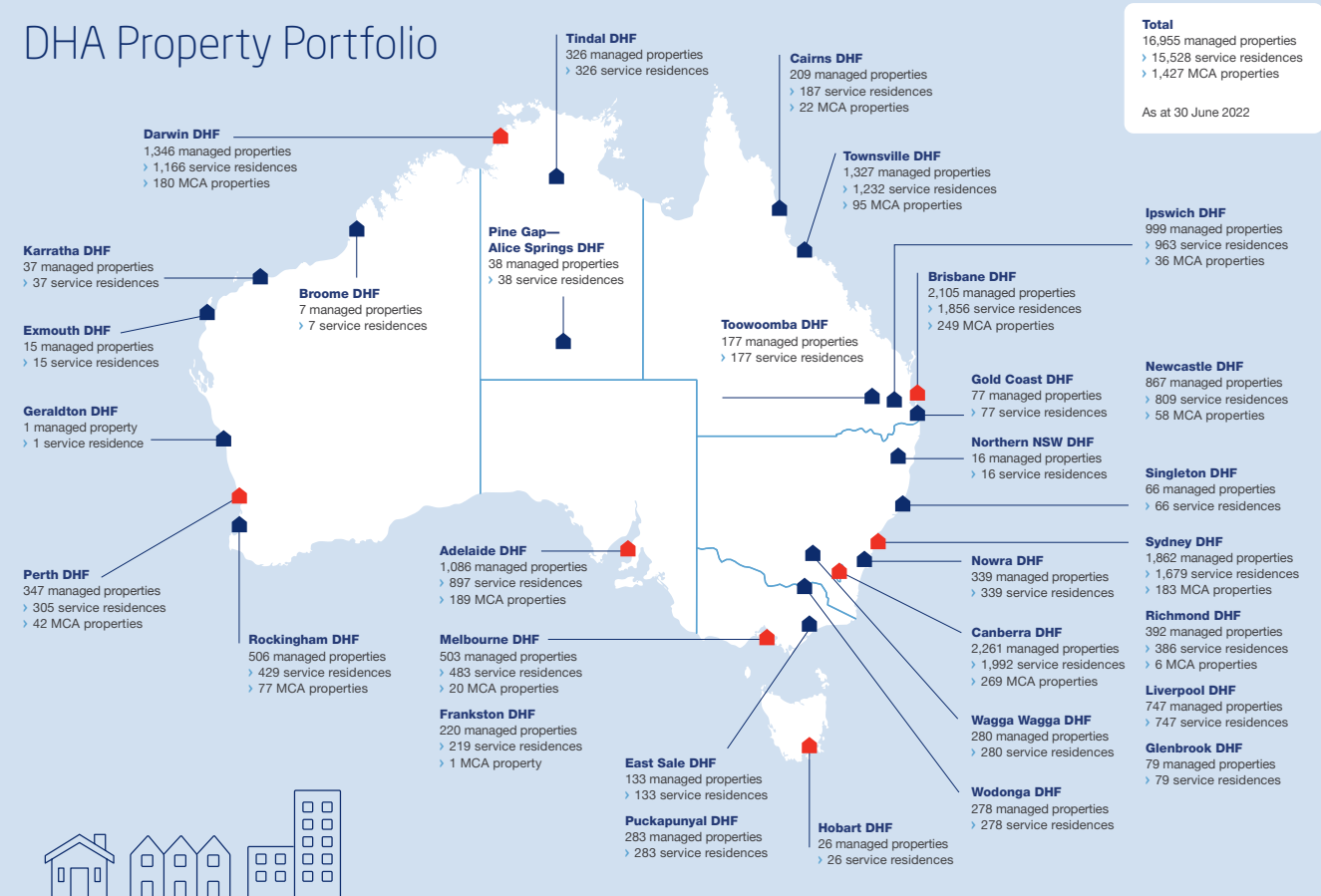
Housing portfolio

As at 30 June 2022, we managed 16,955 properties located across Australia, including in all capital cities, major regional centres and in remote areas where the ADF has a presence (refer to Figure 2.2).⁷ We provided a range of housing options to ADF members and their families, integrating properties throughout communities close to ADF bases and establishments, and amenities and services such as transport, shopping facilities and schools.

More information about our housing portfolio can be found in the Regional report on operational performance section of this report.

Figure 2.2

National housing portfolio 30 June 2022



⁷ Total portfolio managed by DHA includes properties owned and leased by DHA, owned by Defence and annuity properties.

Property type, amenity and location

Our Member with Dependants portfolio

Member with Dependants (MWD) service residences must comply with minimum Defence standards in terms of location and amenity. Depending on the location, service residences are either classified by market rent (known as rent bands) or by property amenity. In accordance with Defence policy, service residences should not be more than 30 kilometres one way by road, or 150 minutes for a round trip using public transport, from the base or establishment where the ADF member works.

Service residences generally comprise three or four bedrooms, separate lounge and dining areas, kitchen, laundry, bathroom, ensuite, single garage (or carport in the Northern Territory) and a 35 square metre backyard (or 25 square metre backyard in Sydney). Where newly constructed, we strive to achieve a minimum six star energy efficiency rating (EER).

Rent Band Choice housing

Our MWD portfolio also includes a portion of properties categorised as Rent Band Choice housing. These properties provide ADF members with alternative styles of housing compared to standard Service Residences, which allows us to provide ADF members more options in key locations and increased choice to better suit their needs.

The majority of our MWD portfolio features modern, freestanding houses that are 10 to 20 years old and have three or four bedrooms as shown in Figures 2.3 to 2.5.

Figure 2.3

MWD portfolio by type 30 June 2022

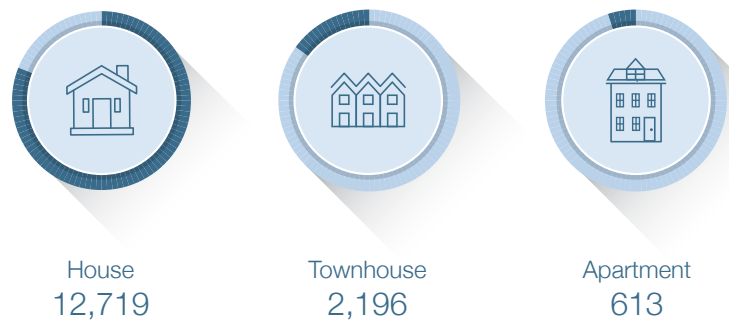


Figure 2.4

MWD portfolio by age (years) 30 June 2022

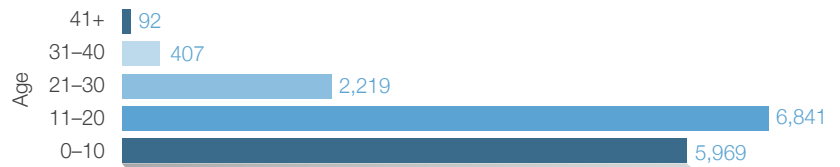


Figure 2.5

MWD portfolio by number of bedrooms 30 June 2022

Number of Bedrooms	Number of Properties
1	1
2	417
3	5,807
4	8,899
5	393
6	9
7	2

Our Member Choice Accommodation portfolio

Our Member Choice Accommodation (MCA) properties offer Members without Dependants (MWOD) and Members with Dependants Unaccompanied (MWD(U)) an attractive alternative to renting privately. Benefits include a simple move in move out process with no bond or rent in advance required. Eligible ADF members may also share MCA properties with other eligible ADF members.

There are no minimum standards defined in Defence policy for MCA properties. The majority of our MCA properties are two-bedroom apartments that are less than 10 years old and provide modern city living as shown in Figures 2.6 to 2.8.

Refer to Strategic Priority 2—Portfolio for more information about our MWD and MCA portfolio provisioning performance in 2021–22.

Figure 2.6

MCA portfolio by type 30 June 2022

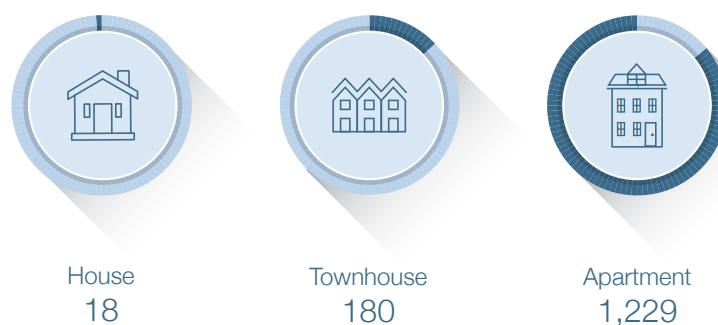


Figure 2.7

MCA portfolio by age (years) 30 June 2022



Figure 2.8

MCA portfolio by number of bedrooms 30 June 2022

Number of Bedrooms	Number of Properties
1	203
2	1,164
3	58
4	2

Case study

Jellybean and chocolate factory hits sweet spot for Rent Band Choice

The Sydney property market is highly competitive with newer, attractive properties focusing on medium to high density living.



Front façade of Georgiou's Apartments in Lewisham

Property size and backyards are being traded for the convenience of access to amenity and public transport. Ask any Sydneysider and they will tell you it is a difficult place to live and work. Travel times are challenging across greater Sydney, particularly when working in the CBD and living further out in the suburbs.

ADF member housing preferences are changing, too. Our mapping of ADF members receiving rent allowance in the Sydney market tells us there is a swing away from houses with backyards across inner and outer west Sydney. Members are selecting low maintenance, higher density living to ensure they are close to transport links and recreational facilities.

The Georgiou's Apartments in Lewisham, formally Sydney's oldest jellybean and chocolate factory, has been converted into a modern and accessible apartment complex offering low maintenance inner-suburb living aligned with members' rent allowance selections. We secured all two bedroom apartments and both three bedroom penthouse apartments in the complex to add to our Rent Band Choice portfolio. DHA is also pursuing future options of securing one bedroom apartments for Members Choice Accommodation. Located 200 metres from public transport and 800 meters from light rail, we think that hits the sweet spot for ADF members.

Portfolio ownership type

Ownership of our portfolio is segmented into four categories.

Leased

The majority of our portfolio is owned by private landlords and leased to us. This enables us to manage our portfolio in a flexible and sustainable manner.

DHA owned

We own a portion of our portfolio for strategic reasons. This includes well located properties that would be difficult to replace if sold, properties to hold for future redevelopment and properties that we choose to hold for financial benefit.

Defence owned

Defence owns a portion of the MWD portfolio. These properties are generally located on or near ADF bases or establishments.

Annuity

A portion of our portfolio is classified as annuity properties. We construct or acquire these properties on and off base in selected locations as requested by Defence. Defence holds the economic risk associated with holding these properties.

Figures 2.9 and 2.10 provides a breakdown of our MWD and MCA portfolios by ownership type.

Figure 2.9

MWD portfolio by ownership type 30 June 2022

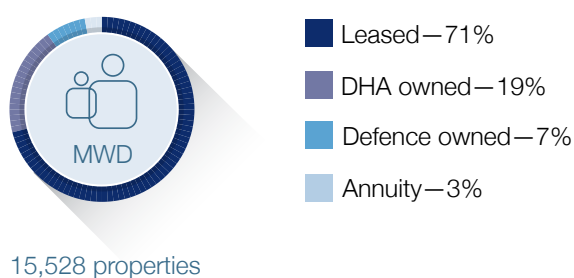
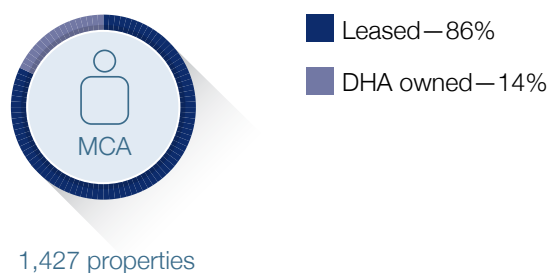


Figure 2.10

MCA portfolio by ownership type 30 June 2022





Organisational structure

Shareholder Ministers

Two Shareholder Ministers oversee the Australian Government's interests in DHA—the Minister for Defence and the Minister for Finance. As DHA is within the Defence portfolio of the Australian Government, the Minister for Defence or their delegate is DHA's responsible Minister. The Minister for Finance is responsible for overseeing DHA's funding arrangements and providing shareholder advice on all Government Business Enterprises, including DHA.

More information can be found in the Corporate governance structure section of this report.

Board

A Board of Directors (the Board) is established in accordance with Part III of the DHA Act and is the accountable authority of DHA under the PGPA Act. The Board is responsible for the proper and efficient performance of DHA's functions. The Board makes decisions on organisational direction and strategy, which are articulated through a Corporate Plan.

All non-executive Board members are appointed by our Shareholder Ministers. Members have a combination of Australian Public Service (APS), Defence and commercial experience.

More information on the Board can be found in the Corporate governance structure section of this report.

Managing Director

The Managing Director is appointed by the Board and is the only executive director of the Board. The Managing Director is responsible for conducting the operational affairs of DHA in accordance with the DHA Act and any policies determined by, and directions given by, the Board. The Managing Director oversees DHA's strategic direction, organisational structure, staff, performance and relationships with key stakeholders.

Leadership Team

The Leadership Team supports the Managing Director in fulfilling DHA's purpose. The Team's broad role is to provide leadership, guide performance, implement and deliver against the Corporate Plan.

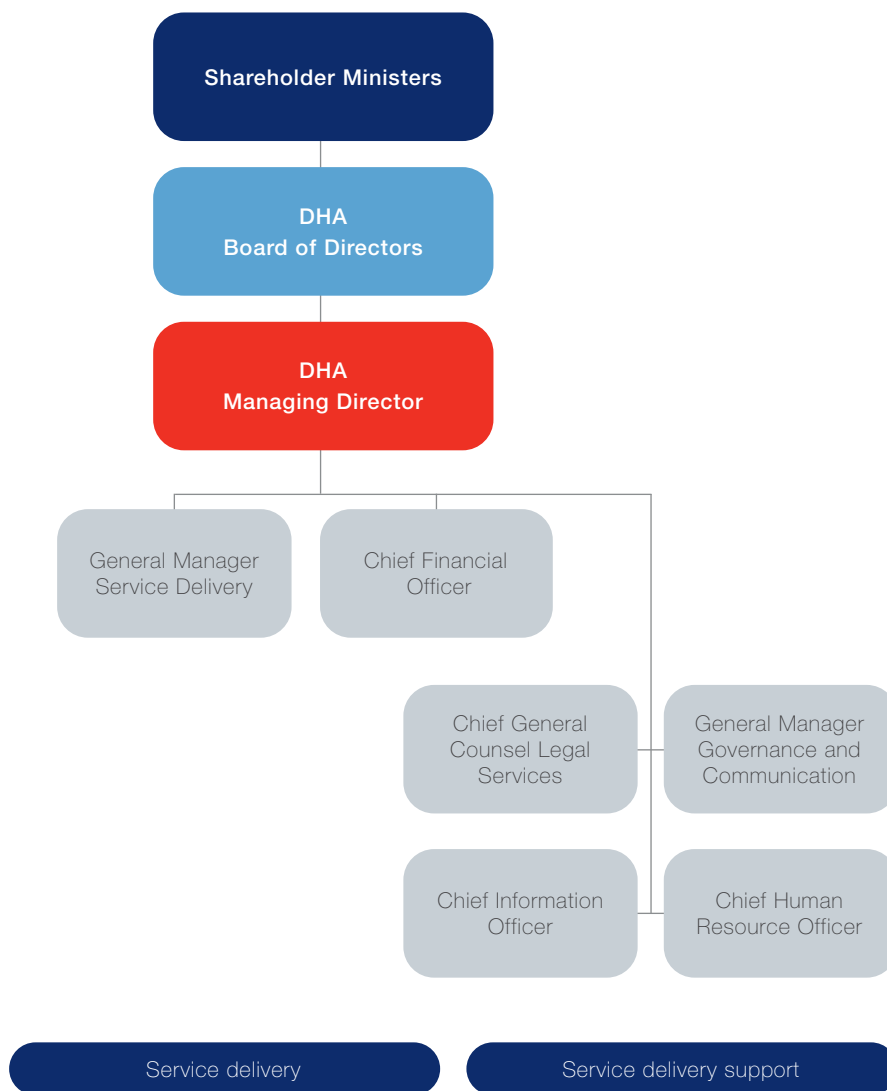
The **Service Delivery Group** is responsible for all additions and subtractions to the DHA housing portfolio, management of housing allocation, housing benefit administration, tenancy management, property sales and leasing activities. The Group is made up of two main functions comprising property activities and service operations.

The service operations area is responsible for property management services including inspections and maintenance, together with the allocation of all properties to ensure utilisation. The property area is responsible for leasing activity, acquisition and disposals of residential property, heritage and upgrade projects, construction and development activity, and the Property Investment Program.

The **Service Delivery Support Group** is responsible for supporting the operations of the Service Delivery Group, effective decision making, resource allocation and accountability. This includes strategic planning, performance reporting, financial management, governance frameworks, legal advice, communication, human resources, change management and information technology management and services.

Figure 2.11

Organisational structure 30 June 2022



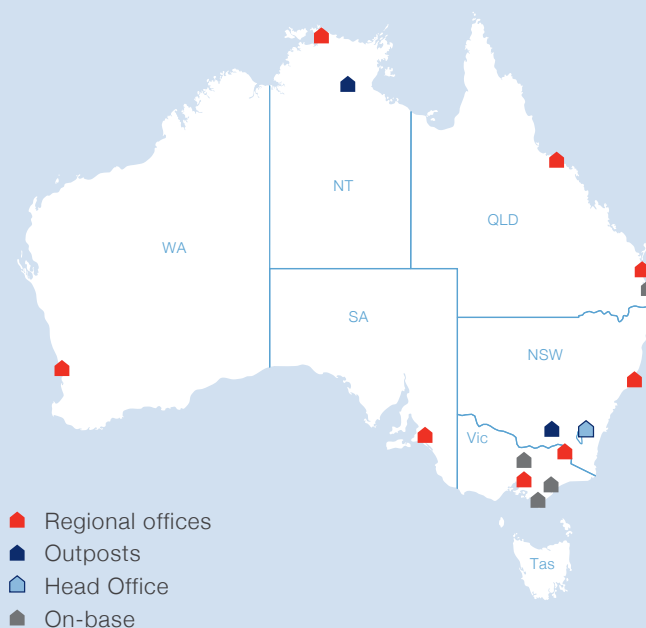
Our office network

DHA maintains offices in capital cities, major regional centres and on select ADF bases and establishments around Australia. Staff in our regional offices deliver customer facing services to ADF members and their families. Regional office staff are supported by staff in contact centres, who are the primary point of contact for housing services, maintenance services and the allocation of on-base Living in Accommodation. ADF members can also utilise online services to access a range of housing services including allocations, rent allowance and home maintenance.

Our head office is located in Canberra and provides operational, financial, information technology, human resources, communications and corporate support to the organisation.

Figure 2.12

Office network 30 June 2022



Our staff

Staff are critical to our success. As at 30 June 2022, we employed 534 staff across Australia. Figures 2.13 to 2.16 show our staff by gender, employment type, broadband classification, length of service and office type. Most of our employees are female, located in regional offices, and work full-time.

More information about our workforce can be found in Appendix B: Workforce statistics of this report.

Figure 2.13

Staff by gender 30 June 2022

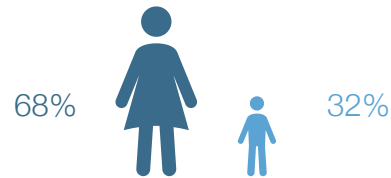


Figure 2.14

Staff by employment type 30 June 2022

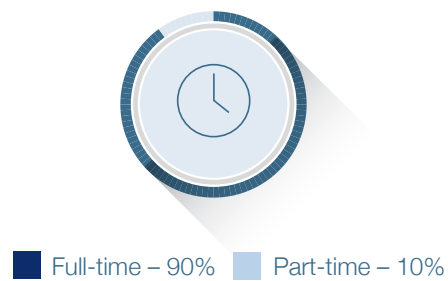


Figure 2.15

Staff by broadband classification 30 June 2022

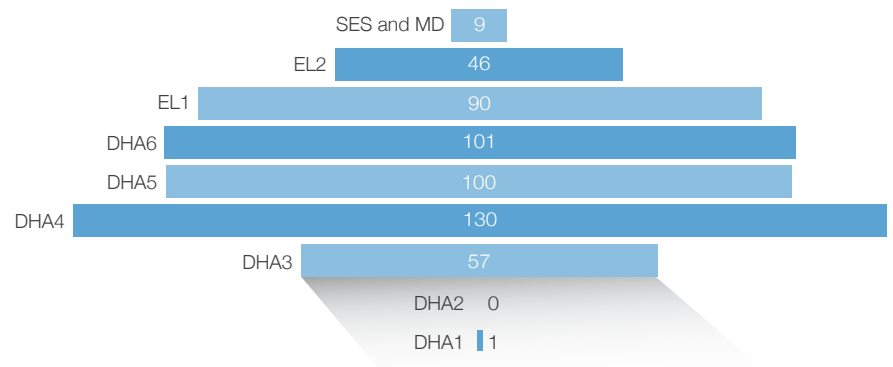


Figure 2.16

Staff by office type 30 June 2022





Financial structure

As a Government Business Enterprise (GBE), DHA's principal financial objective is to provide value to our shareholders by operating efficiently, and sustainably optimising revenue and profit to reinvest in our operations.

In accordance with the Commonwealth Competitive Neutrality Policy Statement, DHA does not enjoy competitive advantages over private sector entities operating in the same or similar markets. DHA is a full tax paying entity in relation to Australian Government taxes e.g., corporate income tax, goods and services tax (GST), capital gains tax and fringe benefit tax (FBT) and is subject to payment of state and territory-based tax equivalents (e.g. stamp duty, land tax and payroll tax).

Our funding

DHA does not receive funding directly from the annual Federal Budget. Operations are funded through:

- › rents, fees and charges relating to the delivery of services to Defence
- › fees relating to property management services provided to landlords
- › the disposal of property surplus to provisioned housing needs.

Our revenue is primarily from commercial rents, fees and charges received from the Department of Defence.

DHA's Loan Agreement with the Commonwealth provides access to capital for investment and short-term liquidity support. During the 2021–22 financial year, DHA embarked on a debt reduction program repaying all outstanding loans to the Commonwealth to reduce debt costs and set a baseline for future borrowings.

More information on our financial performance in 2021–22 can be found in the Strategic Priority 3—Financial section of this report.

Our credit rating

Standard & Poor's Global Ratings (S&P Global) conducts an annual credit rating assessment of DHA. S&P Global affirmed DHA's AA+ long term and A-1+ short term issuer credit ratings on 3 March 2022. Contributing to this is rating is our ownership by, and interaction with, the Australian government and its strategic importance to the Australian Defence Force (ADF).

S&P Global also provided a standalone credit profile rating for DHA of BBB+. This standalone credit profile rating is consistent with the target for GBEs of BBB as specified in the *Commonwealth Government Business Enterprise Governance and Oversight Guidelines* (GBE Guidelines).





PART 3

Performance reporting

Planning and reporting framework

Annual Performance Statement

Regional report on operational performance

Planning and reporting framework

As a corporate Commonwealth entity and Government Business Enterprise (GBE), DHA plans and reports in accordance with the:

- › *Public Governance, Performance and Accountability Act 2013* (PGPA Act)
- › *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule)
- › *Commonwealth Government Business Enterprise Governance and Oversight Guidelines* (GBE Guidelines).

The Australian Government does not appropriate funds directly to DHA in the Federal Budget, however, information about DHA is included in the Department of Defence's 2021–22 Portfolio Budget Statements as we are part of the Defence portfolio. The Defence 2021–22 Portfolio Budget Statements outlines the outcome and the two purposes that DHA works to achieve (refer Table 3.1).

Table 3.1: DHA's outcome and purposes 2021–22

Outcome	To contribute to Defence outcomes by providing total housing services that meet Defence operational and client needs through a strong customer and business focus
Purpose 1	Provide adequate and suitable housing and related services
Purpose 2	Provide value to shareholders

DHA's approach to planning and reporting (refer Figure 3.1) is consistent with the requirements of the *Defence Housing Australia Act 1987* (DHA Act), PGPA Act and associated instruments and policies, and the GBE Guidelines. DHA aims to provide high quality information to our Shareholder Ministers, the Parliament, our customers and the public through clearly linked and integrated planning and reporting.

Corporate Plan

As set out in our Corporate Plan 2021–22 to 2024–25 and Statement of Corporate Intent 2021–22, DHA developed a strategic canvas detailing priorities, goals, objectives and associated Key Performance Indicators (KPIs). The strategic canvas provides a framework for articulating the work we do to achieve the outcome mandated by Government through the fulfilment of our purposes (refer Figure 3.2).

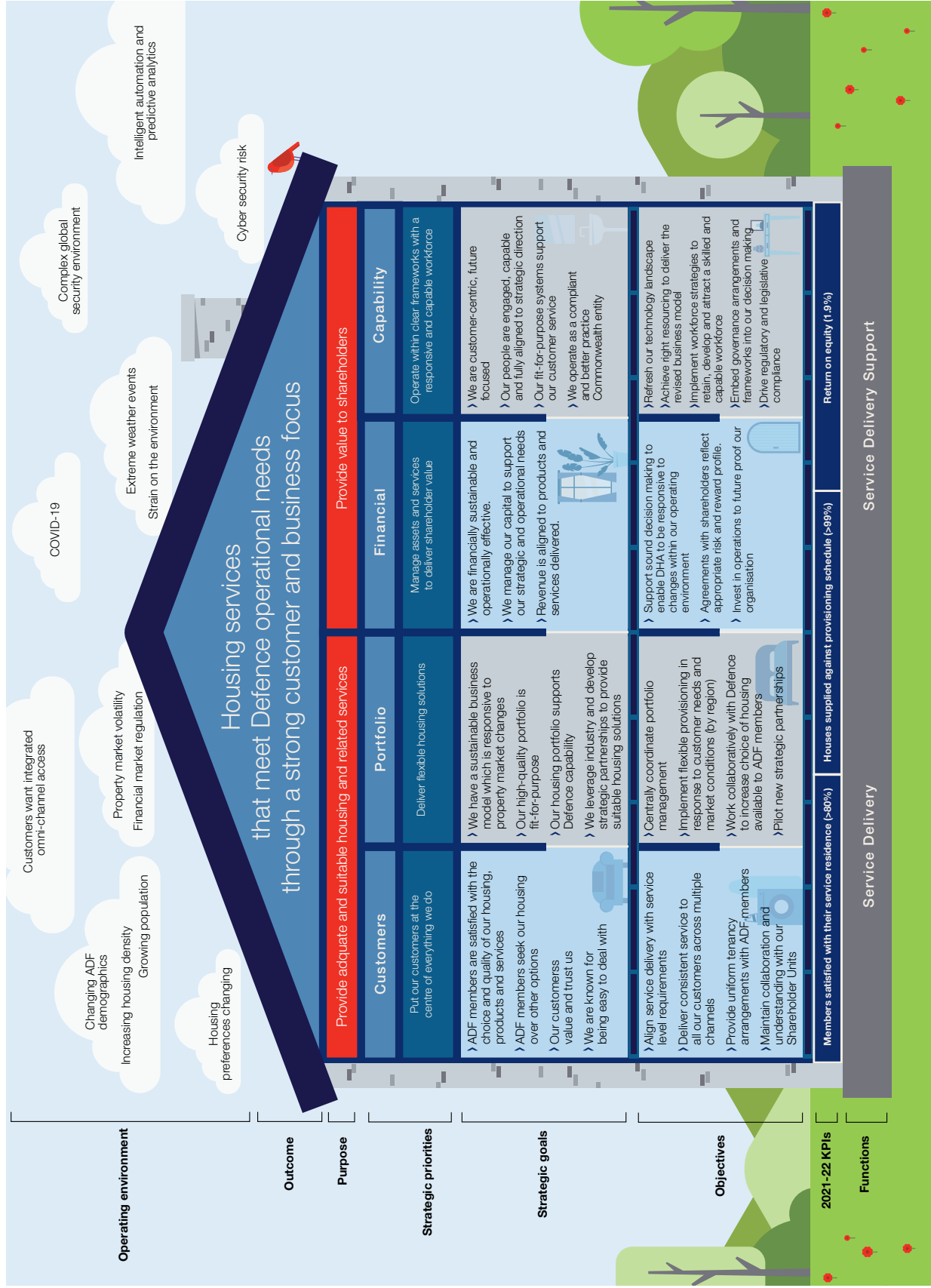
Figure 3.1

DHA's approach to planning and reporting 2021–22



Figure 3.2

DHA's Strategic Canvas 2021–22



Annual Performance Statement

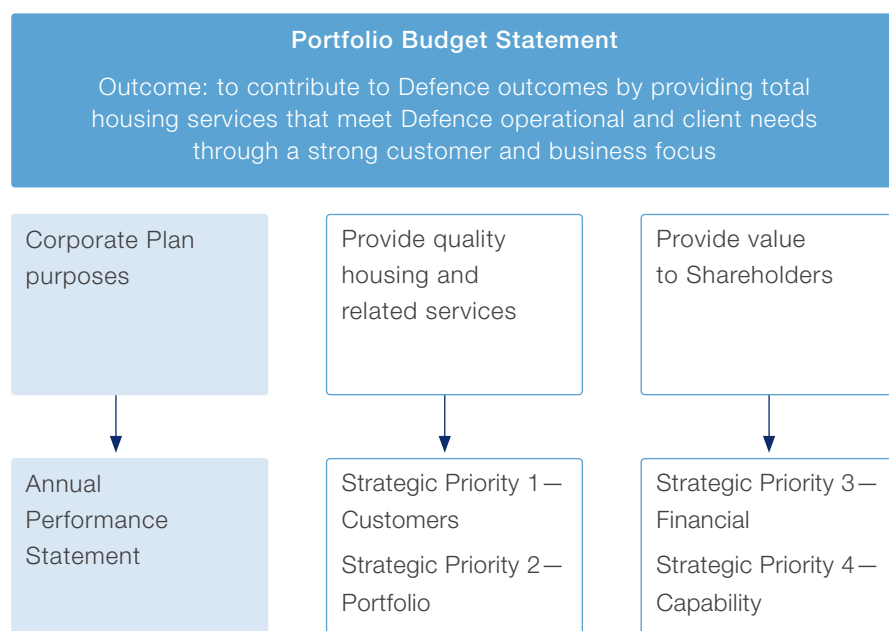
Our Annual Performance Statement has been prepared in accordance with guidelines provided by the Department of Finance. It shows how we performed against our two purposes, the objectives of our four strategic priorities, and associated Key Performance Indicators (KPIs) as set out in our 2021–22 Corporate Plan. The KPIs are derived from the 2021–22 Defence Portfolio Budget Statements and the Department of Finance Guidelines for Government Business Enterprises (Resource Management Guide 126).

Relationship between our Corporate Plan and Annual Performance Statement

Figure 3.3 sets out the relationship between reporting measures outlined in our Corporate Plan and the Annual Performance Statement for 2021–22.

Figure 3.3

Relationship between the Corporate Plan and Annual Performance Statement



Statement of preparation

On behalf of the Board, the accountable authority of DHA, we present the agency's 2021–22 Annual Performance Statement, as required under section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In the Board's opinion, based on advice from DHA's management and the Board Audit and Risk Committee, this Annual Performance Statement accurately reflects the performance of the agency and complies with subsection 39(2) of the PGPA Act.

Hon J.A.L. (Sandy) Macdonald AM
Chair

30 September 2022

Mr Barry Jackson
Managing Director

30 September 2022

Our approach

This statement is presented according to the four strategic priorities in our Corporate Plan 2021–22 and shows our performance in the reporting period against our KPIs and key activities.

Results summary

In 2021–22 we achieved our purposes. We supported Defence capability through the provision of housing and housing related services and provided ongoing value to shareholders.

We met the operational needs of the Australian Defence Force by meeting ADF member demand for housing through the provision of 16,955 properties, assisting over 7,000 ADF members and their families to find a home in their posting location and administering rent allowance payments to over 16,000 ADF members living in a private rental property.

We continued to improve the way we provide services to our customers by refining processes and procedures as well as automating several manual operations to create more flexibility in the way our customers engage with us, enhancing their service experience.

We continued to implement and embed our new business operating model and made progress against our three outstanding initiatives:

- › Work to **align our service delivery with service level requirements** is ongoing. We worked with Defence to reach an agreed understanding of services and contractual requirements through the execution of the modernised Defence Services Agreement. We are continuing to review our services and undertake analysis to identify where further improvements can be made.
- › We continue to **build our workforce capability**. We concluded the implementation of our Strategic Recruitment Plan 2020–21 and continue to implement our Learning and Development Strategy 2020–22. Our workforce capability is discussed further in Strategic Priority 4—Capability and Workforce management.

- › We made considerable progress to **refresh our ICT** and deliver contemporary communications and technology systems, providing more efficient ways of working and expanding digital options for ADF members and their families to engage with us, how and when they want to. Outcomes of this work are discussed in more detail in Strategic Priority 1—Customers and Strategic Priority 4—Capability.

Work to improve our capital strength and financial capability enabled us to deliver our purposes. In 2021–22, the strength of the property market had a positive impact on our business from a financial perspective. It enabled us to generate revenues to sustain the delivery of housing and related services, but also created challenges for bringing new properties into our portfolio.

We successfully achieved the majority of our main key performance indicators (refer to Table 3.2), full results and detailed performance analysis are detailed in the following sections.

Table 3.2: Summary results against key performance indicators 2021–22

Performance indicator	2021–22 Target	Result	Met
Strategic Priority 1 – Customers			
Customer satisfaction	>80%	85%	✓
Strategic Priority 2 – Portfolio			
Houses supplied against the provisioning schedule ¹	>99%	98%	✗
Strategic Priority 3 – Financial			
Total shareholder return	9.8%	21.8%	✓
Return on equity	5.2%	8.5%	✓
Net profit after tax (NPAT)	\$78.4m	\$130.3m	✓
Gearing ratio	<75%	46%	✓
Interest cover	>3.2	10.9	✓
Strategic Priority 4 – Capability			
Staff retention and turnover rate	25%	24%	✓
Staff engagement	70%	71%	✓
Total recordable injury frequency rate (TRIFR) and OHS incident rate ²	<7	9	✗

Notes

1. Refer to Table 3.5 for explanation of performance results.
2. Refer to Table 3.9 for explanation of performance results.

Results legend: ✓ Met target ✗ Did not meet target

Purpose 1: Provide adequate and suitable housing and related services

Strategic Priority 1—Customers

We maintained a strong customer focus, exceeding our customer service target for 2021–22. We provided a range of tenancy and housing related services to ADF members and their families in accordance with our Services Agreement with Defence, as shown in Table 3.3.

In 2021–22 we focused on contemporising the customer experience. We implemented enhancements to our systems and processes providing ADF members greater flexibility in how they engage with us and enabling our staff to spend more time assisting ADF members with more complex enquiries.

Table 3.3: National property and tenancy services performance summary for 2020–21 and 2021–22

Property and tenancy management service	2020–21	2021–22
ADF members in DHA housing solutions ¹	15,843	15,844
Housing allocations	6,899	7,211
ADF members receiving rent allowance ²	16,517	16,066
Maintenance work orders raised	199,406	224,517
Living in Accommodation bookings	138,327	153,671
Property inspections	59,676	53,229
Leases managed ²	12,706	12,264

Notes

1. Reflects ADF members living in DHA housing solutions (Service Residences, Rent Band Choice Housing and Member Choice Accommodation) as at 30 June 2022.
2. As at 30 June 2022.

Performance results

Table 3.4: Key performance results for Strategic Priority 1 – Customers

Performance indicator	2021–22 Target	Result	Met
Customer satisfaction	>80%	85%	✓
<p>We met our customer satisfaction target with 85 per cent of survey participants rating their experience with DHA as 'good' or 'very good', compared to 87 per cent for 2020–21. We implemented a range of enhancements to our Online Services self-service functionality to make it easier and more efficient for ADF members to contact us and access our services.</p> <p>We successfully assisted ADF members with repairs and maintenance works on their Service Residences across the year. We raised and completed over 200,000 individual maintenance jobs which were completed, on average, within 12 days from when they were sent to our maintenance providers. We exceeded our customer satisfaction maintenance target, despite challenges in contractor availability including through the peak posting period impacting response times in some areas, and increased rainfalls across eastern states leading to higher instances of mould being reported in DHA properties. We will continue to enhance our online and self-service capability, in response to feedback from ADF members. We proactively review processes and implement improvements to ensure the services we provide are easily accessible, responsive and agile to external and environmental factors which could influence customer experience and satisfaction.</p>			

Improving the service experience of ADF members

We provided tenancy and housing related services to ADF members and their families in accordance with Defence policy, and the Defence Services Agreement. In 2021–22 we enhanced the self-service functionality of our Online Services platform, incorporating ADF member feedback to improve the customer experience.

We enhanced our Online Services platform to expand the range of properties ADF members can view, providing greater choice and making it easier to find their next DHA home. We also updated property details, occupancy expectations, and vacant property notifications to provide more clarity to ADF members when selecting their housing.

We also enhanced the rent allowance process, simplifying online forms and adding capability for ADF members to track the status of their application, submit utility reimbursements online and upload documentation securely directly to Online Services. This saved time, reducing paperwork, follow-up calls and email traffic in DHA's contact centre.

Further benefits will be realised in the coming years as implementation of a contemporary customer relationship management solution integrated with a new contact centre cloud telephony technology to support omni-channel customer service and additional online self-service functionality is completed, further improving services to our customers and reducing manual administrative tasks.

Repairs and maintenance

DHA ensures all assets meet condition requirements and are available for occupation when required. In 2021–22, we refined operating procedures to ensure repairs and maintenance activities are consistent and timely. New business rules and a robust governance framework were established to facilitate ongoing and regular compliance and performance oversight.

Defence Services Agreement

In October 2021, DHA and Defence entered into a modernised Services Agreement, bringing together terms and conditions of the previous four agreements into a single contract. The agreement addresses findings from the ANAO Report No. 31 (2019–20) *Management of Defence Housing Australia*, by articulating an outcome and establishing agreed key performance indicators and performance measures for all the objectives of the Services Agreement. The updated agreement provides greater clarity for both DHA and Defence and allows for increased flexibility to deliver housing services with appropriate risk and reward allocation.

Case study

Digital first, human always: making our Online Services easier to use

ADF members, landlords and contractors are at the heart of our four year Technology Refresh Program and improvements to their digital experience are also driving more efficient ways of working for our staff. Nowhere is this seen better than in our work on Online Services – the digital home of DHA.

'Every time we make Online Services easier and more efficient for our customers and partners to use, it frees our Contact Centre staff to make more meaningful use of their people skills,' says Chief Information Officer Katische Vinning.

'Instead of facilitating simple transactions about maintenance or reimbursements on the phones, they are released to spend more time talking to ADF members about their other needs: navigating solutions to complex situations and the pressures of family, travel and deployment during peak periods.'

'Every digital improvement we deliver for ADF members gifts them greater access to the human touch when they most need it.'

Thanks to focus groups with ADF members and landlords, we have identified the digital tools our customers most want to see from DHA and we are continually rolling these out through the Technology Refresh Program.



Katische Vinning, Chief Information Officer listens with Rebecca Jacobsen, Housing Centre Consultant

After launching digital monthly statements for landlords through Online Services this year, 96 per cent of our landlords opted to receive their summaries digitally. Improvements to online rental applications saw us receive 1,400 fewer calls, reducing call waiting times. When we made it possible for members to claim utilities reimbursements for rental properties online, it offered them an alternative way to contact us that previously accounted for 30 per cent of our email traffic, and new online maintenance request and tracking tools have given members greater visibility of when to expect fixes to issues.

'Better digital tools for customers and partners also mean efficiency and accuracy gains for our teams,' says Meagan Jaunutis, Director of Service Operations, Contact Centres.

'Enhancements to Online Services reduce manual tasks and data entry for our people, meaning they can focus on their core service: supporting Defence members and their families to not only find housing – but to feel at home.'

Strategic Priority 2—Portfolio

In 2020–21 we met the demand for housing solutions, i.e., we provided enough housing for ADF members and their families, however we did not meet the targeted number of houses in the Approved Provisioning Schedule which is based on an estimate of the level of housing required. Market conditions posed a number of challenges to our ability to provision houses in line with the approved provisioning schedule. We revised our provisioning strategies and investigated a range of strategic

partnerships to increase our leasing capacity and to take into account our current and future provisioning challenges and needs.

We collaborated with Defence on housing policy and product to provide more flexible housing choice for ADF members and their families, providing support for housing initiatives developed under the Defence ADF Employment Offer Modernisation Program.

Performance results

Table 3.5: Key performance results for Strategic Priority 2—Portfolio

Performance indicator	2021–22 Target	Result	Met
Houses supplied against provisioning schedule ¹	>99%	98%	✘
<p>In a very difficult market, combined with the impacts of COVID-19, we met demand for housing solutions for ADF members and reduced the need for ADF members to receive rent allowance. While DHA provided marginally fewer properties than the target set in the 2021–22 Approved Provisioning Schedule, adequate housing was provided to ADF members (demand for service residences was 13,893, compared to the provision of 15,528). This is further evidenced by a reduction in the number of Member with Dependants in private rental arrangements and reduction in net vacancy. ADF members receiving rent allowance (that are eligible for a service residence) reduced from 15.49 per cent to 14.39 per cent during 2021–22. This result is consistent with the 2020–21 result of 97.8 per cent of houses supplied against the provisioning schedule.</p> <p>Market conditions over the past 12 months challenged our ability to execute our provisioning strategy effectively and bring new stock into the portfolio. We were unable to meet our overall leasing targets due to increased prices and low vacancy rates. Low vacancy rates meant there were fewer suitable properties coming onto the market and higher levels of competition from other market participants. Further to this, the expected takeout of our developments was delayed and will now be delivered in 2022–23. A number of our development timeframes have been extended due to COVID-19 site shutdowns, wet weather delays and ongoing labour and material shortages.</p> <p>DHA met provisioning targets in all MCA priority regions.</p>			

Note

1. Calculated on the total of MWD and MCA stock.

Provisioning summary

Member with Dependants (MWD)

The Defence Housing Forecast for 2021–22 was for a total housing requirement of 18,868. The snapshot as at 30 June 2022 shows that demand for housing solutions was 18,078, (which includes 13,893 Service Residences occupied and 4,185 members with dependants receiving rent allowance). We met this housing

demand with 15,528 service residences or rent band choice properties for Members with Dependants.

The portfolio closing balance resulted in an overall shortfall against the Approved Provisioning Schedule, as shown in Table 3.6. This includes an agreed variation between DHA and Defence to the early disposal of 27 properties located in Kelso, QLD.

Our provisioning strategy has remained the same. We maintained focus on leasing activities, ahead of retail acquisitions and construction programs.

Table 3.6: National MWD portfolio performance as at 30 June 2022

	Actual 2021–22	Approved Provisioning Schedule 2021–22 ¹	Variance
Opening balance 1 July 2021	16,067	16,156	(89)
Acquisitions	4	63	(59)
Constructions	55	153	(98)
Direct leases	118	300	(182)
Lease renewals, options and extensions	1,611	1,462	149
Total additions	1,788	1,978	(190)
Lease ends	2,298	2,195	103
Disposals and handbacks	20	23	(3)
Total subtractions	2,318	2,218	100
Transfers ²	(9)	0	(9)
Agreed variation ³	0	(27)	(27)
Closing balance 30 June 2022	15,528	15,889	(361)

Notes

1. Refers to Provisioning Schedule submitted in February 2021 and approved in April 2021.
2. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between MWD and MCA portfolios.
3. Agreed variation from Defence who agreed to reduce the Approved Provisioning Schedule target by 27 properties to allow the early disposal of Kelso properties. These have been included in Lease ends actuals for 2021–22.

Member Choice Accommodation (MCA)

We met our provisioning targets for all MCA priority regions. We continued to take deliberate action to limit the expansion of the MCA portfolio, consistent with the focus on provisioning in a sustainable manner and minimising ADF members that are eligible for a service residence on rent allowance (refer Table 3.7).

Table 3.7: National MCA portfolio performance as at 30 June 2022

	Actual 2021–22	Approved Provisioning Schedule 2021–22 ¹	Variance
Opening balance 1 July 2021	1,436	1,440	(4)
Acquisitions	0	0	0
Constructions	0	0	0
Direct leases	11	32	(21)
Lease renewals, options and extensions	178	147	31
Total additions	189	179	10
Lease ends	197	199	(2)
Disposals and handbacks	1	1	0
Total subtractions	198	200	(2)
Closing balance 30 June 2022	1,427	1,419	8

Note

1. Refers to Provisioning Schedule submitted in February 2021 and approved in April 2021.

Property upgrades

We refurbish and upgrade properties in our portfolio to ensure they meet Defence compliance requirements and provide an appropriate standard of living for ADF members and their families. In 2021–22, we completed upgrade works to 166 properties including:

- › three properties at Duntroon, Canberra
- › three properties at HMAS Creswell, Jervis Bay
- › one property at Townsville, Queensland
- › 159 properties at Puckapunyal Military Area, Victoria.

Regular review of portfolio provisioning plans

We regularly meet with the Department of Defence to facilitate collaboration and share information on our portfolio provisioning plans and progress. Considerations are region specific, taking into account utilisation and vacancy, enabling the delivery of a customer centric approach and enables us to respond to Defence's emerging needs and changes in requirements.

Regional portfolio plans are reviewed quarterly to analyse the ongoing state of vacancy, inventory stock and price movements. This allows for regular strategy review and amendment in response to the fast-moving regional markets.

Commonwealth Heritage Listed properties

As at 30 June 2022, we managed 72 Commonwealth Heritage Listed properties across Australia, on behalf of Defence, including on ADF bases and establishments, in accordance with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). We own two development sites which are Commonwealth Heritage Listed and three that are DHA Heritage Listed.

We undertook conservation activities in accordance with the EPBC Act and the DHA Heritage Strategy. Implementation of the DHA Heritage Strategy is monitored through annual evaluation and requires:

- › the maintenance and conservation of any identified heritage property
- › heritage studies, conservation management planning and other activities relating to the identification, protection, conservation, presentation, and transmission of any Commonwealth Heritage Values of a place
- › identification of Commonwealth Heritage Values on all DHA owned sites and properties.

In 2021–22, we continued a major program of works to conserve and upgrade Defence owned properties, including:

- › heating and air conditioning installation to properties
- › remediation of asbestos, lead dust and lead paint issues
- › upgrade and refurbishment of properties located on Defence bases.

More information on the management of our Commonwealth Heritage Listed properties can be found in Appendix F: Environmental performance of this report.

Collaborate with Defence on housing policy and product

We continue to work closely with Defence to support the housing initiatives developed under the ADF Employment Offer Modernisation Program by providing information on housing preferences and survey data. Our support of the Flexible Housing Trial is an example of our commitment to provide a more flexible housing choice for ADF members and their families, by allowing ADF members to access housing assistance beyond the geographical limits of their posting location as set by Defence Policy. This enables the ADF member's spouse or partner to engage in specified employment or study, or for special needs dependants to access professional services, allowing the family to remain together in the same location. The Trial commenced in September 2021 in five participating locations and will run until 31 December 2023.

The contemporised Defence Services Agreement saw the removal of Capital Inclusions and implementation of the new Minimum Standards, allowing us to provision a more contemporary standard of housing that is adaptable to changing market conditions. The compliancy requirements are now less prescriptive and enable us to cost-recover items required to meet the specifications of ADF member accommodation. We meet regularly with Defence to make decisions on provisioning and discuss all aspects associated with provisioning throughout the property portfolio lifecycle. The focus of these meetings is on continuous improvement, transparency of issues and developing strategic solutions.

Review and update policies and procedures

In collaboration with Defence, we developed a vacancy management plan which details strategies aimed at supporting provisioning while reducing unnecessary housing risk, and minimising surplus and off-line stock. These strategies have proved successful in ensuring ADF members can find a suitable DHA property by managing vacancy and improving utilisation of our portfolio.

Investigate strategic partnerships to meet provisioning needs

We trialled a different provisioning model to secure bulk leasing opportunities to support our ability to provide adequate and suitable housing to ADF members. We commenced an expression of interest in Darwin where we aim to sell lots from our developments to builders with leasing conditions attached. We received strong interest from the market. We will continue to work with the interested builders as part of our long-term provisioning strategies.

We have begun developing new provisioning strategies with builders, developers and in the property industry more broadly. The new approach will be developed over the next twelve months to support future provisioning challenges and build additional provisioning capacity.

Case study

Bellfield Terraces – signed, sealed, delivered

DHA completed a medium sized infill development in Aspley, Queensland this year. The development, marketed as Bellfield Terraces, was designed to meet provisioning targets for Defence members in the Enoggera Defence Housing Forecast (DHF).



Aerial view of DHA development Bellfield Terraces located in Aspley, QLD



Front façade of townhouse located in Bellfield Terraces, Aspley, QLD

A total of 39 townhouses were constructed, with 27 dwellings retained by DHA to provide housing for ADF members and 12 surplus dwellings sold to the private market. These dwellings joined our portfolio in December 2021, while the sale and settlement of retail properties concluded in March 2022.

‘The finished properties look great, are very well located near Enoggera and should provide good amenity to our Defence members and their families,’ says our General Manager of Service Delivery, Brett Jorgensen.

The three and four bedroom Defence homes are classified as Rent Band 1, and the total revenue achieved from the sale of the surplus properties is reinvested in further provisioning activities and contributes to DHA’s return of a dividend to Government.

Purpose 2: Provide value to shareholders

Strategic Priority 3—Financial

We provide value to shareholders through the provision of housing and housing related services to support Defence capability.

Our business is self-funded. We do not receive direct funding from the Federal Budget, rather, we generate revenues to sustain the delivery of housing and related services. Profit is shared with the Australian Government in the form of a dividend payment.

We delivered positive financial outcomes for the year in terms of net profit after tax; which was \$130.3 million. We focused on maintaining strength of our balance sheet, through business model changes and implementing a range of initiatives to build our capital strength and financial capability.

We realised higher than anticipated revenue on asset sales, property values, and rental income. Our annual valuations reflect an increase in property capital values as at 31 December 2021 and growth in rental incomes from 1 January 2022. This led to an increase in rental revenue and a net write back of impairment on owned and leased assets. In addition, we had lower than forecasted operating expenditure due to a combination of savings initiatives, and Technology Refresh program expenditure being re-phased into 2022–23.

Returns to the Australian Government

In addition to supporting Defence capability, we deliver shareholder value by sharing profits with our shareholders in the form of dividend payments. DHA declared a dividend of \$78.2 million for 2021–22, payable through 2022–23.

Taxation

We make tax equivalent payments with respect to state and territory taxes that would apply were DHA not a Commonwealth entity. These taxes are paid in equivalence to the Commonwealth under arrangements set out in the DHA Act.

Current tax expense comprises amounts paid and payable to the Australian Taxation Office of \$34.0 million for 2021–22. State tax equivalent paid and payable to the Commonwealth totalled \$35.6 million for 2021–22.

Management of DHA's loans

In 2021–22, we fully repaid our debts with an additional payout of \$115 million above the planned \$70 million in our 2021–22 Corporate Plan. We now have access to the full extent of our facility with the Commonwealth to help fund future capital needs.

Performance results

Table 3.8: Key performance results for Strategic Priority 3—Financial

Performance indicator	Target 2021–22	Result	Met
Financial performance			
Total shareholder return	9.8%	21.8%	✓
We exceeded our total shareholder return with a 21.8 per cent return, compared to 8.4 per cent for 2020–21. This was achieved due to a growth in annual profit driven by increased revenue from asset and investment sales (primarily Property Investment Program and land sales), a reduction in operating costs and a write back of impairment.			
Return on equity	5.2%	8.5%	✓
The return on equity exceeded the target due to higher than forecast net profit as a result of increased revenue from sales, efficiencies in operating costs and net write back of impairment. This is compared to a result of 5.3 per cent for 2020–21.			
Net profit after tax	\$78.4m	\$130.3m	✓
Net profit after tax (NPAT) exceeded the target due to higher than forecast net profit as a result of increased revenue from sales, efficiencies in operating costs and net write back of impairment. This is compared to a result of \$78.5 million for 2020–21.			
Business efficiency			
Operating margin	55.1%	62.9%	✓
We exceeded our operating margin target due to higher than forecast net profit as a result of increased revenue from sales and rents, efficiencies in operating costs and net write back of impairment. This is compared to a result of 60.9 per cent achieved in 2020–21.			
Return on capital employed	10.0%	16.0%	✓
Return on capital employed exceeded the target due to higher than forecast net profit as a result of increased revenue from sales, efficiencies in operating costs and net write back of impairment. This is compared to a result of 11.0 per cent in 2020–21.			
Debtors age (days)	9.7	31.3	✗
The debtor days is higher than target and the 11.8 per cent result in 2020–21. This was due to a large increase in the value of receivables, while revenues remain comparable to the previous year. The timing of several large invoices, issued on 30 June, has resulted in our accounts receivables totalling \$54.8 million, compared to \$20.9 million as at 30 June 2021. The increase in the ratio compared to target does not indicate higher credit risk or adverse business practice.			
Leverage/solvency			
Gearing ratio (after implementation of leasing standard)	<75%	46%	✓
The gearing ratio is consistent with the target as a result of the repayment of borrowings during the year reducing total debt. This compared to a result of 11.0 per cent in 2020–21.			
Interest cover	>3.2	10.9	✓
Interest cover exceeded the minimum requirement of benchmark due to the favourable earnings before interest and tax outcome compared with annual interest expense. This is compared to a result of 7.0 achieved in 2020–21.			

DHA's capital strength

DHA's capital strength is critical to secure and maintain a portfolio of housing to meet Defence requirements. We continued to focus on building our capital strength through:

- › continued consultation with shareholders on future capital needs
- › repaying the remaining debt tranches to avoid debt costs and to position DHA to draw on its debt portfolio for investment purposes
- › implementation of asset management strategies to moderate the Property Investment Program and other asset divestments to retain capital in anticipation of growth in ADF housing needs.

Sustaining financial capability

We implemented a range of measures to help sustain our financial capability and establish an environment through which business outcomes will support capital strength. These included:

- › reducing the need for capital by focusing on provisioning through leasing, including direct leasing, renewals, and options, further detail on our provisioning strategy and outcomes can be found in Strategic Priority 2—Portfolio
- › rationalising and disposing of unproductive, and unsuitable assets to right-size our housing portfolio and dispose of assets that are no longer suitable for provisioned housing needs

- › fully repaying debt to create capacity within our loan facility, supporting future capital requirements
- › new risk sharing arrangements established in the contemporised Defence Services Agreement, reducing vacancy and relocation costs
- › re-investment of the defunct Defence rebate into our Technology Refresh Program to expand our digital service delivery channels for ADF members and lower the cost of our services
- › continued phasing out of rental floor lease incentives, reducing operating costs and exposure to market volatility.

In the coming year we will continue to pursue measures to improve operational effectiveness and financial sustainability, focusing on realising efficiencies created through improving internal practices and continuing to manage the use of assets to maximise capital strength.

Reviewing operations and controls

We review our operations and controls on an ongoing basis to future proof our operations. In 2021–22 we focused on review of our Service Delivery operations. We enhanced controls and processes relating to rent allowance approvals and recalls, improving oversight throughout the rent allowance lifecycle. These enhancements increased the visibility of available housing, making it easier for ADF members to find a suitable property, improving occupancy levels.

We initiated a review of business rules and process relating to our landlord billing and charges to support our landlords and establish clear and consistent operations around the end of lease relocation billing agreement process and other charges associated with quoting, invoicing, debt recovery statements and bill paying services. We will continue pursuing these enhancements in the year to come.

Greater use of data and improved performance reporting

In 2021–22, we developed a range of interactive analysis and measures to support data and insight driven decision making and improve timeliness and delivery of data to enable us to be responsive to changes within our operating context. This included:

- › Implementation of a range of self-service business intelligence dashboards across DHA, delivering unparalleled access to data and insights within DHA to support data driven decision making across the organisation.
- › Established the DHA Enterprise Cost Allocation Model (DECAM), which leverages systems and current data assets to deliver new insights into the costs and revenues of DHA's functions.

Case study

Akuna Vista is a community where Defence families can live, play, learn, work and grow

The Akuna Vista residential development in North West Sydney is providing new housing for ADF members and their families within a thriving new neighbourhood.

The 140-hectare residential development is located on the former Schofields Aerodrome site in North West Sydney. The \$300 million project will deliver a proportion of housing for ADF members based at the Holsworthy Barracks with the overall site plan including 1,174 residential lots to accommodate some 3,640 residents. To date, 20 new homes have delivered for Defence families, with an additional 12 homes due for completion in April 2023 and further homes delivered in the following years.

Akuna Vista will feature a new retail precinct alongside a new school and sporting and recreational facilities—including netball courts, two multipurpose playing fields, and a club house equipped with change room facilities—delivering world class recreational facilities to the community.



Front façade of house located at Akuna Vista

DHA General Manager, Brett Jorgensen said that Akuna Vista is being developed with a focus on contemporary urban design, sustainable urban planning and amenity.

'The development of the local Retail and Community Centre will follow these principles and become the heart of the development.'

'Integrating everyday amenities, community spaces, a neighbourhood park, sporting facilities and a primary school along with a range of new housing will create a contemporary and sustainable urban environment' Mr Jorgensen said.

Set in a scenic bushland backdrop yet within walking distance to two train stations, schools and shops, Akuna Vista integrates into its natural surroundings. DHA will invest over \$45 million in parks and open spaces at Akuna Vista, which accounts for approximately 43 per cent (49 hectares) of the entire estate. The neighbourhood will be filled with beautiful tree-lined streets, landscaping and parklands to provide areas for residents to relax, unwind and spend quality time with family and friends.



Aerial view of DHA development Akuna Vista

From childcare to university, there will be education facilities for all ages living at Akuna Vista. Defence families can provide their children with a wide choice of local primary schools nearby, before sending them onto any one of the public or private high schools in the region. Further education is also right next door, at the Nirimba Campus of Western Sydney University.

Members will enjoy a range of recreational activities in and near Nirimba Fields, starting with Stonecutters Ridge Golf Club. Designed by the great Greg Norman to challenge even the most experienced golfer, the course is located right next door to Akuna Vista. Golf isn't the only sport on show in the vicinity. The award-winning Blacktown Leisure Centre offers all kinds of activities with its indoor stadium, and indoor lap and wave pools. Just a little further afield, Wet'n'Wild provides adrenalin filled water fun for kids of all ages.

Akuna Vista is located in the newly named suburb Nirimba Fields, formerly known as Schofields, and is well connected to the surrounding regions. The Richmond Rail Line runs along the eastern boundary while Eastern Creek runs along the western boundary of the site. The northern boundary aligns with the Burdekin Road extension and the southern boundary is mostly formed by Nirimba Education Precinct—a multi-institutional educational campus, catering to approximately 9,500 students and staff.

Akuna Vista is scheduled for completion in 2027.

Strategic Priority 4—Capability

We continued to build our organisational capability to better support Defence. We achieved this through the ongoing delivery of our Technology Refresh Program,

implementation of workforce plans and strategies, and establishment of an enterprise change management function to support staff engagement and the delivery of our strategic

objectives. In addition, we continued to uplift our governance maturity, with a particular focus on risk management and business continuity.

Performance results

Table 3.9: Key performance results for Strategic Priority 4—Capability

Performance indicator	2021–22 Target	Result	Met
Staff retention and turnover rate	25%	24%	✓
<p>The staff retention and turnover rate is lower than the Corporate Plan forecast, compared to 22 per cent for 2020–21. In the context of increased mobility in the general labour market, this is viewed as a positive result. The result also reflects our ability to effectively undertake organisational reform and restructuring by utilising existing resources and redeploying skilled employees into new roles.</p>			
Staff engagement	70%	71%	✓
<p>The target for the staff engagement was met and was an improvement compared to 69 per cent for 2020–21. This result reflects the actions taken throughout the year in response to the feedback received in the 2020 and 2021 Australian Public Service Census results. Over 2021–22 we established an Enterprise Change Management framework to support staff through change, increased the visibility of the Leadership Team through 'Ask Me Anything' sessions, and implemented our flexible work arrangements policy. We are committed to sustain improvements in employee engagement into the future through a program of activities to engage staff at all levels in our strategic direction, and by developing a Culture and Wellbeing Strategy.</p>			
Total recordable injury frequency rate (TRIFR) ¹	<7	9	✗
<p>TRIFR combines all recorded fatalities (of which there were none), lost time injuries, cases of alternate work, injuries not requiring first aid or medical treatment and other injuries requiring treatment by a medical professional. In DHA's case, TRIFR includes all employee injuries where the incident occurred in a DHA office or DHA property (i.e., DHA managed property or a DHA construction site).</p> <p>In 2021–22, our performance was 9, above the TRIFR target of less than seven, and the result of 6 achieved in 2020–21. The increase in TRIFR was due to a number of injuries reported throughout the year. Higher instances of injuries are attributed to a greater number of physical property inspections by DHA employees compared to the previous year, enabled by easing COVID restrictions, and enhanced employee awareness of incident reporting requirements. Reported injuries were minor in nature and required minimal time off work (Lost Time Injury Frequency Rate (LTIFR) in 2021–22 was 4).</p> <p>We continue to focus on implementing and reporting on lead safety indicators, which are proactive preventative measures (prevent injuries from occurring). Whereas performance indicators based on TRIFR and LTIFR are lag safety indicators, which are passive reactive measures (injuries have occurred).</p>			

Note

1. Total recordable injury frequency rates (TRIFR) has been used instead of lost time injury frequency rate (LTIFR) as it is a more inclusive measure of workplace injuries (i.e., it measures incident severity).

Technology refresh program

We continue to refresh our technology landscape, moving to contemporary fit-for-purpose systems to deliver better customer service. During the year we delivered several outcomes on the roadmap of enterprise system and infrastructure upgrades across six sub-programs, including:

1. Digital Workplace program:

We upgraded Microsoft suite of programs and implemented Microsoft Teams across the business, significantly uplifting the collaborative capability of our people. DHA's Head Office moved to state-of-the-art communications technology at our new Gungahlin premises, enabling greater connection with internal and external stakeholders. A device refresh of laptops and iPads also commenced.

2. Cyber Security program: We identified and began to embed priority actions to strengthen defences in line with Australian Signals Directorates Essential Eight security strategies. Work to date has included network improvements, staff awareness campaigns, Microsoft Office hardening, and the introduction of Multi Factor Authentication on DHA systems and devices.

3. Data program: To see DHA increasingly become a data-driven organisation, we established data principles, a data literacy program, data governance framework and delivered capability to generate data visualisations, transforming the way DHA staff and decision makers access vital information about the business and our customers.

4. Finance program:

A comprehensive review of DHA's finance systems and process was undertaken to inform the requirements to provision a refreshed financial technology solution, focusing on simplified processes, controls and automation.

5. Online Services program: We are committed to expanding our digital services and increasing usability for our customers. We introduced online landlord statements, online maintenance requests and updates, automation of mid-leases sales processes and annual revaluation data processes, and enhanced rent allowance utilities reimbursement process—turning 30 per cent of ADF member email traffic into simple online processes for ADF members and DHA staff. This work is discussed in more detail in Strategic Priority 1—Customers.

6. Corporate Solution program:

The request for information, evaluation and procurement phases of DHA's Corporate Solution was completed, positioning the business for the most significant enterprise-wide system uplift within the Technology Refresh Program. This solution will deliver an integrated customer relationship management, contact centre telephony, and knowledge management suite of systems.

Staff engagement and change management

We are focused on ensuring staff feel supported and inspired to do their best work every day to provide services to ADF members and their families. The 2021 Australian Public Service Employee Census results for DHA identified a need to improve our consultation and communication of change across the business. In response we implemented an Enterprise Change Management function to ensure change is managed in a consistent and people focused way that supports staff through change while building capability across the organisation. This function will continue to be embedded in the coming year.

We increased visibility of our Leadership Team to support engagement and change management. Leaders across the business are driving visible change through meaningful conversations. We held DHA Direction Sessions with all executive level employees to share DHA's vision, goals, guiding principles and values to ensure that these are embedded, and that staff are aligned and working together to deliver DHA's strategic objectives. To support this an 'Ask Me Anything' series with the Leadership Team was launched to provide opportunities to all staff to discuss the DHA Direction with the senior leaders.

To monitor and respond to employee sentiment between APS Census surveys, we launched a bi-annual all staff pulse survey. The pulse survey tracks employee sentiment toward their experience at DHA and captures feedback on new initiatives and changes to ensure initiatives are improving the employee experience.

During 2021–22 we refreshed our staff intranet to be the single source of truth across DHA and re-enforced its use as the primary means of communication. We improved search functionality, archived redundant content, and improved governance to create a platform that is intuitive, better aligned to business functions and supports DHA staff in their daily activities.

We further support staff engagement through wellbeing initiatives that enable employees to manage their work / life balance. In October 2021, we launched a home-based work policy to support the transition to new ways of working as staff returned to the office following stay at home orders. We also launched an enhanced flexible work policy, to support a flexible work culture. This is a core element of DHA's evolving employee value proposition, intended to improve attraction and retention. Initial feedback from staff shows the new policies are well supported across business areas and employees are utilising the flexible work options available to them while meeting operational requirements.

Building staff capability

We are focused on building our staff capability now and into the future, undertaking effective workforce planning that aligns staff capability and resources to embed our new ways of working and sustain our business in the long-term. We commenced integration of operational workforce planning with the annual corporate planning process to enable leaders to identify core skills and capability requirements needed to deliver our key activities.

In 2021–22 we concluded the implementation of the DHA Strategic Recruitment Plan 2020–21 to attract and retain the right people for the right jobs and made substantial progress to implement the DHA Learning and Development Strategy 2020–22 to build the core skills and critical capabilities identified in our workforce plan. In addition, we identified critical roles and a talent pipeline through application of a revised Succession Planning Framework to support business continuity.

A new DHA People Strategy 2022–25 has been endorsed by DHA's People and Culture Committee. The People Strategy positions DHA to achieve its capability and culture objectives and will be implemented over the next three years.

More information on building staff capability can be found in the Workforce capability section of this report.

Amendments to the Defence Housing Australia Act 1987 (DHA Act)

We continue to work with Defence to align its requirements for housing philanthropic organisations assisting the ADF, and foreign exchange and visiting military personnel, with the *Defence Housing Australia Act 1987 (DHA Act)* and address the outstanding recommendation (Recommendation 1 – DHA and Defence align Defence requirements for housing philanthropic organisations assisting the Australian Defence Force (ADF), and foreign exchange and visiting military personnel, with the DHA Act) from the ANAO Report No. 31 (2019–20) *Management of Defence Housing Australia*. We are simultaneously working with Defence on a number of additional potential amendments to the DHA Act to streamline operations and improve service delivery for the benefit of ADF members and their families.

Improving governance maturity and capability

We continue to improve and refine risk management practices across the business. The emphasis has been on maturing risk reporting to the Board Audit and Risk Committee with a focus on strategic and specialist risks.

We delivered an updated business continuity framework (including business impact assessments, Business Continuity Plans and policy documents). Business continuity familiarisation workshops were held to improve preparedness and support a sound understanding of roles and responsibilities. Business Continuity Plans will undergo testing to ensure they are fit-for-purpose and provide a mechanism to continually improve the business continuity framework.

Additionally, we increased awareness of DHA's legislative requirements under the *Archives Act 1983 (Archives Act)* and are improving our records and information management practices through the development of a records management framework. We commenced a record archiving and disposal program in accordance with the Archives Act and begun identifying legislative recordkeeping requirements for new and existing information systems.

More information on our Governance arrangements and risk management can be found in Part 4—Management and accountability of this report.

Regional report on operational performance

This section summarises our performance by region in 2021–22.

Northern Territory region

As at 30 June 2022, we housed 1,613 members and their families, assisted 775 to find a home within the Northern Territory region and managed 1,710 properties in the Northern Territory region. The majority of these properties are located in Darwin and Tindal, and are freestanding three and four-bedroom houses. We also managed a number of townhouses and high-rise apartments located situated in close proximity to the Darwin CBD. Properties in the region accommodated ADF members working at a number of ADF bases and establishments, including RAAF Base Darwin, RAAF Base Tindal, Robertson Barracks and Larrakeyah Defence Precinct.

Table 3.10: NT region property provisioning and related services 2021–22

	Darwin	Tindal/Alice Springs	Total
MWD property provisioning			
Acquisitions and constructions	0	12	12
Direct leases	5	0	5
Lease renewals, options and extensions	75	0	75
Total additions	80	12	92
Lease ends	117	0	117
Disposals and handbacks	0	1	1
Total subtractions	117	1	118
Transfers ¹	(1)	0	(1)
Closing balance (30 June 2022)	1,166	364	1,530

	Darwin	Tindal/Alice Springs	Total
MCA property provisioning			
Acquisitions and constructions	0	0	0
Direct leases	0	0	0
Lease renewals, options and extensions	17	0	17
Total additions	17	0	17
Lease ends	25	0	25
Disposals and handbacks	1	0	1
Total subtractions	26	0	26
Transfers ¹	0	0	0
Closing balance (30 June 2022)	180	0	180
Property and tenancy services 30 June 2022			
Housing allocations	584	191	775
Property inspections	4,679	1,424	6,103
ADF members receiving rent allowance	1,129	33	1,162
Leases managed	882	0	882
Maintenance work orders raised	25,266	6,969	32,235

Note

1. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between MWD and MCA portfolios.

North Queensland region

As at 30 June 2022, we housed 1,426 member and their families, assisted 742 to find a home and managed 1,536 properties in the North Queensland region. The majority of these properties are located in Townsville and Cairns and are freestanding three and four-bedroom houses. We managed a number of townhouses and high-rise apartments located situated in close proximity to city centres. In addition, we managed properties in Weipa, RAAF Base Scherger, Thursday Island, Tully, Mission Beach and Mount Isa. Properties in the region accommodated ADF members working at a number of ADF bases and establishments, including Lavarack Barracks, Townsville RAAF Base, 51st Battalion Far North Queensland Regiment and HMAS Cairns.

Table 3.11: North Queensland region property provisioning and related services 2021–22

	Townsville	Cairns	Total
MWD property provisioning			
Acquisitions and constructions	0	0	0
Direct leases	0	1	1
Lease renewals, options and extensions	102	28	130
Total additions	102	29	131
Lease ends	250	36	286
Disposals and handbacks	1	1	2
Total subtractions	251	37	288
Transfers ¹	(1)	0	(1)
Closing balance (30 June 2022)	1,232	187	1,419

	Townsville	Cairns	Total
MCA property provisioning			
Acquisitions and constructions	0	0	0
Direct leases	0	0	0
Lease renewals, options and extensions	15	1	16
Total additions	15	1	16
Lease ends	16	1	17
Disposals and handbacks	0	0	0
Total subtractions	16	1	17
Transfers ¹	0	0	0
Closing balance (30 June 2022)	95	22	117
Property and tenancy services 30 June 2022			
Housing allocations	640	102	742
Property inspections	4,937	722	5,659
ADF members receiving rent allowance	1,116	227	1,343
Leases managed	1,216	175	1,391
Maintenance work orders raised	26,114	3,542	29,656

Note

1. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between MWD and MCA portfolios.

South Queensland region

As at 30 June 2022, we housed 3,150 members and their families, assisted 1,462 to find a home and managed 3,358 properties in the South Queensland region. The majority of these properties are located in Brisbane and Ipswich, and a smaller number located in Toowoomba and the Gold Coast with the majority being freestanding three and four-bedroom houses. We also managed a number of townhouses and high-rise apartments. Properties in the region accommodated ADF members working at a number of ADF bases and establishments, including Gallipoli Barracks and RAAF Base Amberley.

Table 3.12: South Queensland region property provisioning and related services 2021–22

	Brisbane	Ipswich	Toowoomba	Total
MWD property provisioning				
Acquisitions and constructions	35	0	0	35
Direct leases	1	2	2	5
Lease renewals, options and extensions	152	81	27	260
Total additions	188	83	29	300
Lease ends	207	145	33	385
Disposals and handbacks	1	0	0	1
Total subtractions	208	145	33	386
Transfers ¹	0	(2)	0	(2)
Closing balance (30 June 2022)	1,856	1,040	177	3,073

	Brisbane	Ipswich	Toowoomba	Total
MCA property provisioning				
Acquisitions and constructions	0	0	0	0
Direct leases	0	0	0	0
Lease renewals, options and extensions	32	2	0	34
Total additions	32	2	0	34
Lease ends	34	2	0	36
Disposals and handbacks	0	0	0	0
Total subtractions	34	2	0	36
Transfers ¹	0	0	0	0
Closing balance (30 June 2022)	249	36	0	285
Property and tenancy services 30 June 2022				
Housing allocations	941	436	85	1,462
Property inspections	7,511	4,001	638	12,150
ADF members receiving rent allowance	1,351	1,032	192	2,575
Leases managed	1,717	926	172	2,815
Maintenance work orders raised	27,947	16,152	2,260	46,359

Note

1. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between MWD and MCA portfolios.

New South Wales region

As at 30 June 2022, we housed 4,070 members and their families, assisted 1,612 to find a home, and managed 4,368 properties within the New South Wales region. The majority of these properties are located in the greater Sydney area, with a smaller number located in the Hunter Valley (Newcastle and Singleton) and Nowra. The majority of properties were freestanding three and four-bedroom houses. The Sydney property portfolio comprised a mix of freestanding houses, townhouses and high-rise apartments, reflective of the region's higher population and higher housing density. The properties accommodated ADF members working at a number of ADF bases and establishments, including Holsworthy Barracks, RAAF Base Glenbrook, RAAF Base Orchard Hills, School of Infantry Singleton, RAAF Base Williamtown, Bullecourt Barracks Adamstown, HMAS Creswell, HMAS Albatross and the Royal Australian Navy's Fleet Base East.

Table 3.13: NSW region property provisioning and related services 2021–22

	Sydney	Hunter Valley	Nowra	Total
MWD property provisioning				
Acquisitions and constructions	10	0	0	10
Direct leases	23	11	3	37
Lease renewals, options and extensions	254	138	51	443
Total additions	287	149	54	490
Lease ends	364	174	67	605
Disposals and handbacks	3	3	0	6
Total subtractions	367	177	67	611
Transfers ¹	(3)	0	0	(3)
Closing balance (30 June 2022)	2,891	891	339	4,121

	Sydney	Hunter Valley	Nowra	Total
MCA property provisioning				
Acquisitions and constructions	0	0	0	0
Direct leases	0	4	0	4
Lease renewals, options and extensions	31	0	0	31
Total additions	31	4	0	35
Lease ends	33	0	0	33
Disposals and handbacks	0	0	0	0
Total subtractions	33	0	0	33
Transfers ¹	0	0	0	0
Closing balance (30 June 2022)	189	58	0	247
Property and tenancy services 30 June 2022				
Housing allocations	1,132	374	106	1,612
Property inspections	8,693	2,595	717	12,005
ADF members receiving rent allowance	4,358	804	483	5,645
Leases managed	1,903	805	273	2,981
Maintenance work orders raised	33,652	11,625	3,634	48,911

Note

1. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between MWD and MCA portfolios.

Australian Capital Territory and Riverina region

As at 30 June 2022, we housed 2,664 ADF members and their families, assisted 1,244 to find a home and managed 2,819 properties in the Australian Capital Territory and Riverina region. The majority of these properties are located in the Canberra region, which included properties in adjacent NSW cities. A smaller number were located in Wagga Wagga (NSW), Albury (NSW) and Wodonga (VIC). The majority of properties being freestanding three and four-bedroom houses; however, we also managed a number of townhouses and high-rise apartments close to the Canberra CBD. Properties in the region accommodated ADF members working at a number of ADF bases and establishments, including HMAS Harman, Royal Military College Duntroon and the administrative headquarters of the ADF at Russell, in the ACT; Latchford Barracks near Wodonga, Victoria; Kapooka near Wagga Wagga, NSW; and Headquarters Joint Operations Command in NSW.

Table 3.14: ACT and Riverina region property provisioning and related services 2021–22

	Canberra	Wagga Wagga	Albury/Wodonga	Total
MWD property provisioning				
Acquisitions and constructions	0	0	0	0
Direct leases	49	4	1	54
Lease renewals, options and extensions	326	40	56	422
Total additions	375	44	57	476
Lease ends	389	47	68	504
Disposals and handbacks	0	0	0	0
Total subtractions	389	47	68	504
Transfers ¹	5	0	0	5
Closing balance (30 June 2022)	1,992	280	278	2,550

	Canberra	Wagga Wagga	Albury/Wodonga	Total
MCA property provisioning				
Acquisitions and constructions	0	0	0	0
Direct leases	2	0	0	2
Lease renewals, options and extensions	42	0	0	42
Total additions	44	0	0	44
Lease ends	45	0	0	45
Disposals and handbacks	0	0	0	0
Total subtractions	45	0	0	45
Transfers ¹	0	0	0	0
Closing balance (30 June 2022)	269	0	0	269
Property and tenancy services 30 June 2022				
Housing allocations	938	151	155	1,244
Property inspections	5,355	980	1,045	7,380
ADF members receiving rent allowance	1,893	305	169	2,367
Leases managed	1,904	176	253	2,333
Maintenance work orders raised	20,882	3,378	2,764	27,024

Note

1. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between MWD and MCA portfolios.

Victoria and Tasmania region

As at 30 June 2022, we housed 1,008 members and their families, assisted 510 to find a home, and managed 1,165 properties in the Victoria and Tasmania region. The majority of these are located in Victoria including greater Melbourne, Puckapunyal, Frankston and Sale. We also managed 26 properties in Hobart. The majority of properties were freestanding three and four-bedroom houses; however, we also managed a number of townhouses and high-rise apartments located close to the Melbourne CBD. Properties in the region accommodated ADF members working at a number of ADF bases and establishments, including Simpson Barracks, Victoria Barracks, Puckapunyal Military Area, RAAF Williams, HMAS Cerberus, and RAAF Base East Sale.

Table 3.15: Victoria and Tasmania region property provisioning and related services 2021–22

	Victoria	Tasmania	Total
MWD property provisioning			
Acquisitions and constructions	0	0	0
Direct leases	5	0	5
Lease renewals, options and extensions	64	1	65
Total additions	69	1	70
Lease ends	93	1	94
Disposals and handbacks	0	0	0
Total subtractions	93	1	94
Transfers ¹	0	0	0
Closing balance (30 June 2022)	1,118	26	1,144

	Victoria	Tasmania	Total
MCA property provisioning			
Acquisitions and constructions	0	0	0
Direct leases	0	0	0
Lease renewals, options and extensions	3	0	3
Total additions	3	0	3
Lease ends	4	0	4
Disposals and handbacks	0	0	0
Total subtractions	4	0	4
Transfers ¹	0	0	0
Closing balance (30 June 2022)	21	0	21
Property and tenancy services 30 June 2022			
Housing allocations	499	11	510
Property inspections	3,216	40	3,256
ADF members receiving rent allowance	977	33	1,010
Leases managed	427	4	431
Maintenance work orders raised	14,318	294	14,612

Note

1. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between MWD and MCA portfolios.

South Australia region

As at 30 June 2022, we housed 1,054 members and their families, assisted 492 to find a home and managed 1,086 properties in the South Australia region. The majority of these properties are located in and around Adelaide and are freestanding three and four-bedroom houses. We also managed a number of townhouses, and apartments located close to the Adelaide CBD. Properties in the region accommodated ADF members working at RAAF Base Edinburgh, Keswick Barracks and Woodside Barracks.

Table 3.16: South Australia region property provisioning and related services 2021–22

	Total
MWD property provisioning	
Acquisitions and constructions	0
Direct leases	6
Lease renewals, options and extensions	137
Total additions	143
Lease ends	176
Disposals and handbacks	0
Total subtractions	176
Transfers ¹	(1)
Closing balance (30 June 2022)	897

	Total
MCA property provisioning	
Acquisitions and constructions	0
Direct leases	3
Lease renewals, options and extensions	2
Total additions	5
Lease ends	2
Disposals and handbacks	0
Total subtractions	2
Transfers ¹	0
Closing balance (30 June 2022)	189
Property and tenancy services 30 June 2022	
Housing allocations	492
Property inspections	3,451
ADF members receiving rent allowance	1,003
Leases managed	877
Maintenance work orders raised	13,492

Note

1. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between MWD and MCA portfolios.

Western Australia region

As at 30 June 2022, we housed 859 members and their families, assisted 374 to find a home, and managed 913 properties in the Western Australia region. The majority of these properties are located in Perth and Rockingham, and a small number of properties located in Broome, Exmouth, Geraldton, Karratha and Pearce. The majority of properties are freestanding three and four-bedroom houses; however, we also managed a number of townhouses and apartments. Properties in the region accommodated ADF members working at a number of ADF bases and establishments including Fleet Base West, RAAF Base Pearce, Irwin Barracks, Leeuwin and Campbell Barracks.

Table 3.17: Western Australia region property provisioning and related services 2021–22

	Total
MWD property provisioning	
Acquisitions and constructions	2
Direct leases	5
Lease renewals, options and extensions	79
Total additions	86
Lease ends	131
Disposal and handbacks	10
Total subtractions	141
Transfers ¹	(6)
Closing balance (30 June 2022)	794

	Total
MCA property provisioning	
Acquisitions and constructions	0
Direct leases	2
Lease renewals, options and extensions	33
Total additions	35
Lease ends	35
Disposals and handbacks	0
Total subtractions	35
Transfers ¹	0
Closing balance (30 June 2022)	119
Property and tenancy services 30 June 2022	
Housing allocations	374
Property inspections	3,225
ADF members receiving rent allowance	961
Leases managed	554
Maintenance work orders raised	12,228

Note

1. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between MWD and MCA portfolios.





PART 4

Management and accountability

Legislative framework

Corporate governance structure

Risk management,
internal audit and compliance

Procurement and consultancies

External scrutiny

Workforce management

Information management and systems

Legislative framework

We operate in accordance with a range of Commonwealth, State and Territory legislation.

The most important pieces of legislation by which DHA is governed are as follows.

Defence Housing Australia Act 1987

Defence Housing Australia (DHA), formerly known as the Defence Housing Authority, was established as a statutory authority⁸ on 1 January 1988 under the *Defence Housing Authority Act 1987*.

On 23 November 2006, in accordance with the *Defence Housing Authority Amendment Act 2006*, the Authority was renamed Defence Housing Australia and our principal Act was renamed *Defence Housing Australia Act 1987* (DHA Act).

The DHA Act sets out our functions, powers, corporate structure and delegations. In accordance with section 5 of the DHA Act, the main function of DHA is to meet the operational needs of the ADF and the requirements of the Department [of Defence] by providing adequate and suitable housing for, and housing related services to:

- › members of the Defence Force and their families
- › officers and employees of the Department of Defence and their families
- › persons contracted to provide goods or services to the Defence Force and their families.

Section 6 of the DHA Act states DHA may provide housing and housing related services to non-corporate Commonwealth entities other than Defence. We did not provide any such services in 2021–22.

8 A statutory authority is a generic term for an Australian Government body established through legislation for a public purpose.

Public Governance, Performance and Accountability Act 2013

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and its associated instruments, policies and guidance set the standards of governance, performance and accountability for Commonwealth entities and companies. The PGPA Act also imposes specific duties on our Board members and officials relating to the use and management of resources.

We are a corporate Commonwealth entity⁹ and must comply with the following PGPA Act associated instruments and policies:

- › *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule)
- › *Public Governance, Performance and Accountability* (Financial Reporting) *Rule 2015*
- › Any relevant government policy orders.

Significant issues relating to non-compliance with the finance law

In accordance with section 19 of the PGPA Act, the Board (as the accountable authority of DHA) must notify our responsible Minister as soon as practicable after a significant non-compliance with the finance law¹⁰ issue is identified. We must also include a statement of any significant issues reported to the responsible Minister in our Annual Report for that reporting period.

To assist the Board in fulfilling this requirement, DHA conducts a bi-annual finance law compliance reporting process. Informed by this, the Board did not determine any instances of significant non-compliance with the finance law for the 2021–22 reporting period.

DHA as a Government Business Enterprise

In accordance with section 5 of the PGPA Rule, DHA is one of nine Government Business Enterprises (GBEs).¹¹ As a GBE, we are expected to comply with Commonwealth Government Business Enterprises—*Governance and Oversight Guidelines Resource Management Guide No. 126* (RMG 126).

RMG 126 provides guidance in relation to board and corporate governance, planning and reporting, financial governance and other governance matters. A principal objective for each GBE is that it provides value to shareholders. Refer to Part 3—Performance reporting for detail on how we provided value to shareholders during 2021–22.

Table 4.1: Significant non-compliance with the finance law

Description of non-compliance	Remedial action
N/A	N/A

9 A corporate Commonwealth entity is a body corporate, established by a law of the Commonwealth but legally separated from it. Corporate Commonwealth entities can act in their own right and exercise certain legal rights such as entering into contracts and owning property.

10 Finance law incorporates the PGPA Act, any rules covered by the PGPA Act, any instrument under the PGPA Act and an Appropriation Act.

11 A GBE is a commercially focused government owned business that is established to fulfil a Commonwealth Government purpose.

Other applicable legislation and processes

We are the only GBE that employs staff under the *Public Service Act 1999*. As an Australian Government employer, we must adhere to the provisions and statutes of various Commonwealth employment related legislation. As a statutory agency, we must also operate in accordance with Commonwealth legislation including, but not limited to, the following Acts.

Work Health and Safety Act 2011 (Cth)

The *Work Health and Safety Act 2011* (Cth) (WHS Act), and associated regulations and practices, provides a balanced and nationally consistent framework to secure the health and safety of workers and workplaces. The WHS Act requires Commonwealth entities to give regard to the principle that workers and other persons should be given the highest level of protection against harm to their health, safety and welfare from hazards and risks arising from work as is reasonably practicable.

As a corporate Commonwealth entity, we must comply with the WHS Act and associated regulations and practices:

- › *Work Health and Safety Regulations 2011* (Cth)
- › Comcare¹² approved Codes of Practice.

DHA, and its officers,¹³ must fulfil a range of duties to ensure risks to worker (or others) health and safety are either eliminated or minimised as is reasonably practicable. We also have a duty to notify Comcare of specific workplace incidents (a notifiable incident) as per Section 38 of the WHS Act.

Freedom of Information Act 1982 (Cth)

Individuals can submit a request to DHA under the *Freedom of Information Act 1982* (Cth) (FOI Act) to access documents we hold and seek to obtain copies of those documents.

Our responsibilities and functions under the FOI Act are delegated to a core group of staff. All staff complete FOI Act training as part of their induction training and annually as part of mandatory refresher training.

One outstanding request was received in 2020–21 that was reported as outstanding at 30 June 2021 in the previous Annual Report. Access was refused to this request under section 47(1)(b) – commercially valuable information.

In 2021–22, we received 17 requests for access to documents under the FOI Act. Of these:

- › access was granted in full for one request, and in part for three requests with some material removed under section 47F in each request
- › access was refused for four requests, one under section 47F – personal privacy, and three under section 24A – documents do not exist

12 Comcare is the Commonwealth work health and safety regulator whose functions are set out in Part 8 of the WHS Act.

13 An officer is defined in Section 247 of the WHS Act.

- › four requests were withdrawn by the applicant
- › one request was transferred to another agency under section 16.

In addition, one request for internal review was received, with access granted in part and some material removed under section 47(1)(b) – commercially valuable material.

There were four FOI requests outstanding, and one Information Commissioner review underway as at 30 June 2022. Consistent with the Information Publication Scheme, an agency plan and FOI disclosure log is published on our website (www.dha.gov.au/foi).

Privacy Act 1988 (Cth)

Personal information relating to the administration of our programs and services are protected by the *Privacy Act 1988 (Cth)* (Privacy Act). We also have comprehensive policies and processes in place to protect the personal information of our customers and staff.

Our responsibilities and functions under the Privacy Act are delegated to a core group of staff. All staff complete Privacy Act training as part of their induction training and annually as part of mandatory refresher training. Our privacy policy is published on our website (www.dha.gov.au/policies/privacy) and sets out how:

- › we collect, hold, use and disclose personal information
- › individuals may seek to access or correct personal information
- › individuals can make a complaint if they believe we have breached our obligations under the Privacy Act.

When undertaking new projects and programs, we undertake privacy impact assessments to minimise privacy risks and ensure compliance with statutory obligations.

In 2021–22, we managed 349 privacy queries, 45 of which related to privacy breaches which were largely due to human error.

Our Privacy Impact Assessment register was reviewed by the Office of the Australian Information Commissioner (OAIC) as part of an agency wide review and was found to be compliant. We are enhancing the register to include information about the date it was previously reviewed.

We did not report any eligible data breaches to the OAIC under the Notifiable Data Breaches Scheme.

Public Interest Disclosure Act 2013 (Cth)

We are committed to the highest standards of ethical and accountable conduct. The *Public Interest Disclosure Act 2013* (Cth) (PID Act) allows for investigations of alleged wrongdoing by public officials¹⁴ and provides protections for individuals who disclose or report suspected wrongdoing.

Our responsibilities and functions under the PID Act are delegated to a core group of staff. All staff are required to complete PID Act training as part of our induction process and undertake mandatory refresher training annually.

We received no public interest disclosures in 2021–22.

Modern Slavery Act 2018 (Cth)

The *Modern Slavery Act 2018* (Cth) came into effect on 1 January 2019. The Act established a national modern slavery reporting requirement which applies to entities in the Australian market with an annual consolidated revenue of at least \$100 million. Entities are required to report annually on the risks of modern slavery in their operations and supply chains, as well as actions taken to address those risks. We are on track to submit our 2021–22 statement for publishing by 31 December 2022 in line with the requirements of the Act. All DHA contracts are with Australian suppliers who predominantly provide services rather than goods. We will continue to strengthen procurement and contract management frameworks to reduce the risks of modern slavery further down our supply chains.

Our Modern Slavery Statements are available to view on the Modern Slavery Register (<https://modernslaveryregister.gov.au/statements/6656/>)

¹⁴ A public official includes current and former DHA staff and DHA contracted service providers.

Case study

DHA Canberra crew move to purpose-built Gungahlin office

After four years of planning and preparation, DHA officially opened its new head office accommodation in Gungahlin ACT on 28 March 2022.



DHA's Head Office located in Gungahlin

In his opening speech, DHA Chair the Hon Sandy Macdonald proudly noted, 'The building has been thoughtfully designed for the DHA of the future, with a focus on agile work practices and environmental sustainability.'

Managing Director, Barry Jackson echoed these sentiments at a separate afternoon tea event, where he said 'We now have many different workspaces, designed for different types of work activities, which will support us to work flexibly, collaborate more and improve connectedness across DHA.'

The purpose-built building, with 4,200 squares of floor space, means our ACT service delivery housing staff are now co-located with the service delivery support teams that were previously based in the Barton office that DHA had tenanted for more than 30 years. Canberra staff are already working in new collaborative ways – taking advantage of ad-hoc meetings and spaces to present ideas to one another, brainstorm, and agree on direction.

The Gungahlin space is a demonstration of the refreshed future of technology at DHA: flexibility and connectivity are built into its

workstations, breakout spaces, lockers, and its simplified audio-visual system.

'Our head office has been set up as our flagship for the rest of the business,' says Chief Information Officer Katische Vinning. 'Many elements of the technology we installed at Gungahlin will be rolled out to the rest of our offices as appropriate.'

Chief Financial Officer Paul Groenewegen congratulated the Technology Team on the Gungahlin welcome experience.

'What I, and others, saw on first arrival was friendly assistance, brand new equipment – all laid out – digital signage, lockers, security, flash new meeting room capability and training in how it all works.

'As seriously impressive as all this is, I know that the work required to plan, coordinate and especially implement this kit was a mountain to overcome. Huge efforts were undertaken so that the rest of us could have a seamless transition and awesome experience.'

The construction of the Gungahlin building commenced on 27 July 2020 and was completed in February 2022. Approximately 240 staff moved into the building in the first week of March 2022.

Corporate governance structure

Our corporate governance structure ensures we deliver outcomes in a controlled, transparent and accountable manner.

Our governance framework comprises the principles, practices and tools needed to ensure our approach to governance is consistent and coordinated.

Our performance framework provides strategic direction and alignment across the business through a clear line of sight through all planning and reporting activities, including:

- › coordinated business planning as reflected in our Corporate Plan strategic priorities, goals and objectives
- › performance monitoring and reporting through regular reviews of strategic and organisational performance measures—refer to Part 3—Performance reporting for more detail.

Shareholder Ministers

The Australian Government's interests in DHA are overseen by two Shareholder Ministers: the Minister for Defence Personnel and the Minister for Finance.

As we sit within the Defence portfolio of the Australian Government, the Minister for Defence is our responsible minister. For 2021–22, the Minister for Defence delegated responsibility for our operational matters to the Minister for Defence Personnel. From 8 August 2022, our responsible Minister is the Assistant Minister for Defence.

In accordance with the DHA Act and a ministerial determination, we must seek approval of the Minister for Defence (or their delegate) for any contracts we wish to execute which are greater than or equal to \$15 million in value.

Shareholder Ministers in 2021–22

Our Shareholder Ministers for the reporting period were as follows:

- › Minister for Defence Personnel:
 - The Hon Darren Chester MP from 1 July 2021 to 2 July 2021.
 - The Hon Andrew Gee MP from 2 July 2021 to 23 May 2022.
 - The Hon Matt Keogh MP from 1 June 2022 to 30 June 2022.

- › Minister for Finance:
 - Senator the Hon Simon Birmingham from 1 July 2021 to 23 May 2022.
 - Senator the Hon Katy Gallagher from 23 May 2022 to 30 June 2022.

Ministerial directions and policy orders

We did not receive any new ministerial directions or policy orders in 2021–22. We achieved the April 2018 Ministerial direction to relocate our Australian Capital Territory offices (head office and ACT regional office) to the Gungahlin Town Centre by 18 March 2022.

Board of Directors

The Board is established in accordance with Part III of the DHA Act and is the accountable authority for DHA under the PGPA Act. The Board is responsible for the proper and efficient performance of our functions. The Board makes decisions on organisational direction and strategy, which are articulated through our Corporate Plan and Statement of Corporate Intent.

Board members

In accordance with section 12 of the DHA Act, our Board consists of:

- › eight non-executive members with a mix of APS, Defence and commercial experience
- › one executive member who is also DHA's Managing Director.

Refer to Appendix A: Accountable Authority for further details as required by the PGPA Rule.

Board members as at 30 June 2022



Hon J.A.L. (Sandy) Macdonald AM
Chair

Mr Macdonald was appointed as a member of the Board in July 2008 and was appointed Chair in February 2015. He has considerable public and private company experience. He was elected to the Australian Senate in 1993 and served multiple terms before retiring in 2008. His Parliamentary service includes eight years as Chair of the Senate Foreign Affairs, Defence and Trade Committee, and periods as Deputy Leader of the National Party in the Senate, Parliamentary Secretary for Defence and Parliamentary Secretary for Trade. He was made a Member of the Order of Australia (AM) in 2021 for significant service to the people and Parliament of Australia and to public administration. He is a wool and beef producer near Quirindi (NSW).



Mr Barry Jackson
Managing Director

Mr Jackson was appointed as Managing Director in May 2019. Prior to DHA he was Deputy Secretary, Service Delivery Operations at the Department of Human Services. His Australian Public Service career includes senior executive roles within the Department of Human Services, the Department of Finance and the Department of Foreign Affairs and Trade. He also has over 25 years' experience in the private sector, primarily in the areas of construction, property management, and strategic and business process management. He was Chief Executive Officer of UGL Services Australia and New Zealand from 2009–11, Australia's largest provider of property management services. He is the Deputy Chair of Goodwin Aged Care Services, the ACT's largest not-for-profit aged care provider. He is also on the Board of Koomarri, an ACT/NSW based not-for-profit organisation specialising in supporting people with an intellectual disability or acquired brain injury to achieve their life goals.



Brigadier Leigh Wilton AM
Director

Brigadier Wilton was appointed to the Board as the nominee of the Chief of the Defence Force in December 2019. She graduated from the Royal Military College to the Royal Australian Army Ordnance Corps in 1991. Her early appointments included regimental and staff positions as a supply officer and project manager. Her command experience includes a posting as the Officer Commanding Supply Company, 7th Combat Service Support Battalion and the inaugural Commanding Officer/Chief Instructor of the Army School of Ordnance. She has held a range of staff appointments at both Lieutenant Colonel and Colonel. She has held positions as the Senior Officer Manager within the Career Management Agency, directing staff at both the Australian Command and Staff College and the Centre for Defence and Strategic Studies, and as the Chief of Staff for Headquarters 633 – Afghanistan and Chief of Staff for Army Headquarters. She was appointed as the Director General Personnel – Army in 2016. In this role she also held the appointment as Deputy Head Army People, and was recognised for her work by being awarded the Member of the Order of Australia (AM) in 2018. In 2019 she was appointed as the Director General Career Management – Army. In March 2022, Brigadier Wilton retired from the full-time Australian Army and is now a member of the Army Reserve.



Mr Simon Lewis AO PSM CSC
Director

Mr Lewis was appointed to the Board as the nominee of the Department of Finance Secretary in April 2019 and was reappointed in April 2022. He had a distinguished career in the Australian Public Service spanning more than four decades, including a five-year term as the Secretary of the Department of Veterans Affairs and senior roles at the Department of Defence and the Department of Finance. He was made an Officer of the Order of Australia (AO) in 2019 for distinguished service to public administration, transformational change and organisational design. He was awarded a Public Service Medal (PSM) in 2007 for outstanding public service and the Centenary Medal in 2001 for his contribution to Australian society and government. His former board appointments include President of the Repatriation Commission, Chair of the Military Rehabilitation and Compensation Commission and a member of the ANZAC Centenary advisory board.



Ms Kate Louis
Director

Ms Louis was appointed to the Board as the Secretary of Defence's nominee in June 2020. She has 20 years' experience in the Department of Defence including appointments as Director, Chief of Staff and Assistant Secretary within the Capability Development Group. In 2014, Ms Louis was appointed as the Assistant Secretary White Paper Enterprise Management to develop industry related Defence policy including Shipbuilding and the Defence Industry Policy Statement. Ms Louis was the First Assistant Secretary Defence Industry Policy Division from November 2015. In this role, she was responsible for the effective implementation of the Government's approach to Defence Industry policy. Ms Louis joined the Australian Industry Group (AI Group) in August 2017 as the Executive Director of the AI Group Defence Council, and is now also Head of Defence and National Security.



Mr Robert Fisher AM
Director

Mr Fisher was appointed to the Board as a commercial director in February 2016 and was reappointed in 2019 and 2022. He had a distinguished career in the public service spanning more than four decades, including being a member of the Australian Trade Commissioner Service and Chief Executive Officer or Director General of various Western Australian (WA) government departments. He was Agent General for WA, based in London, from 2001 to 2006. He was one of five commissioners on the Australian Government's National Commission of Audit in 2013–14. He was made a Member of the Order of Australia (AM) in 2003 for service to the public sector in WA.



Ms Andrea Galloway

Director

Ms Galloway was appointed to the Board as a commercial director in November 2016 and reappointed in November 2019. She has over 30 years of executive management experience for national and multinational commercial organisations, including leading Spherion, Lucent Technologies and AT&T in the Asia Pacific and South Pacific. She was most recently Managing Director of Evolve Housing, one of Australia's largest community housing providers, from 2011 to 2019. She is on the board of Coleman Greig Lawyers and is a member of the Advisory Board for The Salvation Army Australia—NSW/ACT. In 2014, she was awarded the Australian Telstra Business Woman of the Year and the NSW Telstra Business Woman of the Year for Innovation.



Mr Ewen Jones

Director

Mr Jones was appointed to the Board as a commercial director in December 2016 and reappointed in 2019. He was elected as the Federal Member for Herbert, an electorate in Townsville (QLD), in 2010 and served until 2016. He was a member of several House of Representatives Standing Committees and the Joint Standing Committee on Foreign Affairs, Defence and Trade. He was Government Whip from October 2015 to May 2016. He is an auctioneer by trade, with a strong real estate and corporate finance background. He is currently the manager of Golf World in Townsville and a member of the National Film and Sound Archive Australia Board.



Ms Gai Brodtmann

Director

Ms Brodtmann was appointed to the board as a commercial director in February 2021. She currently sits on the boards of Old Parliament House, Endometriosis Australia and Fearless Women, and is a member of the Sapien Cyber advisory board, the Australian Strategic Policy Institute and National Security College Futures councils, and the Canberra Business Chamber Policy Taskforce. Ms Brodtmann is also a presenter and panellist at the National Security College, Australian Strategic Policy Institute and Australian Defence College. Elected as the Member for Canberra from 2010 to 2019, Ms Brodtmann served as Shadow Parliamentary Secretary for Defence from 2013 to 2016 and Shadow Assistant Minister for Cyber Security and Defence from 2016 to 2019. She also served on various committees, including the Joint Standing Committee on Foreign Affairs, Defence and Trade and Joint Committee of Public Accounts and Audit. Prior to her political career, Ms Brodtmann was a small business owner from 2000 to 2010, a non-executive director and a federal public servant, mostly with the Department of Foreign Affairs and Trade and the Attorney-General's Department from 1990 to 2000.

Board and legislated committees

In accordance with section 26(1) of the DHA Act, the Board may establish committees to assist in the discharge of its duties. The Board and each of its committees has a charter that sets out its purpose, composition and meeting and administrative arrangements. The Board considers the charters and the composition of committees periodically.

Amendments to the DHA Act in 2006 established the DHA Advisory Committee to advise on the performance of DHA's functions (refer to Part IIIA of the DHA Act).

Table 4.2: Board committees 2021–22

Committee	Role	Members
Board Audit and Risk Committee (BARC)	Assist the Board to discharge its responsibilities by providing oversight, ensuring appropriateness and review of financial reporting, performance reporting, system of risk oversight and management, and system of internal control.	Simon Lewis (Chair) Kate Louis Andrea Galloway Geoff Knuckey ¹ Paul Logan ¹
Board Investment Committee (BIC)	Provide advice and assurance and, where appropriate, make recommendations to the Board on investment related proposals, transactions, projects and related issues to ensure decisions take account of our legislative obligations, contractual obligations with Defence and our commercial interests.	Robert Fisher (Chair) Andrea Galloway Ewen Jones Gai Brodtmann
People and Culture Committee (PCC)	Assist the Board by providing oversight of DHA's people and culture arrangements and initiatives.	Gai Brodtmann (Chair) Ewen Jones Leigh Wilton
Nomination and Remuneration Committee (NRC)	Assist the Board to review the Managing Director's remuneration and performance, consider key appointments and inform Shareholder Ministers of impending reappointments or vacancies on the Board, including recommending possible candidates, where appropriate.	J.A.L. (Sandy) Macdonald (Chair) Simon Lewis Robert Fisher

Note

1. Geoff Knuckey and Paul Logan are independent members of the BARC appointed by the Board.

Board and legislated committee meetings

Table 4.3: Board and committee meeting attendance 2021–22

Board member	Board	Board Audit and Risk Committee (BARC)	Board Investment Committee (BIC)	People and Culture Committee (PCC)	Nomination and Remuneration Committee (NRC)	DHA Advisory Committee (DHA AC)
Number of meetings held	8	4	4	4	2	4
J.A.L. (Sandy) Macdonald	8	n/a	n/a	n/a	2	n/a
Barry Jackson	8	n/a	n/a	4	n/a	3
Simon Lewis ¹	8	4	n/a	n/a	2	n/a
Leigh Wilton	8	n/a	n/a	4	n/a	4
Kate Louis	8	3	n/a	n/a	n/a	n/a
Robert Fisher ²	7	n/a	4	n/a	2	n/a
Andrea Galloway	8	4	4	n/a	n/a	n/a
Ewen Jones	7	n/a	4	4	n/a	n/a
Gai Brodtmann	8	n/a	4	4	n/a	n/a
Paul Logan ³	n/a	4	n/a	n/a	n/a	n/a
Geoff Knuckey ⁴	n/a	4	n/a	n/a	n/a	n/a

Notes

1. Simon Lewis was reappointed as the Nominee of the Secretary of Finance on 28 April 2022.
2. Robert Fisher was reappointed as a Commercial Director on 12 February 2022.
3. Paul Logan is an independent member of the BARC appointed by the Board.
4. Geoff Knuckey is an independent member of the BARC appointed by the Board.

Board member related party transactions 2021–22

DHA Board members did not disclose any related party transactions in 2021–22.

A related party transaction is where a Board member approved payment for a good or service from another entity or provisioning of a grant to another

entity where the member is a director of DHA's Board and a director of the other entity, and the value of the transaction (or if more than one transaction, the aggregate value of those transactions) exceeds \$10,000 (GST inclusive).

Board Audit and Risk Committee

Information on DHA's Board Audit and Risk Committee (BARC) is provided below in accordance with section 17BE (taa) of the PGPA Rule.

The charter determining the functions of the BARC is published on our website (<https://www.dha.gov.au/docs/default-source/governance/barc-charter-june-2021>).

Table 4.4: Board Audit and Risk Committee 2021–22

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Annual remuneration ¹
Simon Lewis	<p>Qualifications</p> <ul style="list-style-type: none"> › Bachelor of Arts (Economics, Statistics) › Graduate Diploma of Computing Studies › Graduate Diploma in Administrative Studies › Graduate Diploma of Strategic Studies › Completed the Harvard and Wharton Business School's Advanced Management Programs › Graduate of the Australian Institute of Company Directors (AICD) <p>Experience</p> <ul style="list-style-type: none"> › Various executive and senior roles in the Australian Public Service › Secretary of the Department of Veterans' Affairs (2013 to 2018) › Other board appointments 	4 of 4	\$16,268
Kate Louis	<p>Qualifications</p> <ul style="list-style-type: none"> › Bachelor of Laws (1st Class Honours) › Bachelor of Arts <p>Experience</p> <ul style="list-style-type: none"> › 20 years' experience in the Department of Defence including Chief of Staff, Assistant Secretary and First Assistant Secretary roles › Head of Defence and National Security 	3 of 4	\$8,134

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Annual remuneration ¹
Andrea Galloway	<p>Qualifications</p> <ul style="list-style-type: none"> › Bachelor of Business Administration › Diploma of Computer Networks › Graduate of the Executive Program (University of Michigan) › Fellow of the AICD › Justice of the Peace › Licensed Real Estate Agent <p>Experience</p> <ul style="list-style-type: none"> › 30+ years in executive management for national and multinational commercial organisations › Former Managing Director and CEO of Evolve Housing › Winner of the Australian and NSW Telstra Women's Award 2014 (Business Innovation category) › Other board appointments 	4 of 4	\$8,134
Paul Logan ²	<p>Qualifications</p> <ul style="list-style-type: none"> › Bachelor of Commerce › Fellow Certified Practising Accountant (CPA) <p>Experience</p> <ul style="list-style-type: none"> › 25+ years' experience in the air traffic management and civil aviation safety industry across finance, senior management and executive roles 	4 of 4	\$0
Geoff Knuckey ³	<p>Qualifications</p> <ul style="list-style-type: none"> › Fellow of the Institute of Chartered Accountants in Australia › Registered Company Auditor (since 1995) › Graduate Member of Australian Institute of Company Directors › Member of Institute of Internal Auditors › Bachelor of Economics (ANU) <p>Experience</p> <ul style="list-style-type: none"> › Significant Board and Audit Committee experience in the private and public sector › Office Managing Partner of Ernst & Young (retired 2009) 	4 of 4	\$17,864

Notes

1. Remuneration presented in this table reflects the Audit Committee Allowance component of their remuneration only.

2. The Commonwealth employs Paul Logan on a full-time basis. For this reason, he is not entitled to be remunerated as an independent member of the BARC. He can receive travel allowance for official travel associated with fulfilling the requirements of the office.

3. Geoff Knuckey is an independent member of the BARC and is remunerated in line with Ministerial approval sought under section 26(4) of the DHA Act. Geoff Knuckey's remuneration relates to 2020–21 and 2021–22. He was appointed by the Board on 20 August 2020. He attended all BARC meetings in 2020–21 following his appointment, however nil payments were invoiced or paid in 2020–21. The estimated amount for 2020–21 is \$7,656, and \$10,208 for 2021–22.

Leadership

Managing Director

The Managing Director is appointed by the Board in accordance with Part VI (Division 1) of the DHA Act and is its only executive member. The Managing Director is responsible for conducting the affairs of DHA in accordance with the DHA Act and any policies determined by and directions given by the Board. The Managing Director oversees strategic direction, organisational structure, staff, performance and relationships with key stakeholders.

Leadership Team

The Leadership Team supports the Managing Director in fulfilling DHA's purpose. The team's broad role is to provide leadership, guide performance, implement and deliver against the Corporate Plan and ensure accountability of DHA's activities.

Executive profiles as at 30 June 2022



Mr Barry Jackson

Managing Director

New Zealand Certificate in Quantity Surveying | Quantity Surveyors Registration Board | Member of the AICD

Mr Jackson was appointed as Managing Director in May 2019. Prior to joining DHA he was Deputy Secretary, Service Delivery Operations at the Department of Human Services. His Australian Public Service career includes senior executive roles within the Department of Human Services, the Department of Finance and the Department of Foreign Affairs and Trade. He also has over 25 years' experience in the private sector, primarily in the areas of construction, property management, and strategic and business process management. He was Chief Executive Officer of UGL Services Australia and New Zealand, Australia's largest provider of property management services, from 2009 to 2011. He is the Deputy Chair of Goodwin Aged Care Services, the ACT's largest not-for-profit aged care provider. He is also on the Board of Koomarri, an ACT/NSW based not-for-profit organisation specialising in supporting people with an intellectual disability or acquired brain injury to achieve their life goals.

Key responsibilities:

- › operational affairs in accordance with the DHA Act and policies or directions of the Board
- › strategic direction and achievement against the Corporate Plan
- › compliance oversight with the PGPA Act, Public Service Act and other relevant legislation
- › key stakeholder relationship management with Shareholder Ministers, departmental Secretaries and the Chief of the Defence Force
- › management of the Leadership Team
- › oversight of organisational structure, staff and performance.



Mr Paul Groenewegen

Chief Financial Officer Officer (CFO)

Bachelor of Commerce | Graduate Diploma of Applied Corporate Governance | Certified Practising Accountant | Graduate Member of the AICD

Mr Groenewegen joined DHA in August 2018. He is an experienced executive and consultant with a background in governance practice, strategy development and implementation, fiscal management, compliance and risk activities and government operations involving regulation and policy. His previous roles include governance and review work with government and industry organisations, executive roles with prudential regulators and several financial management roles involving a range of functions from the oversight of whole of government payments through to the financial management of complex multi-program organisations.

Key responsibilities:

- › financial management services
- › strategic planning, valuations and capital planning
- › investment management and funding strategies
- › financial and taxation compliance
- › performance reporting.



Mr Brett Jorgensen

General Manager, Service Delivery

Bachelor of Engineering (Honours) | Advanced Business Diploma | Real Estate Management Diploma | Diploma of Contract | Management Master of Business | Graduate Member of the AICD

Mr Jorgensen joined DHA as the National Manager, Governance in August 2008. He was appointed General Manager, Property and Tenancy Services in May 2012 and General Manager, Property Provisioning Group in August 2018. In February 2020, he was designated General Manager, Service Delivery. Before joining DHA, he held a number of appointments at the Department of Defence as a civilian and was a member of the Royal Australian Air Force.

Key responsibilities:

- › housing portfolio management, including leasing activity, property development, construction, acquisitions, heritage, upgrades, sales and marketing
- › service operations, including property management services, contact centre operations and maintenance
- › customer service strategy and design.

Executive and national committees or groups

The Managing Director and the Leadership Team establish executive and national committees as needed to assist them in the discharge of their duties. Each committee has a charter or terms of reference that sets out its purpose, composition, and meeting and administrative arrangements.

Table 4.5: Executive and national committees 2021–22¹

Committee	Role	Members
Command Activation Team (CAT)	Established to provide a management mechanism that ensured reporting lines and responsibilities were clear following activation of DHA's Business Continuity Plan in response to the COVID-19 pandemic.	General Manager, Service Delivery (Chair) Leadership Team and selected staff

Note

1. Excludes committees and groups that have governance oversight of projects or programs.

Risk management, internal audit and compliance

We recognise that risk is inherent in all that we do. We proactively identify, engage and manage risk at all levels and across all facets of our business. This creates value by encouraging innovation to support achieving our purposes, objectives and strategic priorities.

We have formal, fit-for-purpose accountability and responsibility for risk through a co-sourced internal audit function that provides independent assurance of the systems of control.

The Board, as the accountable authority for DHA under the PGPA Act, maintains oversight of organisational risk, management systems and internal controls. The Managing Director and senior leaders are responsible for implementing risk systems, ensuring resources and capability support effective risk management and is integrated in decision making processes.

Risk management

Risk management is an integral element of our governance framework. Managing risk effectively allows us to perform our business functions more effectively and to assess and manage factors that may impact the achievement of our organisation's objectives. It also underpins our ability to meet our risk management obligations under the PGPA Act and the Commonwealth Risk Management Policy.

We continually seek to enhance our Risk Management Framework to support a positive risk culture, and to embed sound risk management practices across the organisation. In 2021–22, we updated our Risk Management Framework with a new risk policy, guideline, and matrix. It is reviewed every two years (at a minimum) to ensure it is fit-for-purpose, reflects changes in our environment and risk treatment strategies. In addition, we have refined our strategic risks, reassessed our critical controls and developed a tailored risk capability building program. Our uplift in organisational risk management capability ensures we have an empowered workforce who can innovate while considering risk and are prepared to meet future operational and strategic challenges.

To support future risk management planning, we have developed a risk roadmap which will be reviewed annually to ensure it is fit-for-purpose.

Fraud control and anti-corruption

We consistently monitor and update our fraud and corruption control framework to be consistent with the Commonwealth fraud control framework (section 10 of the PGPA Rule).

Fraud and corruption control is a subset of our risk portfolio and the disciplines reflect our risk philosophy and principles. We prevent, detect, monitor and encourage our staff to report potential fraudulent or corrupt conduct to mitigate the damage fraud and corruption can have on the performance and reputation of our business. Improved staff awareness has resulted in increased reporting of potential fraudulent or corrupt conduct, in 2020–21 and subsequently in 2021–22.

As at 30 June 2022, there were no active investigations. During the financial year, two cases were reported and both of these actions are now closed.

Resilience

Business resilience forms part of our overarching risk management framework and has been designed to support a robust and agile response to, and recovery from, challenges and adverse events that may impact our operations. Our business resilience arrangements consist of business continuity planning which is integrated with an Information Technology Disaster Recovery Plan, and crisis and emergency management planning.

In 2021–22, we undertook a comprehensive review of business continuity and crisis management. As a result, we have matured our crisis response and recovery procedures, which included simplifying and improving the linkages between business continuity and crisis management.

Internal audit

Internal audit is a central component of our governance framework. It is designed to strengthen accountability and promote good governance and transparency through independent and objective assurance.

We developed a three-year risk-based program of internal audit priorities. Reviewed annually, the internal audit program is designed to be flexible and timely, to meet our changing needs and priorities, and respond to emerging risk areas. The program is developed in consultation with the Managing Director and Leadership Team, with review and approval by the BARC. This ensures that the program is sufficiently focused on our objectives and risks, and meets the performance reporting obligations in accordance with the PGPA Act.

In 2021–22, KPMG was engaged to provide internal audit services under a co-sourced arrangement. To date, reviews on our Privacy and Freedom of Information and Payment Times Reporting processes and systems have been completed.

Procurement and consultancies

Our approach to procuring goods and services, including consultancies, reflects the core policies and principles of the Commonwealth Procurement Rules.

We advertise open approaches to the market via AusTender (www.tenders.gov.au) to procure a range of goods and services. Interested parties can register their details with AusTender to receive push notification about our tender opportunities.

Senate Order on Entity Contracts

As a corporate Commonwealth entity, we comply with the Senate Order on Entity Contracts and publish a list of contracts over \$100,000 (GST inclusive) on our website for the relevant reporting period. Refer to our website (www.dha.gov.au/entitycontracts) to read the report.

Consultancies

We engage consultants as required when specialist expertise is not available in house and the services are required for a defined period of time. In 2021–22, we entered into 81 new consultancy contracts with a total value of \$13.1 million (GST inclusive).

Most of these contracts relate to property provisioning and construction activities, including architectural design, town planning, quantity surveying, impact assessment (heritage, flora and fauna, etc.), and social and cultural planning. The remaining relate to legal services and corporate related items, including ICT advisory services, internal audit and strategic reviews.

External scrutiny

Our operations are subject to scrutiny from a number of Parliamentary committees and external entities.

This section outlines the external scrutiny mechanisms under which we operate and report, in accordance with the PGPA Rule.

Parliamentary committees

Senate Standing Committee on Foreign Affairs, Defence and Trade

We were not the subject of any inquiries or reports by the Senate Standing Committee on Foreign Affairs, Defence and Trade (the Committee) in 2021–22. Our officers and the Minister representing the Minister for Veterans' Affairs and Minister for Defence Personnel, Senator the Hon Jonathon Duniam, appeared before the Committee on 27 October 2021 and 17 February 2022. We were excused from appearing before the Committee on 6 April 2022.

Joint Committee of Public Accounts and Audit

On 12 April 2022, the Joint Committee of Public Accounts and Audit (JCPAA) tabled Report 492 – *Governance in the Stewardship of Public Resources*. Included in the report are 12 recommendations, four of which relate to us (refer Table 4.6). We will respond to the recommendations within six months of the Report tabling date.

Further details on the report can be found on the Parliament of Australia website (www.aph.gov.au).

Table 4.6: JCPAA recommendations in Report 492 – Governance in the Stewardship of Public Resources which relate to DHA

<p>Recommendation 5</p>	<p>The Committee recommends that Defence Housing Australia (DHA) and the Department of Defence report back on how the revised performance framework, introduced as part of the revised service agreement, implements the findings and recommendations of Auditor-General's Report 31 (2019–20). In particular, the Committee seeks details on how the performance information in the revised framework:</p> <ul style="list-style-type: none"> › relates to and supports the measurement of performance against all the objectives of the service agreement, including efficiency, cost-effectiveness and value for money › provides a measure of DHA's operating efficiency › assesses the impact of DHA housing on Australian Defence Force member retention, and provides assurance to the Parliament that DHA is achieving its purpose.
<p>Recommendation 6</p>	<p>The Committee recommends that the Defence Housing Authority (sic) (DHA) report back:</p> <ul style="list-style-type: none"> › on staff training provided with regards to its revised procurement arrangements and on implementation of the November 2020 EY procurement audit recommendations › whenever its next procurement compliance audit takes place, on the outcomes of this process, particularly in terms of instances of non-compliance with DHA procurement policy.
<p>Recommendation 7</p>	<p>The Committee recommends that Defence Housing Authority (sic) (DHA) report back to the JCPAA on how the DHA Board, as DHA's governing body and accountable authority:</p> <ul style="list-style-type: none"> › is 'determining the policy of DHA with respect to any matter', as set out in the Defence Housing Australia Act 1987 › is ensuring strategic oversight of regulatory compliance risks, such as those related to land development and civilian tenancy, and › has concluded the next capability assessment and review.
<p>Recommendation 8</p>	<p>DHA follow the procedural advice it has received on decision making on land development proposals and civilian tenancy to ensure that its activities remain within its statutory powers and within Commonwealth constitutional power, and record its deliberations on such decisions.</p>

Government agencies

Parliamentary Standing Committee on Public Works

In March 2014, in accordance with subsection 6A(3) of the *Public Works Committee Act 1969*, we received exemption from scrutiny by the Public Works Committee for works we undertake in providing housing for, and related services to, ADF members and their families.

We notify or refer any projects we undertake on behalf of Defence on Commonwealth land to the Public Works Committee as follows:

- › medium works with a proposed cost of over \$15 million but less than \$75 million
- › major works with a proposed cost of more than \$75 million.

In 2021–22, we made no submissions to the Public Works Committee.

Australian National Audit Office (ANAO) performance audit

We continue to work in consultation with Defence to implement the four recommendations from the ANAO Report No. 31 (2019–20) *Management of Defence Housing Australia* (refer Table 4.7). As at 30 June 2022, work to address recommendations two,

three and four had been completed with recommendation one being progressed by Defence, which has primary responsibility, with support provided by DHA. DHA's Board Audit and Risk Committee continues to monitor progress and implementation of the recommendations on behalf of DHA's Board.

Table 4.7: ANAO identified recommendations Report No. 31 (2019–20) Management of Defence Housing Australia

Recommendation 1	DHA and Defence align Defence requirements for housing philanthropic organisations assisting the ADF, and foreign exchange and visiting military personnel, with the DHA Act.
Recommendation 2	DHA and Defence agree key performance indicators that relate to and support the measurement of performance against all the objectives of the service agreements.
Recommendation 3	DHA, with Defence, update its 2012 study on the comparative costs to DHA, Defence and ADF members of provision of a Service Residence and use of Rent Allowance.
Recommendation 4	DHA follow the procedural advice it has received on decision making on land development proposals and civilian tenancy to ensure that its activities remain within its statutory powers and within Commonwealth constitutional power, and record its deliberations on such decisions.

Commonwealth Ombudsman

We maintain a collaborative and productive working relationship with the Office of the Commonwealth Ombudsman. We review published reports and monitor the implementation of recommendations. The Commonwealth Ombudsman did not publish any reports relating to DHA under section 15 of the *Ombudsman Act 1976* in the reporting period.

In 2021–22 the Commonwealth Ombudsman received 20 complaints relating to DHA, in addition to four outstanding complaints from 2020–21. As at 30 June 2022, 20 complaints were finalised, three were investigated and 17 were resolved without investigation. Four complaints remain outstanding.

In addition to seeking feedback via surveys, we invite general feedback from our customers, stakeholders and the public. We manage all complaints in accordance with the resolution process set out in our complaints management policy and framework, which has been developed in accordance with international standard ISO 9001:2018. Wherever possible, complaints are resolved at a local level. We use customer feedback to drive business change and develop future initiatives to improve customer service.

Information Publication Scheme

We are subject to the *Freedom of Information Act 1982* (FOI Act) and publish information in relation to the Information Publication Scheme on our website (www.dha.gov.au/foi). The published information includes a disclosure log and information about the FOI Act and DHA's Information Publication Scheme Agency Plan.

Office of the Australian Information Commissioner

We maintain a collaborative and productive working relationship with the Office of the Australian Information Commissioner (OAIC). We review all published reports and monitor any implemented recommendations.

We received notice of an Information Commissioner Review of an FOI decision that was in progress at the end of 2021–22.

DHA's Privacy Impact Assessment register was reviewed by the OAIC as part of an agency-wide review and was found to be compliant.

We did not experience any reportable data breaches to the OAIC under the Notifiable Data Breaches Scheme.

Workforce management

At an operational level, the Managing Director and Leadership Team are accountable for our workforce. They are committed to maintaining a skilled and productive workforce and a safe workplace contributing to high quality and professional outcomes.

We continue to focus on building organisational culture and capability to effectively lead and grow our people and to embed our revised operating model.

Organisational culture

Reconciliation

We are committed to the reconciliation journey. Commitments in our “Innovate” Reconciliation Action Plan (RAP) have been delivered and we are now developing a new RAP to continue advancing reconciliation. The new RAP will set out the key actions we will take to enhance our organisation’s engagement with Indigenous businesses and increase representation of Indigenous employees. While reconciliation is a journey and we continue to grow and learn, we have made progress in our commitment to reconciliation including:

- › Supporting two employees to complete the Indigenous Apprenticeship Program (IAP) in 2021–22 and employing a further two apprentices to complete the program in 2022–23. The IAP is a whole of government, one year program which sees Indigenous employees complete a nationally recognised qualification while working full-time in the public service.
- › Continued participation in the Jawun Australian Public Service Secondment Program. Participants increase their cultural awareness and make an active contribution to Indigenous organisations and communities.
- › Aligning the DHA Indigenous procurement strategy with the Australian Government’s Indigenous Procurement Policy and continued partnership with Supply Nation to increase our engagement with Indigenous businesses (refer to Table 4.8).
- › Paying our respect to Aboriginal and Torres Strait Islander cultures and acknowledging our footprint on Indigenous lands where we work around the country by using the names of these Indigenous lands to name the meeting rooms in our Gungahlin head office.
- › Celebrated National Reconciliation Week and actively promoted NAIDOC Week events which included fundraising, sharing educational videos and providing opportunities for employees to attend local events.

As a result of the work to date, there is strong engagement and involvement from staff in our reconciliation journey. We acknowledge that continued effort is required to maintain representation of Aboriginal and Torres Strait Islander peoples in our workforce (refer Table 4.9).

Case study

Reconciliation. Be brave. Make change.

Reconciliation is a journey and DHA continued to grow and learn as we advanced our Innovate Reconciliation Action Plan in 2021–22.

In keeping with our commitment to recognise, appreciate and celebrate our country's rich and unique Aboriginal and Torres Strait Islander cultures, DHA actively celebrated National Reconciliation Week and NAIDOC Week.

We were honoured to host Hilton Naden, Senior Cultural Advisor with Pathfinders National Aboriginal Birth Certificate Program, as our special guest speaker at an all-staff National Reconciliation Week event. Hilton spoke to us about the many factors – both historical and contemporary – that are barriers to Aboriginal and Torres Strait Islander people accessing their birth certificate. As a consequence, they struggle to fully participate in Australian society without this simple but vital document. They experience difficulty enrolling in schools and in accessing mainstream services, such as opening bank accounts, joining sporting clubs, voting and applying for a job, a driver's licence or a passport. Hilton was both gracious and generous in sharing the lived and inter-generational stories of the women, men, girls and boys who have benefitted from the National Aboriginal Birth Certificate Program.



Pathfinders Senior Cultural Advisor, Hilton Naden during National Reconciliation Week 2022

During NAIDOC Week, we published a special selection of videos on our staff intranet featuring First Nations speakers talking about Country, language, generational trauma and the many faces and pathways of reconciliation.

We continued to provide opportunities to our employees through the Jawun APS secondment program to increase their cultural awareness and make an active contribution to First Nations organisations and communities. See our Jawun story 'DHA's data expertise goes remote'.

DHA has also created meaningful opportunities for Aboriginal and Torres Strait Islander peoples through participating in the Indigenous Apprenticeship Program (IAP).

Following the success of piloting apprenticeships in our Darwin office in 2020–21, DHA provided four apprenticeships in 2021–22 in a variety of operational areas including property management and housing maintenance customer service.

In our own facilities, DHA acknowledges the Traditional Owners of the lands on which our national operations are located. The meeting rooms of DHA's newly built head office in Gungahlin ACT carry the names of the First Nations peoples and Custodians of the lands within DHA's footprint – from Larrakia in the Top End to Whadjuk in Perth, Western Australia. We pay our respect to the oldest continuing culture on Earth.

Table 4.8: DHA's Indigenous procurement

	2020–21	2021–22
Number of contracts	2,741	2,127
Total value	\$2,299,265	\$6,434,588
Number of suppliers	15	25

Diversity and inclusion

We promote a diverse and inclusive culture through a range of initiatives. We are proud to acknowledge that our efforts are not a result of compliance requirements but are driven by an authentic intent to create strategic and meaningful actions for making our workplace better for everyone. We are actively working towards shifting mindsets and building a culture that promotes enhanced performance and wellbeing of all our people.

- › We have a dedicated and active Diversity and Inclusion working group with representation from various regions, business areas and sections of our workforce. The working group provides strategic advice and support in implementing our diversity and inclusion agenda.

- › We have affinity groups that provide social and professional networking and support, celebrate important days, host events with guest speakers, and increase awareness to ensure continued learning.
- › We are a proud member of peak representative bodies for diversity, including the Diversity Council Australia, Pride in Diversity, Australian Network on Disability, and Reconciliation Australia which provide advice, guidance, and expertise on inclusion best practices.

Flexible work culture

Building a flexible work culture has been a priority in 2021–22. We implemented an updated Flexible Work Policy to embed flexible working practices across DHA. This policy is designed to offer a variety of flexible work options to cater for all staff and their work requirements, including home-based work, part-time work, and non-standard work patterns. Based on the "If not, why not" principle, we ensure that all flexible work requests are given due consideration and accepted wherever possible.

Health and wellbeing

We took an early intervention approach to support our employees to achieve better health outcomes at work. We continued to safeguard staff and ensure continuity of service to ADF members and their families. In accordance with government and health advice, we implemented various health, safety and welfare policies and procedures to support staff, including transitional arrangements to facilitate staff to return to office-based work.

Table 4.9: Workforce summary 2020–21 and 2021–22

Indicator	2020–21	2021–22
Headcount		
Total number of staff employed ¹	493	534
Diversity (as a percentage of the workforce) ²		
Identify as a male	32%	32%
Identify as a female	68%	68%
Identified as Aboriginal or Torres Strait Islander	2%	2%
Identified as having a disability	2%	2%

Notes

1. Figures include ongoing and non-ongoing staff at their substantive classification as at 30 June 2021 or 30 June 2022. Inoperative staff (those on long-term leave), staff engaged through an employment agency and Board members are excluded.
2. Diversity figures as identified by staff. These figures exclude the Managing Director and Board members. No staff have identified as Indeterminate.

Employment conditions

Remuneration

We are the only GBE to employ under the *Public Service Act 1999*. Our remuneration strategy is aligned to market practice and supports the interests of our shareholders. Our remuneration is determined based on level and role. In summary:

- › The DHA Enterprise Agreement 2021 (EA) sets out conditions of service for employees employed from DHA Level 1 to DHA Executive Level 2, including salary rates for new employees.
- › The remuneration and conditions of service of Senior Executive Service (SES) officers is set by the Managing Director in accordance with section 24(1) of the *Public Service Act 1999*.¹⁵
- › The remuneration of the Managing Director is set by the DHA Board in accordance with the parameters of the Remuneration Tribunal's determination for Principal Executive Office holders (refer to section 50 of the DHA Act).¹⁶
- › The remuneration of Board members is decided upon by the Remuneration Tribunal's determination for holders of part-time public office (refer to section 17 of the DHA Act).
- › Each remuneration package consists of a base salary (or fees in the case of Board members) and employer superannuation contributions in accordance with applicable legislation and fund requirements.
- › Employees are paid allowances (e.g. travel and motor vehicle) in accordance with the EA or Remuneration Tribunal determinations for the Managing Director and Board members. Employees and the Managing Director accrue leave.
- › The EA removed performance bonus payments for DHA Level 1 to DHA Executive Level 2. Access to performance bonus payments for SES employees has also been removed. Staff received a performance bonus buyout for the 2020–21 performance cycle. This was paid to eligible employees in 2021–22.

Refer to Appendix B: Workforce statistics for more information about salary rates and full disclosure on executive remuneration.

¹⁵ Senior executive service roles are benchmarked with comparable roles in the market. External benchmarks are determined by researching disclosed data from relevant Australian listed companies, the Australian Public Service Commission (APSC), industry data and other GBEs.

¹⁶ The Remuneration Tribunal is an independent statutory body established under the Remuneration Tribunal Act 1973 that oversees the remuneration of key Commonwealth officers.

Managing Director

Performance requirements and related performance assessments are determined annually by the Board's Nomination and Remuneration Committee and referred to the Board for approval. Following a request from the DHA Board, the Remuneration Tribunal has removed access to a performance based payment for the Managing Director with effect from 1 July 2021.

Senior Executive staff

The Managing Director reviews performance measures for SES employees every six months as a minimum to ensure alignment with our organisational goals, strategies and workforce resources.

For further detail on performance payments refer to Appendix B: Workforce statistics.

Salary packaging

Board members are entitled to salary packaging. They may elect to have all or part of their fees paid to a complying superannuation fund as a pre-tax salary deduction.

The Managing Director and all other staff are entitled to salary packaging. They can elect to receive part of their salary in forms other than cash. At DHA, salary packaging options include cars (novated lease), additional superannuation and head office car parking. Salary packaging is subject to internal approvals.

Travel and related allowances

DHA coordinates Board members' and the Managing Director's official business travel and pays related allowances in accordance with the Tribunal's principal determination for official travel by office holders. DHA uses whole of government procurement arrangements to access competitive travel rates for senior executive members and other staff ensuring value for money in accordance with the PGPA Act and Australian Government travel policies.

Flexibility arrangement

Staff members employed under the EA may request an Individual Flexibility Agreement (IFA) to vary arrangements about when work is performed, overtime rates, penalty rates, allowances, remuneration and leave. An IFA must meet the genuine needs of DHA and the employee and be agreed to by DHA and the employee in writing. IFAs are reviewed at least every 12 months.

Further detail on employment instruments are in Appendix B: Workforce statistics.

Rewards and recognition

Our reward and recognition framework includes formal recognition through annual awards and provides guidance on local recognition. The approach is aligned with public sector norms and community expectations and provides for alternative forms of recognition to support capability uplift.

Workforce capability

Succession management

We developed a Succession Planning Framework, identifying critical roles and a talent pipeline in DHA. The framework supports us to maintain a leadership pipeline to meet unpredictable future business needs with least possible disruption to business continuity.

Recruitment

We concluded the implementation of the DHA Strategic Recruitment Plan 2020–21 to assist in attracting and retaining the right people for the right jobs. Key achievements include streamlining recruitment processes, targeted sourcing for critical talent, and defining DHA's Employee Value Proposition. We overhauled on-boarding training programs for critical customer facing roles to build capability and employee effectiveness as quickly as possible, and piloted a bespoke program designed to increase awareness of military service and equip participants with skills to navigate challenging conversations.

Learning and development

We continued implementing the DHA Learning and Development Strategy 2020–22. The purpose of this strategy is to develop core skills and critical capabilities to deliver our strategic priorities and support the implementation of our new business operating model. It considers workforce risks and capability gaps, and details strategies to address issues.

As part of this strategy, we established a Learning and Development Community of Practice featuring representation across the business who will co-design learning programs and support knowledge sharing between subject matter experts involved in capability initiatives across functions. In addition, the Leadership Development Program which commenced with senior leaders in 2021 has now been extended to Executive Level employees. The program will build our capability and contribute to building a workplace culture where our people are engaged and have the capability to deliver our strategic objectives.

Formal learning and development

We offer a range of formal learning to employees to develop leadership skills, personal effectiveness or functional capability. In addition, staff must complete mandatory training on matters of legislative and policy compliance.

Programs are delivered in a blended format, dependent on the subject matter and audience. External providers and internal specialists deliver the programs, ensuring we have the right balance of expertise and corporate knowledge. Our in-house Performance and Learning Portal provides access to a wide range of learning opportunities to develop the core capabilities of staff and DHA specific technical skills. DHA Learn@Lunch sessions leverage internal and external expertise to present topical learning sessions that staff can participate in and engage with at their desks.

Study assistance

We encourage ongoing staff to undertake relevant formal study in approved fields relevant to our business operations. Where approved, staff are supported through financial assistance, paid study leave and paid exam leave.

Table 4.10: Learning and development 2020–21 and 2021–22

Indicator	2020–21	2021–22
Internal learning events completed by staff	9,891	6,430
Staff undertaking supported studies ¹	31	38

Note

1. Supported study includes study, research, training or other educational activities conducted in Australia by a higher education provider or registered training organisation.

Case study

DHA's data expertise goes remote

The data principles behind DHA's Technology Refresh Program are also making an impact for two Indigenous organisations in remote South Australia.



L-R: Richard Manton at Mount Wudinna, South Australia; Richard Manton at Koonibba Football Club. Founded in 1906 Koonibba F.C. is the oldest surviving Aboriginal football club in Australia; Ceduna Jetty at sunset

DHA's Data Operations Manager, Richard Manton, travelled to Ceduna in South Australia this year for the Jawun Australian Public Service (APS) Secondment Program: a six week placement for high-performing, highly skilled APS executives who step out of their comfort zone to work in an Indigenous organisation. There he was presented with two IT problems to workshop with the Far West Coast Aboriginal Corporation (FWCAC) and Ceduna Aboriginal Corporation (CAC).

'My daily work at DHA is to find smarter ways to gather, store, and manage our vast datasets about properties, ADF members, and all the IT information that applies to Defence housing,' Richard says.

'Suddenly I was immersed in IT landscapes that were very different: one group moving its information to a central online location for the first time, another

that was still recording and reporting its youth program attendance manually – despite having purchased software two years ago to help them do this work.'

By the close of Richard's placement, the FWCA board had endorsed the adoption of SharePoint for file storage and engaged an IT managed services company to help them with internal systems, and the CAC was finally trained and using its software, enabling them to automatically report youth attendance data back to government stakeholders.

'It's remarkable how few opportunities I have in my life to actually talk to Indigenous people,' he says. 'I was able to ask the people I worked with some big questions that have deeply affected how I understand Indigenous Australia – conversations I've not had before. It was a very special experience that will shape what I do next professionally, and personally.'

'I was made to feel so welcome by everybody I worked with, as well as by their community,' Richard says. 'They were generous with their time, and so kind. These people are working hard to create positive change – it was a privilege to be able to help them in this small way.'

The DHA Technology Refresh Program has also benefited from the insights brought back from the Bight.

'DHA has a footprint in many regional and remote communities across country,' says CIO Katische Vinning: 'It's important to keep that diverse picture of Australia in view, even in our technology work. We may work with big data, but every data point represents a personal story.'



Richard Manton at the Ceduna Aboriginal Corporation's Ceduna Youth Hub which provides youth services to the Ceduna Community

Contributing to our community

Individual giving

Our DHA CommUNITY is a program of corporate initiatives designed to help employees support each other and our communities. Key initiatives of the program include:

- › Workplace Giving Program, whereby all employees have the opportunity to voluntarily donate to charities through a once off or fortnightly donation directly from their pay.
- › Shared Benefits Scheme, whereby employees can donate an amount of their accrued personal leave to a registry for the benefit of other employees who require an extended leave of absence, most often due to serious personal or family illness. More than 325 hours of personal leave was donated to the Shared Benefits Scheme during the reporting period.

In 2021–22, our employees made donations to the following organisations:

- › Assistance Dogs
- › Beyond Blue
- › Cancer Council
- › Fred Hollows Foundation
- › Indigenous Literacy Foundation
- › Legacy Australia
- › Make-A-Wish Foundation
- › RSPCA Australia
- › Starlight Children Foundation
- › Solider On.

Volunteering

Employees may undertake volunteer work in the local community and, subject to operational requirements, may enter into a flexible work agreement or take paid or unpaid leave to do so.

Information management and systems

We are committed to improving our information governance and service delivery using technology and making our information and online services accessible to all our customers. DHA's Technology Strategy and four year Technology Refresh Program stepped into the second year of transformative implementation in 2021–22.

IT governance

A DHA Architecture function and Architecture Forum were created, new Technology Partnership and Project Management Offices were integrated into all technology projects, and an Enterprise Change Management team and Framework were introduced. Additionally, a Benefits Management Strategy was adopted by our IT Steering Committee to ensure the benefits of tech improvements are measured, embedded and leveraged for the future of the business.

Enterprise systems

Significant improvements were made to our enterprise systems in 2021–22, increasing flexibility and automation, lowering operational costs, and simplifying collaboration for internal and external stakeholders.

More than 90 cyber security projects have been undertaken to meet our commitment to the Essential Eight – mitigation strategies developed by the Australian Cyber Security Centre. These have included changes to DHA's web interactions, a strengthening of the ways in which staff connect remotely to DHA systems, increased control of data and system access, and the introduction of Multi Factor Authentication across DHA systems and devices.

Concurrently, an extensive suite of Technology Refresh projects were completed, seeing us move away from bespoke, legacy systems and embed best-of-breed commercial products. These included the adoption of new Microsoft 365 tools, new ways of leveraging Tableau and data reporting systems, and improved file sharing and data management tools.

Staff remote working capability

In 2021–22, we took advantage of the infrastructure introduced in the previous year to take flexible working practices to a new level. The rollout of digital 'softphones' was completed, removing staff dependency on fixed telephony systems. The business-wide upgrade to Microsoft 365 opened up new and more mature online collaboration and co-editing tools in Microsoft Teams, seeing all of DHA videoconferencing with one central, powerful tool.





PART 5

Financial statements

Defence Housing Australia

ABN 72 968 504 934

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence and the Minister for Finance

Opinion

In my opinion, the financial statements of the Defence Housing Australia (the Entity) for the year ended 30 June 2022:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2022 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2022 and for the year then ended:

- Statement by the Directors, Managing Director and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows and;
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Board is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under the Act. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rahul Tejani
Executive Director
Delegate of the Auditor-General

Canberra
02 September 2022

Statement by Directors, Managing Director and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2022 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Defence Housing Australia will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors.



Mr Simon Lewis AO PSM
Board Member



Mr Barry Jackson
Managing Director



Mr Paul Groenewegen
Chief Financial Officer

1 September 2022

Statement of Comprehensive Income
for the year ended 30 June 2022

Statement of Comprehensive Income

	Notes	2022 \$'000	2021 \$'000
INCOME			
Revenue			
Revenue from contracts with customers	2	336,853	335,947
Housing services lease rentals	3	523,738	488,388
Interest received	4	346	1,312
Other income		44	4,390
Total revenue		860,981	830,037
GAINS			
Gains from disposal of investment properties	5	11,931	13,930
Net reversal of write down and impairment of assets	10	45,686	23,538
Impairment loss reversal on financial instruments		-	10
Total gains		57,617	37,478
Total income		918,598	867,515
EXPENSES			
Employee expenses	6	69,882	67,924
Rates, repairs and maintenance	7	146,371	116,885
Depreciation and amortisation	8	307,445	301,640
Cost of inventories sold		136,377	183,578
Finance costs	9	45,235	62,867
Impairment loss on financial instruments		180	-
Other expenses		28,950	26,000
Total expenses		734,440	758,894
Share of joint venture profit/(loss) accounted for using the equity method		-	(2)
Profit before income tax on continuing operations		184,158	108,619
Income tax expense	11a	53,834	30,069
Profit after income tax		130,324	78,550
Other comprehensive income		-	-
Total comprehensive income		130,324	78,550

The above statements should be read in conjunction with the accompanying notes.

Statement of Financial Position
for the year ended 30 June 2022

Statement of Financial Position

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	182,988	199,285
Trade and other receivables	13a	54,854	20,922
Investment properties held for sale	14	1,088	9,269
Inventories	15	55,396	329,075
Other current assets		2,443	2,252
Total current assets		296,769	560,803
Non-current assets			
Inventories	15	433,964	234,032
Investment properties ¹	16	2,545,796	2,571,591
Property, plant and equipment ¹	17	43,219	20,346
Intangibles		1,706	3,710
Deferred tax assets	11c	49,655	69,368
Other receivables		341	253
Total non-current assets		3,074,681	2,899,300
Total assets		3,371,450	3,460,103
LIABILITIES			
Current liabilities			
Trade and other payables	18	28,399	34,785
Dividend payable	19	78,194	47,130
Borrowings	20	-	70,000
Lease liabilities	21	284,660	272,598
Provisions	22	38,447	36,712
Current tax liabilities		18,551	6,003
Other liabilities	23	25,797	15,543
Total current liabilities		474,048	482,771
Non-current liabilities			
Borrowings	20	-	115,000
Lease liabilities	21	1,238,151	1,251,683
Provisions	22	77,371	92,004
Other liabilities	23	26,511	15,406
Total non-current liabilities		1,342,033	1,474,093
Total liabilities		1,816,081	1,956,864
Net Assets		1,555,369	1,503,239
EQUITY			
Contributed equity		403,863	403,863
Retained Earnings		1,151,506	1,099,376
Total equity		1,555,369	1,503,239

The above statements should be read in conjunction with the accompanying notes.

1. Right of use assets are included in the Investment properties and Property, plant and equipment balance.

Statement of Changes in Equity
for the year ended 30 June 2022

Statement of Changes in Equity

	Retained Earnings \$'000	Contributed Equity \$'000	Total Equity \$'000
Balance as at 1 July 2020	1,067,956	403,863	1,471,819
Profit for the year	78,550	-	78,550
Other comprehensive income	-	-	-
Total comprehensive income	78,550	-	78,550
Transactions with owners			
Return of capital			
Dividends	(47,130)	-	(47,130)
Balance as at 30 June 2021	1,099,376	403,863	1,503,239
Balance at 1 July 2021	1,099,376	403,863	1,503,239
Profit for the year	130,324	-	130,324
Other comprehensive income	-	-	-
Total comprehensive income	130,324	-	130,324
Transactions with owners			
Return of capital			
Dividends	(78,194)	-	(78,194)
Balance as at 30 June 2022	1,151,506	403,863	1,555,369

The above statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 30 June 2022

Statement of Cash Flows

	Notes	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received			
Sales of goods and services		616,526	577,353
Sales of inventory		230,294	269,432
Interest		351	1,669
Stamp duty and land tax equivalents received		31,348	33,787
GST received		8,871	10,932
Total cash received		887,390	893,173
Cash used			
Employees		73,569	81,954
Suppliers		164,599	138,197
Borrowing costs		6,217	28,973
Interest on leased assets		35,597	36,063
Income taxes paid		21,573	23,028
Acquisition and construction of inventories		58,147	103,048
Stamp duty and land tax equivalents paid		31,464	35,202
GST paid		14,336	29,905
Other expenses		4,034	1,341
Total cash used		409,536	477,711
Net cash from operating activities	24	477,854	415,462
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of investment properties		38,137	52,447
Total cash received		38,137	52,447
Cash used			
Acquisitions and construction of investment properties		3,221	18,455
Acquisition of property, plant and equipment		8,326	493
Total cash used		11,547	18,948
Net cash from investing activities		26,590	33,499
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash used			
Principal repayment on leased assets		288,611	278,635
Principal repayment of borrowings		185,000	324,580
Dividend paid		47,130	25,604
Total cash used		520,741	628,819
Net cash (used by) financing activities		(520,741)	(628,819)
Net (decrease) in cash and cash equivalents		(16,297)	(179,858)
Cash held at the beginning of the financial year		199,285	379,143
Cash and cash equivalents at end of financial year	12	182,988	199,285

The above statements should be read in conjunction with the accompanying notes.

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1. Overview and significant accounting policies

a. Objectives of DHA

Defence Housing Australia (DHA) is an Australian Government (Government) controlled for profit entity. The main function of DHA is to provide housing for, and related services to, members of the Australian Defence Force (ADF) and their families, in line with the Department of Defence (Defence) operational requirements.

DHA is structured to meet one outcome:

- › *To contribute to Defence's outcomes by providing total housing services that meet Defence's operational and client needs through a strong customer and business focus.*

The continued existence of DHA in its present form and with its present operations is dependent on Government policy. DHA receives no appropriations from Government, and its activities are considered 'Departmental' for Government reporting purposes.

b. Basis of preparation of the financial statements

The financial statements are required by section 42 of the PGPA Act and are general purpose financial statements.

The financial statements and notes have been prepared in accordance with:

- › *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*
- › Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

DHA is classified as a Government Business Enterprise (GBE) as stipulated in section 5(1)(c) of the PGPA Act and is a for-profit entity. DHA is governed by the *Defence Housing Australia Act 1987 (DHA Act)*.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities, which as noted, are stated at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

c. New and amended accounting standards adopted by DHA

No accounting standard has been adopted earlier than the application date as stated in the standard.

In the current year, DHA adopted all new and revised standards issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

Several new standards and amendments apply for the first time from 1 July 2021; these did not have a material impact on the financial statements.

d. New Defence Services Agreement (DSA)

On 18 October 2021, DHA and Department of Defence entered into a new contemporised Defence Services Agreement, bringing together four separate agreements into one simplified agreement which provides a strong foundation for further modernisation, DHA and Defence are committed to continuous improvement to ensure the agreement remains fit-for-purpose. The former agreements (jointly known as the Services Agreement, Allocation and Tenancy Management (ATM) Addendum, Living in Accommodation Addendum, and Member Choice Accommodation (MCA) Agreement) that previously governed the relationship are no longer in force. The new agreement does not materially change the fees and charges payable to DHA by Defence.

e. Reclassification and change to prior year

Certain comparative amounts have been reclassified to conform with the current year presentation.

2. Revenue from contracts with customers

	Notes	2022 \$'000	2021 \$'000
REVENUE FROM DEFENCE			
Allocation services provided		14,537	14,341
Defence property management services		56,451	57,023
Construction services		35,139	16,706
Defence other charges		11,349	2,565
Total revenue from Defence		117,476	90,635
Revenue from other customers			
Sale of inventories		213,046	239,289
Lessor management fee revenue		6,212	5,933
Non-Defence other charges		119	90
Total revenue from other customers		219,377	245,312
Total revenue from contracts with customers		336,853	335,947
Timing of revenue recognition			
Over time		112,458	94,093
At a point in time		224,395	241,854
Total revenue from contracts with customers		336,853	335,947

Accounting policy

Revenue recognition accounting policies with respect to DHA's business activities within the scope of *AASB 15 Revenue from Contracts with Customers* are as follows:

	Timing of revenue recognition
Revenue from Defence	
Allocation services provided	Over time
Defence property management services	Over time
Defence other charges	Point in time
Construction services revenue	Over time
Revenue from Non-Defence Customers	
Constructions services	Over time
Sales of inventories	Point in time
Lessor management fee revenue	Over time

Notes to the Financial Statements

for the year ended 30 June 2022

Allocation services provided

DHA provides the service of allocating ADF members to available and suitable accommodation. For these services, DHA received annual fixed fees from Defence as per the ATM and LIA contract and subsequently the new Services Agreement. The transaction price relating to the provision of each of these services comprises fixed annual amounts which remain unchanged across the contract term and cover a specified number of annual allocations.

The provision of the Allocation Services under the ATM and LIA contracts and subsequently the new Services Agreement with Defence each represent a series of distinct services that are substantially the same and have the same pattern of transfer to Defence. They are treated as one performance obligation satisfied over time. The fixed fees DHA receives for these services are considered to be the stand-alone selling price for the services being provided. All fees receivable under these arrangements will be recognised in full within the financial year.

Additional fees are receivable by DHA should allocations exceed the contractual annual amounts. DHA considers the additional services in relation to the ATM contract and new Services Agreement to be options to purchase additional goods and services. Therefore, these will only be recognised as revenue as and when the additional allocation services are provided. The additional amounts relating to the LIA contract and DSA are considered to represent a material right to receive additional services at a discount and hence a separate performance obligation. However, the underlying services and the related revenue are not recognised until the option is exercised (so no amount of consideration for these transactions is estimated and included in the transaction price initially allocated). In all situations, revenue recognised in a year will relate to all allocations performed during that year. DHA invoices Defence on a monthly basis for the services provided and Defence pays within 30 days.

There is an annual performance payment which DHA may be entitled to receive from Defence should specific KPIs be met. This performance payment relates to all services provided to Defence under the DSA. The performance payment is regarded as a variable consideration at contract inception and fully constrained at this date given the nature of the payment. However, by the end of each financial year, the uncertainty of the performance payment is resolved as the performance payment is recognised using the variable consideration allocation exemption. It is allocated between the Allocation Services Provided, the other services provided to Defence, and other services which are in scope of *AASB 15 Revenue from contracts with customers*, i.e., the Defence property management services. DHA invoices Defence for such performance payments and Defence pays within 30 days.

Defence Property Management Services

DHA receives a range of fees and charges for managing and maintaining residential properties owned by Defence used to house ADF Members. DHA receives payments:

- › weekly, when a property is tenanted by an ADF member
- › annually, for properties managed by DHA
- › ad hoc, on an actual cost incurred basis plus a management fee percentage.

The management services provided under this part of the Services Agreement are considered to be a series of distinct services that form a single performance obligation that is recognised over time. The transaction price is variable as it depends on:

- › how many properties are managed by DHA and for how many years
- › how often the property is tenanted
- › costs incurred by DHA in providing specific services.

The variable allocation exemption is used to allocate the variable consideration to the services provided in each month. DHA invoices Defence on a monthly basis for the services provided and Defence is required to pay within 30 days; State Taxes are invoiced quarterly and paid by Defence within 30 days.

Defence Other Charges

Defence Other Charges include expenses which are recovered from Defence under the DSA. This includes amounts such as: upgrades to Defence owned properties; reimbursements of rates, municipal charges, insurance and utilities incurred by DHA on behalf of Defence.

When incurring these costs, DHA assesses whether it is principal or agent in such transactions. DHA is the principal if DHA controls the good or service before the good or service is transferred to Defence. Where DHA is the principal, the consideration received from Defence is recognised as revenue when the service is performed.

Where DHA is the agent, the consideration received and the expense incurred will have no net impact on profit or loss as these amounts are reimbursed by Defence on a cost recovery basis with no margin or commissions retained by DHA.

Revenue received to upgrade properties to the required Defence standard is considered to be a distinct performance obligation satisfied at the point in time when the property is first tenanted by an ADF member, as this is when control of the upgrade is transferred to Defence. DHA performs these services on a cost recovery basis, prior to the new DSA DHA received a fixed fee for these services depending on the nature of the property being upgraded. DHA invoice Defence on a monthly basis for the services provided and Defence is required to pay within 30 days.

Construction Services—Defence

DHA will often manage the construction of property developments on behalf of Defence. DHA project manages the construction using sub-contractors for on-base housing constructions and particular off-base properties. The transaction price DHA receives represents the costs incurred plus a management fee. The construction services provided for each project represent a single performance obligation satisfied over time as the construction occurs. Revenue is recognised over time using an input method, being the costs incurred to date plus the management fee.

Sale of Inventories

DHA develops properties with the primary purpose of using these properties to house ADF members. In the event that DHA has properties which become surplus to its requirements for meeting this purpose, properties will be disposed of through sale to third parties.

Where DHA sells property that has been developed as inventory, it considers each sale of property to be a single performance obligation which is satisfied at a point in time i.e. when control of the property transfers to the customer. This is deemed to occur upon final settlement. The transaction price is fixed and is determined at completion of the auction process. There are no significant payments terms as cash is exchanged at settlement.

Lessor Management Fee Revenue

DHA receives a fixed percentage management fee based on the rent paid to lessors in exchange for performing management and maintenance services on the property.

The lessor management fee that compensates DHA for the provision of separate services is recognised as lessor management fee revenue. DHA considers these services to be a series of distinct services that form a single performance obligation that is recognised over time. The transaction price is calculated as a set percentage of the monthly rent paid and will increase when the annual market rents are reset and the variable allocation exemption is used to allocate the variable consideration to the services performed in each month.

These lessor management fees are deducted from the monthly rental bill paid by DHA to the lessor.

Significant Accounting Judgement and Estimates

Lessor Management Fee Revenue

DHA has analysed the services provided in return for lessor management fees and applied judgement to conclude that some activities do not represent the transfer of goods or services from DHA to the lessor. Specifically, bill paying services and market rent review services were considered a performance obligation and recognised as revenue under *AASB 15 Revenue from contracts with customers*; while property administration, annual market rent reviews as defined by the lease and maintenance and restoration services are part of the overall lease related to DHA's use of the property and accounted for as a reduction to rental expense under *AASB 16 Leases*.

Judgement was required to determine the split between the portion that represents the transfer of goods or services to the lessor (herein called 'lessor management fee revenue') and the portion that relates to the lease. DHA utilise internal business and product line costing methodologies across historical financial data, to determine the split each financial year.

Sale of Inventories

DHA's standard Sale and Leaseback (SLB) arrangements have been assessed to ensure they meet the criteria of a sale under *AASB 15 Revenue from contracts with customers*. These arrangements typically grant DHA, as the seller-lessee, a first right to purchase the property in the event the lessor intends to sell. This option is controlled by the investor and not DHA. DHA has made a key judgement that the conditional repurchase option does not represent a substantive repurchase option that would preclude them from being accounted for as a sale under *AASB 15 Revenue from contracts with customers*.

In relation to a SLB transaction, *AASB 16 Leases* only refers to the concept of recognising a gain or loss rather the revenue or expense; DHA has recognised revenue and cost of sales for the portion of the asset that relates to the rights transferred to the buyer-lessor. Estimates are required to determine portion of revenue and cost of sales to be recognised such that they only reflect the portion of the rights transferred to the buyer-lessor (investor).

3. Housing services lease rentals

	2022	2021
	\$'000	\$'000
Housing services lease rentals		
Defence rent	520,662	480,313
Other rentals	3,076	8,075
Total housing services lease rentals	523,738	488,388

Accounting policy

Defence Rent

Defence Rent represents lease revenue received from Defence for properties provided under the new Services Agreement and former MCA Agreement and is accounted for on a straight line basis over the lease period.

Other Rentals

Other Rentals comprise rental income received from the private rental market, where there are excess rental properties, not currently occupied by ADF members. Revenue is recognised when a property is tenanted and occupied by a civilian on a monthly basis for the term of the tenancy.

Significant Accounting Judgement

AASB 16 Leases states that a lease is present if a contract "conveys the right to control the use of an identified asset for a period of time in exchange of consideration." *AASB 16 Leases* further sets out that to assess whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the customer has both of the following:

- a. the right to obtain substantially all of the economic benefits from use of the identified asset
- b. the right to direct the use of the identified asset.

DHA has analysed the agreements between DHA, Department of Defence and the Australian Defence Force Member in order to determine if there is a lease agreement under *AASB 16 Leases*. DHA considers it is necessary to read the Defence Services Agreement (DSA), the Defence Housing Australia Act 1987 (DHA Act) and the Defence Housing Australia Residence Agreement (DRA) as a whole to understand the commercial arrangements between the three parties. DHA has concluded that the DSA between DHA and Defence satisfies the definition of a lease under *AASB 16 Leases*, based on the following key judgements:

- i. In order to understand the arrangements, the DSA should be considered together with the DRA and the DHA Act. On assessing the substance of these arrangements, DHA considers that the DSA, through the provisioning process, identifies the portfolio of properties that Defence has the right to control the use of, and benefit from.
- ii. The DSA provides Defence the right to control the properties because it directs when the properties are to be used, including the allocations policy and when properties must be vacated. The ADF members only have a right to occupy a DHA property as a result of their employment with Defence and, if the employment is terminated the entitlement under the DRA ends. The DSA is therefore a lease in an arrangement where the property is ultimately occupied by the ADF member.
- iii. Defence does not act as an agent for DHA by collecting rental contributions from members. Defence's obligation to pay rent under the DSA is independent of the member's contribution under the DRA. Defence bears the credit risk on contributions by ADF members, and Defence payments to DHA continue regardless of any default by an ADF member.

4. Interest received

		2022	2021
	Notes	\$'000	\$'000
Interest received			
Interest on deposits		346	1,312
Total interest received		346	1,312

Accounting policy

Interest revenue earned on financial assets is recognised on an accrual basis using the effective interest method taking into account the interest rates applicable to the financial assets.

5. Gains from disposal of investment properties

		2022	2021
		\$'000	\$'000
Net gains from disposal			
Proceeds from sale		27,519	42,861
Carrying value of assets sold		(15,473)	(28,304)
Selling expenses		(115)	(627)
Total gains from disposal of investment properties		11,931	13,930

Accounting policy

Profits or losses from the disposal of investment properties are recognised when all specified conditions relating to the sale are satisfied and there is an unconditional sale. This is when settlement occurs.

6. Employee benefits

	2022	2021
	\$'000	\$'000
Employee benefits		
Wages and salaries	56,178	52,537
Superannuation		
Defined contribution plans	6,939	6,516
Defined benefit plans	2,130	2,223
Leave and other entitlements	4,023	4,370
Separation and redundancies	612	2,278
Total employee benefits	69,882	67,924

Accounting policy

Superannuation

DHA staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other superannuation funds held outside the Government.

The CSS and PSS are defined benefit schemes for the Government. The PSSap is an accumulation scheme.

The liability for defined benefits is recognised in the financial statements of the Government and is settled by the Government in due course. This liability is reported in the Department of Finance's (Finance) administered schedules and notes.

DHA makes employer contributions to CSS and PSS at rates determined by an actuary to be sufficient to meet the current cost to the Government. DHA accounts for these contributions as if they were contributions to defined contribution plans in accordance with *AASB 119 – Employee Benefits*.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

Leave and other entitlements

The liability for employee benefits includes provisions for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including DHA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Payroll tax equivalent is a related party transaction with Defence, and is reported on the Statement of Comprehensive Income as Other Expenses. All other employee benefits are incurred with external parties.

7. Rates, repairs and maintenance

	2022	2021
	\$'000	\$'000
Rates, repairs and maintenance		
Rates and municipal charges	17,490	10,732
Stamp duty and land tax equivalents	31,280	33,105
Repairs and maintenance	37,015	32,971
Other property charges	60,586	40,077
Total rates, repairs and maintenance	146,371	116,885

Accounting policy

Rates, Repairs and Maintenance includes expenditure for investment properties of \$45,670,950 (2021: \$41,048,837).

Rates and Municipal Charges

Includes council and water rates for DHA's property portfolio, which are not recoverable from Defence. The expenses are incurred from external parties, and are expensed in the period they are incurred.

Stamp Duty and Land Tax Equivalents

Stamp Duty and Land Tax Equivalents are related party transactions associated with Defence.

DHA provides services on a for-profit basis. Under the Competitive Neutrality arrangements, DHA is required to make State Tax Equivalent payments, including payroll tax, land tax and stamp duty.

DHA includes State Tax Equivalent payments in the expenditure items to which they relate. Payroll tax is included in Other Expenses.

Repairs and Maintenance

Repairs and maintenance include repairs and maintenance expenses on the DHA property portfolio, which are not recoverable from Defence.

Expenses are incurred from external contractors and are expensed in the period they are incurred.

Other Property Charges

Includes recoverable repairs and maintenance, and Defence funded capital project expenses. DHA, in accordance with the Services Agreement, is entitled to recover from Defence these expenses.

Expenses are incurred from external parties and sub-contractors and are expensed in the period they are incurred.

8. Depreciation and amortisation

	2022	2021
	\$'000	\$'000
Depreciation		
Investment properties ¹	299,040	292,695
Plant and equipment	1,994	2,260
	301,034	294,955
Amortisation		
Software	1,524	1,296
Right of use assets – PPE	4,887	5,389
	6,411	6,685
Total depreciation and amortisation	307,445	301,640

1. Includes \$280,586,389 depreciation of right of use assets which meet the definition of investment properties under *AASB 140 Investment Properties* (2021: \$274,354,875).

Accounting policy

Depreciable assets are written down to their estimated residual values over their estimated useful lives using the straight-line method of depreciation. Office fit outs are depreciated over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the straight-line method over the following useful lives:

	2022	2021
Investment properties	50 years or the term of the lease	50 years or the term of the lease
Plant and equipment	Term of lease	Term of lease
Software	2.5 to 6 years	2.5 to 6 years
Right of use assets – PPE	Term of lease	Term of lease

Depreciation and amortisation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

9. Finance costs

	2022	2021
	\$'000	\$'000
Finance costs		
Interest on loans	6,217	28,973
Interest on lease liabilities	39,018	33,894
Total finance costs	45,235	62,867

Accounting policy

DHA has an unsecured borrowing facility with the Commonwealth. On 28 September 2020, an Amended and Restated Loan Facility Agreement was signed, effective from 1 October 2020. This affords DHA the flexibility to borrow at either fixed or floating market interest rates which include a competitive neutrality charge. The amended facility with the Commonwealth requires DHA to pay interest on the amounts drawn down to Department of Finance. Prior to 1 October 2020, interest was paid to Defence.

The Interest on loans is accrued based on effective interest rates on the outstanding balance of the loan. Interest paid on loans is a related party transaction. During 2021–22, DHA incurred break fees of \$835,810 on the early repayment of borrowings.

Interest on lease liabilities is the amount that produces a constant rate of interest on the remaining balance of the lease liability.

10. Net (reversal of)/write down and impairment of assets

	2022	2021
	\$'000	\$'000
NON-FINANCIAL ASSETS		
Write downs and impairments		
Investment properties	14,818	20,655
Inventories	914	13,342
	15,732	33,997
Reversal of write downs and impairments		
Investment properties	(49,881)	(55,383)
Inventories	(11,537)	(2,152)
	(61,418)	(57,535)
Net (reversal of)/write down and impairment ¹	(45,686)	(23,538)

1. Includes \$22,917,846 net reversal of impairment on right of use assets which meet the definition of investment properties under AASB 140 *Investment Properties* (2021: \$35,290,554 net reversal of impairment).

Accounting policy

Inventories

To ensure compliance with AASB 102 *Inventories*, an independent valuation to assess the net realisable value of inventory properties held by DHA is undertaken by a registered valuer as at 31 December 2021. The carrying value of individual properties, where the cost of the property exceeded the net realisable value, are written down accordingly. At the end of the reporting period, DHA reassesses the net realisable value based on internal and external market data, and recognises a further write down or write back where there is evidence of a significant change in property market values. A write back, where applicable, will not exceed cost. Refer to *Note 15 Inventories* for more information.

Investment Properties

Investment properties include right of use assets that meet the definition of investment properties in accordance with AASB 140 *Investment Property*.

Investment properties are initially recognised at cost. The carrying amount includes the cost of replacing parts of existing investment properties, at the time those costs are incurred. The carrying amount excludes costs of day-to-day servicing and maintenance of the investment property.

Investment properties are subsequently recognised at the lower of carrying value and recoverable amount. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use where the property is not identified for future sale or is a leased property.

Investment properties are derecognised when they have been disposed of, when they are withdrawn from use and no future economic value is expected from its disposal, or when the lease has expired.

The fair value of investment properties is assessed annually by an independent valuer and a value in use calculation is prepared internally for assets not identified for future sale and for right of use assets. Where the fair value less costs to sell and the value in use calculation for an individual property is less than its cost, the carrying value of the property is written down to the higher of the two valuation methods, and the loss is recognised as an impairment loss in the statement of comprehensive income. Refer to *Note 16 Investment Properties*.

Notes to the Financial Statements

for the year ended 30 June 2022

DHA uses a discounted cash flow model to determine the value in use of investment properties. In determining the value in use, DHA applies the following assumptions:

- › Rental and capital growth for the next 20 years or rental growth for the term of the lease by individual post codes from major industry publications.
- › Consumer Price Index (CPI) rates in line with the mid-point of the Reserve Bank of Australia's (RBA) target inflation rate, being 2.50 per cent.
- › A discount rate that is determined in accordance with the requirements of *AASB 136 Impairment*, calculated internally on an individual asset basis.
- › Cash inflow estimates including rental income and other Defence fees and charges paid to DHA in accordance with the DSA.
- › Cash outflow estimates including annual repairs and maintenance based on historical data and judgements.
- › Major capital work expenditure estimates including internal and external repainting and replacement of carpets based on the age of the property.

Significant Accounting Judgement and Estimates

Rental and Capital Growth

The discounted cash flow model used to determine the value in use of investment properties includes an assumption on the forecast rental and capital growth for the next 20 years or rental growth for the term of the lease. DHA applies judgement to assume a capital growth rate in line with the long-term historical average, and estimates a rental growth rate by using long-term historical average and reference to forecast growth in major industry publications.

11. Taxation

a. Income tax expense

	2022	2021
	\$'000	\$'000
Income tax expense		
Current tax expense	34,003	18,374
Adjustments for current tax of prior periods	118	(779)
Deferred tax	19,827	11,685
Adjustments for deferred tax of prior periods	(114)	789
	53,834	30,069
Income tax expense attributable to:		
Profit from continuing operations	184,158	108,619
	184,158	108,619

b. Reconciliation of income tax expense to prima facie tax payable

	2022	2021
	\$'000	\$'000
Reconciliation of income tax expense:		
Profit from continuing operations before income tax	184,158	108,619
Tax expense at the Australian tax rate of 30%	55,247	32,585
Tax effect of amounts not deductible/(assessable):		
Tax cost base valuations	(1,162)	(2,260)
Adjustments relating to prior periods	4	10
Other	(255)	(266)
	53,834	30,069

11. Taxation (continued)

c. Deferred tax assets/(liabilities) recognised in the Statement of Comprehensive Income

	2022	2021
	\$'000	\$'000
Net deferred tax assets/(liabilities)		
Employee benefits	4,060	4,625
Revenue in advance	(1,284)	(1,284)
Inventory properties	(140)	4,953
Investment properties	(13,872)	(9,002)
Right of use asset – investment properties	(425,861)	(428,188)
Right of use asset – property, plant and equipment	(9,820)	(4,034)
Lease liabilities	456,896	457,413
Prepayments	9,018	9,075
Make good provisions	23,738	27,925
Provisions - other	5,797	5,983
Property, plant and equipment	930	1,757
Other	193	145
Net deferred tax asset	49,655	69,368
Comprising:		
Deferred tax assets	500,863	512,142
Deferred tax liabilities	(451,208)	(442,774)
Net deferred tax asset	49,655	69,368
Movements:		
Opening balance at 1 July	69,368	81,842
Charged to the statement of comprehensive income	(19,713)	(12,474)
Net deferred tax asset	49,655	69,368

Accounting policy

DHA became a Commonwealth income tax payer on 1 July 2007, following an amendment of the DHA Act. On 1 July 2007, an unrecognised temporary difference (Deferred Tax Asset) was created between the accounting carrying value and the tax value for properties held as Investment Properties. The unrecognised value of the temporary difference at 30 June 2022 is \$431,018,053 (2021: \$434,892,319). The tax effect of this temporary difference is \$129,305,416 (2021: \$130,467,696).

Income Tax Expense

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Notes to the Financial Statements

for the year ended 30 June 2022

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. A deferred tax asset will be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- › Is not a business combination
- › At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)
- › At the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- › Where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- › Receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the ATO, is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO, are classified as operating cash flows.

Non Refundable Research & Development Tax Incentive

DHA makes research and development tax incentive claims through AusIndustry and the ATO in relation to qualifying expenditure on major property developments.

The permanent benefit arising from the non-refundable research and development tax incentive is accounted for in accordance with *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance*, and is capitalised to the extent that it relates to assets in accordance with Part 3 of the FRR. The capitalised amounts are recognised as income based on the underlying assets useful life, or when disposed.

The temporary timing benefit arising from the non-refundable research and development tax incentive is accounted for in accordance with *AASB 112 Income Taxes*.

12. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash and cash equivalents		
Cash at bank	182,988	194,285
Term deposits	-	5,000
Total cash and cash equivalents	182,988	199,285

Accounting policy

Cash and cash equivalents means notes and coins held and any deposit held at call or readily convertible to cash with a bank or financial institution. As part of managing working capital, DHA invests in term deposits. These term deposits are classified as cash equivalents as they are readily convertible to a known amount of cash and are not subject to a significant risk of change in value. Cash is recognised at its nominal amount.

As part of bank management, DHA operates a net settlement arrangement of all operating accounts with its bank. As such, total cash and cash equivalents presented on the Statement of Financial Position is net of bank overdraft.

13. Trade and other receivables

a. Trade and other receivables

	2022	2021
	\$'000	\$'000
Current receivables for good and services		
Receivables	26,627	5,849
Impairment – expected credit loss	(281)	(101)
	26,346	5,748
Accrued income	25,806	11,797
Other receivables	2,702	3,377
	54,854	20,922
Current receivables for goods and services from		
Related entities	52,739	17,708
External parties	2,115	3,214
Total trade and other receivables	54,854	20,922

13. Trade and other receivables (continued)

b. Trade and Other Receivables (Net) expected to be recovered

	2022	2021
	\$'000	\$'000
Current receivables (net) expected to be recovered in:		
Less than 12 months	54,854	20,922

c. Receivables are aged as follows:

	2022	2021
	\$'000	\$'000
Current receivables (net) expected to be recovered in:		
Not overdue	28,227	15,073
0 to 30 days	24,741	5,582
31 to 60 days	1,234	29
61 to 90 days	94	9
More than 90 days	558	229
Total trade and other receivables	54,854	20,922

d. Reconciliation of the impairment loss allowance:

	2022	2021
	\$'000	\$'000
Movement in the impairment loss allowance:		
Impairment loss allowance at 1 July	101	111
Impairment loss increase	180	-
Amounts to be recovered and reversed	-	(10)
Total as at 30 June	281	101

Accounting policy

Credit terms are between seven and 30 days.

Receivables for goods and services are recognised at the nominal amounts due, less any provision for impairment allowance. Collectability of debts is reviewed at 30 June each year. Allowances for expected credit losses (ECL's) are based on a provision matrix that is in accordance with *AASB 9 Financial Instruments*.

14. Investment properties held for sale

	2022	2021
	\$'000	\$'000
Current assets		
Investment properties – at cost	1,088	6,235
Investment properties – at cost (less impairment)	-	3,034
Total investment properties held for sale	1,088	9,269

Accounting policy

DHA applies *AASB 5 Non-Current Assets Held for Sale and Discontinued Operations* to its investment properties held for sale. These properties are carried at the lower of cost and fair value less costs to sell and are not depreciated.

DHA holds a small proportion of its investment properties for sale. Investment properties are deemed eligible for sale when they have below average capital growth expectations, carry high repairs and maintenance expenditure, do not meet criteria for ADF member housing, have no redevelopment opportunities or have low rental yield.

DHA will only classify Investment properties as held for sale once the property is available for immediate sale in its present condition, there is an active programme to locate a buyer and DHA is committed to selling the investment property. It is expected that the sale will be completed within 12 months.

15. Inventories

	2022	2021
	\$'000	\$'000
Total inventories		
Current inventories	55,396	329,075
Non-current inventories	433,964	234,032
Total inventories	489,360	563,107
Completed properties		
At cost	243,442	224,395
At net realisable value	75,686	140,932
Land held for sale		
At cost	7,432	7,520
At net realisable value	-	1,223
Work in progress		
At cost	160,252	170,842
At net realisable value	2,549	18,195
Total inventories	489,360	563,107

Accounting policy

The total fair value of inventory as at 30 June 2022 is \$593,738,242 (2021: \$644,071,638).

For the period 1 July 2021 to 30 June 2022, DHA disposed of 176 inventory properties, three properties were sold at a loss amounting to \$15,037 (2021: DHA disposed of 254 inventory properties; 22 properties were sold at a loss amounting to \$420,913).

DHA accounts for inventory properties under *AASB 102 Inventories*. Inventories are properties available for sale in the short to medium term in order to free capital for reinvestment.

Inventories are initially recognised at cost and are subsequently recognised at the lower of cost or net realisable value. Net realisable value is estimated based on the finished product's gross expected realisation less costs to complete and selling costs.

Inventories are separated into the following categories:

- › Completed properties – completed properties held for sale on normal trading cycle
- › Land held for sale
- › Work in progress – incomplete construction projects.

Work in Progress

Development projects are classified as inventory properties whilst in progress where a significant majority of the property on completion of the development is expected to be sold as inventory stock.

Development project costs include variable and fixed costs as they relate directly to specific contracts, and those costs relating to general contract activity which can be allocated to the project on a reasonable basis.

Significant Accounting Judgement and Estimates

Completed inventory properties

The net realisable value of completed inventory properties is assessed annually by independent valuers at 31 December. Where the net realisable value for an individual property is less than its cost, the carrying value of the property is written down to its net realisable value.

Development inventory sites

The net realisable value of an inventory development site is the finished product's gross realisable value less cost to complete and selling costs. Where the net realisable value is lower than cost to date for the development site, the cost to date is written down by the value of the estimated loss.

16. Investment properties

	2022	2021
	\$'000	\$'000
Investment properties		
Investment properties at cost	2,042,099	1,760,419
Less: accumulated depreciation	(459,101)	(330,069)
	1,582,998	1,430,350
Investment properties - impaired		
Investment properties at cost	1,549,223	1,635,430
Less: accumulated depreciation	(482,556)	(351,019)
Less: accumulated impairment	(103,869)	(143,170)
	962,798	1,141,241
Total investment properties¹	2,545,796	2,571,591

¹ Total investment properties includes \$1,419,538,180 (2021: \$1,427,293,292) of right of use assets (measured at cost less accumulated depreciation and impairment) which meet the definition of investment properties under *AASB 140 Investment Properties*.

Accounting policy

The total fair value of Investment Properties (including Investment Properties – Held for Sale in Note 14) as at 30 June 2022 is \$3,887,726,322 (2021: \$3,639,989,692). The fair value amount disclosed at 30 June 2022 includes \$1,419,538,180 (2021: \$1,427,293,292) of right of use assets measured at cost.

The fair value of DHA's investment properties as at 31 December 2021 and as at 31 December 2020 was on the basis of a valuation carried out on the respective date by external independent valuers. On 30 June 2022, DHA undertook a review of the fair values determined on 31 December 2021 and determined there is no material change from these values.

Independent valuers are members of the Institute of Valuers of Australia, hold appropriate qualifications and have recent experience in the valuation of properties in the relevant locations. The fair value of each property was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of properties, the highest and best use of each property is its current use. There has been no change to the valuation technique during the year. The fair value level in accordance with *AASB 13 Fair Value Measurement* is level 2.

To calculate impairment, the net realisable value of DHA's right of use assets that meet the definition of investment properties in accordance with *AASB 16 Leases* as at 30 June 2022 has been determined based on a discounted cash flow. In determining the net realisable value, DHA applies the following assumptions:

- Rental and capital growth for the next 20 years or rental growth for the term of the lease by individual post codes from major industry publications.
- Consumer Price Index (CPI) rates in line with the mid-point of the Reserve Bank of Australia's (RBA) target inflation rate, being 2.50 per cent.
- A discount rate which is calculated internally on an individual asset basis, being the nominal pre-tax discount rate implied by the capital value of the individual property's expected future rent, determined in accordance with the requirement of *AASB 136 Impairment of Assets*.
- Cash inflow estimates including rental income and other Defence fees and charges paid to DHA in accordance with the Services Agreement.

Notes to the Financial Statements

for the year ended 30 June 2022

Cash outflow estimates including annual repairs and maintenance based on historical data and judgements. The fair value level in accordance with *AASB 13 Fair Value Measurement* is level 3.

Significant Accounting Judgement and Estimates

DHA owned investment properties are assessed for indicators of impairment annually. Where there is an indicator of impairment, the recoverable amount of each investment property is estimated. *AASB 136 Impairment of Assets* requires that the recoverable amount is the higher of the property's fair value less costs of disposal (FVLCO) and its value in use (VIU).

FVLCO is assessed annually by an independent valuer. VIU is calculated using various assumptions in relation to the cost of debt and equity and future rental income of the property (refer to Note 10). Where the recoverable amount is less than the carrying amount, the carrying amount of the investment property is impaired to the greater of the fair value less cost to sell and value in use.

DHA has applied judgement to determine the discount rate used in the calculation of the VIU. DHA has used a rate that reflects the nominal pre-tax discount rate implied by the capital value of related properties, the expected future rents from the properties and other cash flows for associated property related services.

DHA's right of use assets that meet the definition of investments properties are assessed for impairment as part of a Cash Generating Unit (CGU). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. DHA has determined that individual right of use asset for each property represents a CGU, as each property is capable of generating cash inflows which are largely independent of cash inflows of any other asset/CGU.

DHA has applied judgement to conclude that of the two methods available to determine the recoverable amount on right of use assets, the VIU will consistently generate a higher recoverable amount. DHA uses a VIU approach to assess and measure impairment on the right of use assets.

16. Investment properties (continued)

	2022	2021
	\$'000	\$'000
As at 1 July		
Cost	3,395,849	3,206,083
Less: accumulated depreciation and impairment	(824,258)	(589,084)
Net book value at start of period	2,571,591	2,616,999
For the year ended 30 June		
Additions	55,450	84,176
Lease Adjustments	197,192	81,053
Transfer from inventory to investment property	-	80,871
Depreciation charge	(299,040)	(292,695)
Impairment write back/(loss)	35,063	34,376
Transfer to assets held for sale	(17,676)	(37,572)
Other disposals or lease expiries	(39,493)	(18,762)
Depreciation/impairment written back on disposal or transfer	42,709	23,145
Movement in net book value for the period	(25,795)	(45,408)
As at 30 June		
Cost	3,591,322	3,395,849
Less: accumulated depreciation and impairment	(1,045,526)	(824,258)
Total investment properties	2,545,796	2,571,591

Accounting policy

DHA accounts for investment properties under *AASB 140 Investment Property* and applies the Cost model. Investment properties are properties held for strategic long-term provisioning requirements.

Investment properties are separated into the following categories:

- › Completed properties
- › Land held for future development
- › Work in progress - incomplete construction projects.

Transfers from inventory to investment are made when there is a change in use of a property in accordance with *AASB 140 Investment Property*.

Changes to the term of a lease, or the weekly rental paid on a leased investment property, is treated as a Lease Adjustment.

17. Property, plant and equipment

	2022	2021
	\$'000	\$'000
Property, plant and equipment		
Property, plant and equipment at cost	22,528	25,212
Less: accumulated depreciation	(12,041)	(18,314)
Net property, plant and equipment	10,487	6,898
Right of use assets		
Motor vehicles and office leases	42,064	23,914
Less: accumulated amortisation	(9,332)	(10,466)
Net motor vehicles and office leases	32,732	13,448
Total property, plant and equipment	43,219	20,346

Accounting policy

Asset Recognition

Purchases of property, plant and equipment are recognised at cost in the statement of financial position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Following initial recognition at cost, property, plant and equipment is measured at cost less accumulated depreciation.

Right of Use (ROU) Assets

Right of use leased assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received.

18. Current liabilities – trade and other payables

	2022	2021
	\$'000	\$'000
Trade and other payables		
Trade creditors	6,717	12,363
Accrued expenses	17,804	18,763
Stamp duty and land tax payable	3,878	3,659
	28,399	34,785
Trade payables expected to be settled no later than 12 months:		
Related entities	9,107	7,761
External parties	19,292	27,024
Total trade and other payables	28,399	34,785

19. Final dividend

DHA accrued a final dividend for the year ended 30 June 2022 of \$78,194,161 (2021: \$47,129,745). The annual dividend of 60 per cent of net profit after tax is in accordance with DHA's dividend policy as approved by the Shareholder Minister's in the 2021–22 Corporate Plan.

20. Borrowings

	2022	2021
	\$'000	\$'000
Loans from the Commonwealth		
Current borrowings	-	70,000
Non-current borrowings	-	115,000
	-	185,000
Maturity schedule for borrowings payable		
Within one year	-	70,000
Between two and five years	-	115,000
Total borrowings	-	185,000

Accounting policy

DHA has an unsecured borrowing facility with the Commonwealth. On 1 October 2020, an amended and restated Loan Facility Agreement took effect, affording DHA the flexibility to borrow and repay loans within the maximum facility limit of \$509.6 million.

The facility affords DHA the flexibility to borrow at either fixed or floating interest at market rates which includes a competitive neutrality charge. The facility requires DHA to pay interest on the amounts drawn down to the Department of Finance. Prior to 1 October 2020, interest was paid to the Department of Defence.

All loans and borrowings drawn down under this facility are initially recognised at fair value less directly attributable transaction costs. Subsequent recognition of loans and borrowings is at amortised cost, and interest is charged as an expense as it accrues. During 2021–2022 the interest rate range applied to DHA's borrowings was from 0.55 per cent to 5.71 per cent (2021: 0.55 per cent to 5.71 per cent).

Borrowings are classified as current liabilities unless DHA has an unconditional right to defer settlement of the liability for at least 12 months after the balance date. During 2021–22 financial year DHA embarked on a debt reduction program repaying all outstanding loans to the Department of Finance as at 30 June 2022.

21. Lease liabilities

	2022	2021
	\$'000	\$'000
Lease liabilities		
Current lease liabilities	284,660	272,598
Non-current lease liabilities	1,238,151	1,251,683
	1,522,811	1,524,281
Maturity schedule – lease liabilities		
Undiscounted operating lease payments cash flows		
Within one year	324,943	305,960
Between two and five years	950,782	919,227
More than five years	440,606	460,568
Total borrowings	1,716,331	1,685,755

Note 28 provides details of lease commitments receivable.

Accounting policy

(i) DHA's leasing activities

DHA leases residential and commercial properties, vehicles and minor items of office equipment. Rental contracts are typically made for fixed periods of 3 years to 15 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. DHA allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by DHA.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- › fixed payments (including in-substance fixed payments), less any lease incentives receivable
- › variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- › amounts expected to be payable by DHA under residual value guarantees
- › the exercise price of a purchase option if DHA is reasonably certain to exercise that option
- › payment of penalties for terminating the lease, if the lease term reflects DHA exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to the Financial Statements

for the year ended 30 June 2022

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that DHA would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, DHA:

- › uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk
- › makes adjustments specific to the lease, e.g. term and security.

DHA is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is expensed over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- › the amount of the initial measurement of lease liability
- › any lease payments made at or before the commencement date less any lease incentives received
- › any initial direct costs
- › restoration costs.

Right of use assets are depreciated over the lease term on a straight-line basis.

(ii) Extension and termination options

DHA has used judgement in determining where options for extension or termination contained in lease arrangements would or would not be considered reasonably certain of being exercised. DHA makes this judgement on a lease by lease basis and considers all relevant facts and circumstances that create an economic incentive for DHA from the commencement date until the exercise date of the option.

Significant Accounting Judgement

(i) Lease term

DHA has used judgement in determining where options for extension or termination contained in lease arrangements would or would not be considered reasonably certain of being exercised. DHA makes this judgement on a lease by lease basis and considers all relevant facts and circumstances that create an economic incentive for DHA from the commencement date until the exercise date of the option.

For most property leases, DHA has concluded it is reasonably certain to exercise options to extend the lease, and accordingly has included the period covered by those lease extensions in the lease term. DHA's assessment reflects, in part, DHA's past experience in exercising a high proportion of extension options, expectations of the housing needs of the Department of Defence, and costs to source alternative properties.

Generally extension options for motor vehicle leases have not been included in the lease liability, because DHA could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or DHA becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee.

(ii) Renewal of a lease arrangement

In some instances, DHA may renew a lease with an investor, often 1–2 years before the end of the lease term. DHA will typically incur legal costs to review the lease. DHA has used judgement to conclude that lease renewals are to be accounted for as lease modifications, rather than as new or separate leases under *AASB 16 Leases*. In the absence of specific requirements in *AASB 16 Leases* for costs associated with the modified lease, judgement is required to conclude that modification transaction costs, and associated recoveries will be capitalised by either including amounts in the lease payments, which forms an input to the cost of the right of use asset, or as an adjustment to the cost of the associated right of use asset.

(iii) Make good costs

A liability is recognised for make good costs to be incurred on the expiry of long-term leases. Assumptions have been made, based on historical data, regarding the future economic outflows associated with the make good expenditure. DHA is required under many lease agreements to undertake prescribed maintenance (make good) at the end of the lease period.

At the time of entering into the lease agreement the lease agreement is assessed to determine if DHA has a present obligation to perform make good at the end of the lease, in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. If a legal obligation is present in the lease agreement a provision is raised to recognise the make good obligation. The provision is based on an assessment of the present value of the necessary costs to make good properties at the end of their lease terms. The estimate includes an inflation factor of 2.50 per cent (2021: 2.50 per cent) and a discount rate of 3.44 per cent (2021: 0.77 per cent, being the five year Australian Government bond rate as at 30 June 2021). Actual make good expenditure is charged, as incurred against the provision. The estimate of future make good maintenance is reviewed annually to ensure that the make good provision is adequate to meet the liability.

Notes to the Financial Statements

for the year ended 30 June 2022

Judgement has been applied to conclude that obligations that arise during the lease term, when a contractual option is exercised, will be recognised as an adjustment to the related right of use asset. The judgement arises from unclear requirements of AASB 16. The requirements explicitly state that lessees may incur the obligation for such costs either at the commencement date or as a consequence of having used the underlying asset during a particular period. Those provisions are included in relation to the initial measurement of the right of use asset.

DHA's obligation to perform restoration activities at the end of the lease term vary depending on the length of time DHA has held the lease, with no obligation where DHA hold the lease for less than six years. Judgement has been applied to conclude DHA does not recognise a make good provision for leases with a current contract lease term of less than six years.

DHA has recently amended its standard lease agreement which removes the obligation for DHA to complete restoration works at the end of the lease, therefore no provision is made for leases which use the new agreement.

(iv) Incremental borrowing rate (IBR)

Significant estimation is involved in determining the discount rate to apply to calculate the lease liability when initially recognising a lease. In line with the requirements of applying the modified retrospective transition method, The IBR is the rate of interest DHA would have to pay to borrow funds over a similar term, and with a similar security, to obtain an asset of similar value to the right of use asset in a similar economic environment.

(v) Interest rate implicit in the lease (IRIL)

The IRIL is the discount rate that, at the inception of the lease, causes the aggregate present value of the lease payments and the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and the initial direct costs of the lessor. The unguaranteed residual value is defined in *AASB 16 Leases* as the portion of the residual value of the underlying asset, the realisation of which is not assured. Determining the unguaranteed residual value is a significant estimate in the IRIL calculation. DHA uses forecast property capital growth, sourced from independent external sources, for each geographical area to determine the estimated unguaranteed residual value of each property.

(vi) Lessor management fees

DHA has analysed the services provided in return for lessor management fees and concluded that some activities do not represent the transfer of goods or services from DHA to the lessor. Specifically, bill paying services and market rent review services were considered a performance obligation and recognised as revenue under *AASB 15 Revenue from Contracts with Customers*; while property administration, annual market rent reviews as defined by the lease and maintenance and restoration services are part of the overall lease and accounted for as a reduction to rental expense.

Judgement was required in determining the split between the portion that represents the transfer of goods or services to the lessor (herein called 'lessor management fee revenue') and the portion that relates to the lease. DHA utilised internal business and product line costing methodologies across historical financial data, to determine the split.

22. Provisions

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits:						
Annual leave	5,251	-	5,251	5,051	-	5,051
Long service leave	805	7,479	8,284	800	9,115	9,915
Redundancy	-	-	-	452	-	452
	6,056	7,479	13,535	6,303	9,115	15,418
Other provisions:						
Make good	10,536	68,591	79,127	11,581	81,501	93,082
Lease capital upgrades	17,529	-	17,529	17,123	-	17,123
Other general	4,326	1,301	5,627	1,705	1,388	3,093
	32,391	69,892	102,283	30,409	82,889	113,298
Total provisions	38,447	77,371	115,818	36,712	92,004	128,716

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, is set out below:

	Make good provision	Lease capital upgrades	Other general provision	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	93,082	17,123	3,093	113,298
Additional provisions recognised	-	3,277	3,081	6,358
Amounts used/reversed during the year	(13,955)	(2,871)	(547)	(17,373)
Carrying amount at 30 June 2022	79,127	17,529	5,627	102,283

Accounting policy

Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in *AASB 119 Employee Benefits*) and termination benefits expected to be settled within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Leave Liability

A leave liability is recognised for benefits accruing to employees in respect of annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by DHA in respect of services provided by employees up to the reporting date.

DHA applies the Australian Government Actuary shorthand model to calculate the long service leave liability. The revised model recognises the expected utilisation over the next twelve months as a current provision. In the prior year, entitlements of employees with nine years of service were recognised as a current provision.

Make good provision

DHA assesses each lease agreement to determine if it is required to undertake prescribed maintenance (make good) at the end of the lease period, where the lease term is more than six years. The make good provision provides for the cost of refurbishing the leased property as set out in the lease agreement.

Lease capital upgrades provision

DHA is required to undertake capital upgrades on leased properties which were agreed to at the time the lease was signed. The capital upgrade provision provides for the costs of these obligations as set out in the lease.

Other general provisions

Other general provisions include amounts set aside for Fringe Benefits Tax and Goods and Service Tax.

Recognition of Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

23. Other liabilities

	2022	2021
	\$'000	\$'000
Current other liabilities		
Revenue in advance	25,797	15,543
	25,797	15,543
Non-current other liabilities		
Revenue in advance	26,511	15,406
	26,511	15,406

Accounting policy

Revenue in advance

Rental and property management fee revenues are billed to Defence one month in advance, in line with the Services Agreement. For the year ended 30 June 2022, 81.92 per cent of revenue in advance was in relation to payments received from Defence (2021: 69.52 per cent).

The majority of revenue in advance received from non-Defence sources relates to development project income.

24. Cash flow reconciliation

	2022	2021
	\$'000	\$'000
Reconciliation of operating results to net cash from operating activities		
Profit for the period after tax	130,324	78,550
Depreciation – plant and equipment	1,994	2,260
Depreciation – investment properties	299,040	292,695
Depreciation – right of use assets	4,887	5,389
Amortisation – software	1,524	1,296
Impairment expense/(write back)	(35,063)	(34,728)
Gain on disposal of investment properties	(11,931)	(13,930)
Increase/(decrease) in other non-operating cash flow revenue items	-	2
Increase/(decrease) in other non-operating cash flow expense items	2,383	(3,595)
Increase/(decrease) in supplier payments	(6,386)	(4,996)
Increase/(decrease) in provisions	18,166	(30,381)
Increase/(decrease) in other liabilities	21,359	(3,581)
Increase/(decrease) in tax liabilities	12,548	(5,836)
(Increase)/decrease in net receivables	(34,020)	2,902
(Increase)/decrease in net deferred tax assets	19,713	12,474
(Increase)/decrease in inventories	53,507	116,987
(Increase)/decrease in prepayments	(191)	(46)
Net cash from operating activities	477,854	415,462

25. Financial instruments

The main risks arising from DHA's financial instruments are interest rate risk, credit risk and liquidity risk. DHA uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring the level of exposure to interest rates and assessments of forecasts for interest rates. Ageing analysis and monitoring of specific credit tolerances are undertaken to manage credit risk. Liquidity risk is monitored through the development of rolling cash flow forecasts.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- i. the financial asset is held in order to collect the contractual cash flows
- ii. the cash flows are Solely Payments of Principal and Interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12 month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a de-recognition event where the write-off directly reduces the gross carrying amount of the financial asset.

25. Financial instruments (continued)

Carrying value

The carrying value of DHA's financial assets and liabilities at the reporting date are as follows:

	2022	2021
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	182,988	199,285
Trade and other receivables	54,854	20,922
Carrying value of financial assets	237,842	220,207
Financial liabilities		
Borrowings – current	-	70,000
Borrowings – non-current	-	115,000
Trade and other payables	28,399	34,785
Final dividend	78,194	47,130
Carrying value of financial liabilities	106,593	266,915
	2022	2021
	\$'000	\$'000
Net income from financial assets		
Interest	346	1,312
Net gain on loans and receivables	346	1,312
Net expenses from financial liabilities		
Interest on borrowings	6,217	28,973
Net loss on financial liabilities – amortised cost	6,217	28,973

Notes to the Financial Statements

for the year ended 30 June 2022

Accounting policy

Fair Value

The fair value of financial assets and liabilities are derived as follows:

- › The fair value of government loans is calculated by the Australian Office of Financial Management. The loans are valued by calculating the net present value of all future contracted payments at the relevant interest rate. The fair value of DHA's loans with the Commonwealth was \$0 for 2022 (2021: \$193,912,236).
- › The Directors consider that the carrying amounts of all other financial assets and liabilities recorded at amortised cost in the financial statements approximates their fair values.

In accordance with *AASB 7 Financial Instruments: Disclosures*, the fair value of Government loans have been determined using level 2 of the fair value hierarchy.

Credit Risk

Credit risk arises from the financial assets of DHA, which comprise cash and cash equivalents and trade and other receivables. Exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

DHA does not hold any credit derivatives to offset its credit exposure.

DHA trades only with recognised, creditworthy third parties. Department of Defence is the primary counterparty. As such collateral is not requested nor is it policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that DHA's potential exposure to bad debts is not significant.

There are no significant concentrations of credit risk within DHA and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Liquidity Risk

DHA manages liquidity risk by maintaining an appropriate level of cash and cash equivalents on hand to meet outgoing commitments in the event of failure to receive any revenue from the normal course of business and ensuring capacity exists to borrow under the Cash Advance Facility based upon regular cash flow forecasts prepared by DHA.

Other than Commonwealth loans all financial liabilities will mature within one year. Refer to *Note 20 Borrowings* for ageing of Commonwealth loans.

Interest Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. DHA has exposure to interest rate risk arising from fluctuations in interest rates applicable to cash and borrowings.

DHA manages interest rate risk by ensuring that investments mature commensurate with cash flow requirements to maximise interest income. DHA also seeks to ensure an appropriate mix of maturities across the yield curve to avoid concentration of maturities on any given date and higher volatility inherent in longer dated investments.

Interest rate risk on borrowings is managed by ensuring maturing loans are paid or rolled over taking into consideration the interest rate outlook and the maturity profile of existing borrowings.

Notes to the Financial Statements

for the year ended 30 June 2022

Financial Risk Management

DHA's principle financial instruments comprise receivables, payables, government loans, leases, cash and cash equivalents.

DHA's Treasury Policy provides a framework to manage core risks, including financial risk management, which pertain to DHA's financial market investments, borrowings and associated activities.

Primary responsibility for the overall financial risk management rests with the Chief Financial Officer, supported by the Chief Risk Officer through the identification, assessment and regular reporting to the DHA Board.

Sensitivity analysis of the risk that DHA is exposed to in 2022 and 2021

The table below details the interest rate sensitivity analysis of the entity at the reporting date, holding all other variables constant.

Interest rate risk	Risk Variable	Change in risk variable	Effect on	
			Average cash	Profit & loss and equity
		%	\$'000	\$'000
2022	Interest	0.79	125,023	988
2021	Interest	0.74	331,869	2,456

Interest rate sensitivity analysis has been calculated on a "reasonable possible" basis. The rate of 79 basis points (2021: 74 basis points) was determined by using the standard parameters issued by the Department of Finance.

26. Current/non-current distinction for assets and liabilities

	2022	2021
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	182,988	199,285
Trade and other receivables	54,854	20,922
Investment properties held for sale	1,088	9,269
Inventories	55,396	329,075
Other current assets	2,443	2,252
Total no more than 12 months	296,769	560,803
More than 12 months		
Inventories	433,964	234,032
Investment properties	2,545,796	2,571,591
Property, plant and equipment	43,219	20,346
Intangibles	1,706	3,710
Deferred tax assets	49,655	69,368
Other receivables	341	253
Total more than 12 months	3,074,681	2,899,300
Total assets	3,371,450	3,460,103
Liabilities expected to be settled in:		
No more than 12 months		
Trade and other payables	28,399	34,785
Dividend payable	78,194	47,130
Borrowings	-	70,000
Lease liabilities	284,660	272,598
Provisions	38,447	36,712
Current tax liabilities	18,551	6,003
Other liabilities	25,797	15,543
Total no more than 12 months	474,048	482,771
More than 12 months		
Borrowings	-	115,000
Lease liabilities	1,238,151	1,251,683
Provisions	77,371	92,004
Other liabilities	26,511	15,406
Total more than 12 months	1,342,033	1,474,093
Total liabilities	1,816,081	1,956,864

27. Auditors remuneration

	2022	2021
	\$	\$
Amount received or due and receivable by auditors		
Australian National Audit Office (ANAO) for the audit of the financial statements	310,000	300,000

Unrecognised Items

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy recognition criteria.

28. Commitments

29. Contingent assets and liabilities

30. Events occurring after the reporting period

28. Commitments

	2022	2021
	\$'000	\$'000
Commitments receivable		
Undiscounted operating lease income receivable		
– Within one year	432,099	405,395
– One to two years	411,232	379,724
– Two to three years	380,249	350,849
– Three to four years	347,925	311,758
– Four to five years	300,854	276,458
– More than five years	981,098	1,067,081
	2,853,457	2,791,265
Commitments payable – capital expenditure		
– Within one year	56,524	68,551
– Between two and five years	52,794	11,430
– More than five years	-	796
	109,318	80,777
Total commitments payable	109,318	80,777
Net Commitments Receivable/(Payable)	2,744,139	2,710,488

Commitments are GST inclusive where relevant.

Note 21 provides details for the maturity analysis for Lease liabilities.

Accounting policy

Commitments are GST inclusive where relevant.

Operating Lease Income Receivable

The operating lease income commitments receivable is the expected future lease rent to be received from the Department of Defence, taking into consideration the number of properties available for lease by the Department of Defence adjusted for the estimated vacancy based on historical data. DHA has determined that the Defence Services Agreement is a lease agreement in accordance with *AASB 16 Leases*.

Capital expenditure commitments

Capital expenditure commitments refer to construction project commitments and the payable figures above represent outstanding contractual payments for buildings under construction.

Significant Accounting Judgement and Estimates

Operating Lease Income Receivable

DHA is reasonably certain that all options to extend the lease term will be exercised and applies judgement to estimate rental growth and property vacancy rates based on historical long-term averages.

29. Contingent assets and liabilities

	Guarantees		Total	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Contingent assets				
Balance from previous period	-	-	-	-
New	-	-	-	-
Expired	-	-	-	-
Contingent liabilities				
Balance from previous period	19,271	14,723	19,271	14,723
New	4,755	10,684	4,755	10,684
Expired	(4,252)	(6,136)	(4,252)	(6,136)
	19,774	19,271	19,774	19,271
Net contingent liability	(19,774)	(19,271)	(19,774)	(19,271)

Accounting policy

Quantifiable Contingencies

Contingent assets and liabilities take the form of bank guarantees and financial undertakings which arise as a result of DHA's normal business operations. The amount disclosed represents the aggregate amount of such guarantees and financial undertakings. No financial assets or liabilities are expected to arise from provisions of the guarantees or financial undertakings.

Unquantifiable Contingencies

As at 30 June 2022, DHA has no unquantifiable contingencies.

Remote Contingencies

As at 30 June 2022, DHA has no remote contingencies.

30. Events occurring after the reporting period

There are no events post 30 June 2022 which would have a material impact on the financial statements or operations of the DHA business.

Key management personnel and related parties

This section of the notes provides other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

31. Key management personnel disclosures

32. Related party transactions

31. Key management personnel remuneration

a. Director remuneration

The aggregate remuneration of the Directors of DHA is set out below:

	2022	2021
	\$	\$
Director remuneration		
Short term employee benefits	528,691	515,101
Post-employment benefits	72,585	72,220
Total director remuneration	601,276	587,321

The Director's remuneration includes fees and benefits, including travel and motor vehicle allowances, as prescribed by the Remuneration Tribunal's determination for part-time public office holders and superannuation payable in accordance with applicable legislation and fund requirements.

b. Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of DHA, directly or indirectly. DHA has determined key management personnel to include the Managing Director, General Manager – Service Delivery, Chief Financial Officer and Senior Legal Counsel, including in an acting capacity.

The aggregate remuneration of key management personnel of DHA during the financial year is set out below:

	2022	2021
	\$	\$
Short-term employee benefits		
Base salary	1,271,323	1,258,204
Performance bonus	122,446	131,302
Other benefits and allowances	20,991	19,669
	1,414,760	1,409,175
Post-employment benefits		
Superannuation	229,907	221,994
	229,907	221,994
Other long-term employee benefits		
Long service leave	34,105	32,603
	34,105	32,603
Total employment benefits	1,678,772	1,663,772

Accounting policy

The total number of key management personnel that are included in the above table are four individuals (2021: four individuals).

The above key management personnel remuneration excludes the remuneration and other benefits of the Cabinet and Portfolio Ministers. The Portfolio Ministers' remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

32. Related party disclosures

DHA is an Australian Government controlled entity. Related parties to this entity are the Directors, Key Management personnel and Executive, and other Australian Government entities. DHA forms part of the Defence Portfolio. DHA reports to two shareholder ministers: the Minister for Defence Personnel and the Minister for Finance.

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed.

DHA and Defence have entered into a Services Agreement on housing and related matters which details the provision of services to Defence. Transactions between Defence, Finance and DHA are highlighted throughout the financial statement notes.

There have been no financial transactions between the key management personnel and DHA outside the normal employment contracts under the *Public Service Act 1999*.





PART 6

Appendices and reference information

Appendix A: Accountable Authority

Appendix B: Workforce statistics

Appendix C: Work health and safety

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Appendix A: Accountable Authority

This appendix provides details of our Accountable Authority for 2021–22 in accordance with the PGPA Rule.

Table 6.1: Accountable Authority 2021–22

Name	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title/Position held Executive/Non-Executive	Period as the Accountable Authority or member within the reporting period		
				Date of Commencement	Date of Cessation	Number of meetings of Accountable Authority attended
Hon J.A.L. (Sandy) Macdonald AM	<ul style="list-style-type: none"> ➤ Bachelor of Laws (Sydney) ➤ Member of the Australian Institute of Company Directors (AICD) 	<ul style="list-style-type: none"> ➤ Senator for New South Wales (1993 to 2008) ➤ Parliamentary Secretary to the Minister for Defence (2006 to 2007) ➤ Wool and beef producer ➤ Former board appointments 	<ul style="list-style-type: none"> ➤ Chair ➤ Chair of the Nomination and Remuneration Committee ➤ Non-Executive member 	February 2018 Re-appointed February 2021	-	8/8
Mr Barry Jackson	<ul style="list-style-type: none"> ➤ New Zealand Certificate in Quantity Surveying ➤ Quantity Surveyors Registration Board ➤ Member of the AICD 	<ul style="list-style-type: none"> ➤ Various executive and senior roles in the Australian Public Service (APS) and Victorian government ➤ 25+ years in private sector (construction, property, strategic and business process management) ➤ Other board appointments 	<ul style="list-style-type: none"> ➤ Managing Director ➤ Executive member 	May 2019	-	8/8

Name		Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title/Position held Executive/Non-Executive	Period as the Accountable Authority or member within the reporting period		
					Date of Commencement	Date of Cessation	Number of meetings of Accountable Authority attended
Mr Simon Lewis AO PSM		<ul style="list-style-type: none"> ➤ Bachelor of Arts (Economics, Statistics) ➤ Graduate Diploma of Computing Studies ➤ Graduate Diploma in Administrative Studies ➤ Graduate Diploma of Strategic Studies ➤ Completed the Harvard and Wharton Business School's Advanced Management Programs ➤ Graduate of the AICD 	<ul style="list-style-type: none"> ➤ Various executive and senior roles in the APS ➤ Secretary of the Department of Veterans' Affairs (2013 to 2018) ➤ Other board appointments 	<ul style="list-style-type: none"> ➤ Nominee of the Secretary of Finance ➤ Chair of the Board Audit and Risk Committee ➤ Non-Executive member 	April 2022	-	8/8
Brig Leigh Wilton AM		<ul style="list-style-type: none"> ➤ Master of Arts (Strategic Studies) ➤ Master of Management ➤ Bachelor of Business ➤ Graduate Diploma in Information Systems ➤ Graduate of the Australian Command and Staff College ➤ Graduate of the Centre for Defence and Strategic Studies ➤ Graduate of the AICD 	<ul style="list-style-type: none"> ➤ Member of the Australian Army ➤ Various senior appointments including Commanding Officer and Chief Instructor of the Army School of Ordnance and Director General Career Management – Army 	<ul style="list-style-type: none"> ➤ Nominee of the Chief of the Defence Force ➤ Chair of the DHA Advisory Committee ➤ Non-Executive member 	December 2019	-	8/8

Name	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title/Position held Executive/Non-Executive	Period as the Accountable Authority or member within the reporting period		
				Date of Commencement	Date of Cessation	Number of meetings of Accountable Authority attended
Ms Kate Louis	<ul style="list-style-type: none"> > Bachelor of Laws (First Class Honours) > Bachelor of Arts 	<ul style="list-style-type: none"> > 20 years' experience in the Department of Defence including Chief of Staff, Assistant Secretary and First Assistant Secretary roles > Executive Director of the Defence Council and Head of Industry Development for the Australian Industry Group > Member of the Centre for Defence Industry Capability Advisory Board 	<ul style="list-style-type: none"> > Nominee of the Secretary of Defence > Non-Executive member 	June 2020	-	8/8
Mr Robert Fisher AM	<ul style="list-style-type: none"> > Bachelor of Arts > Bachelor of Education > Member of the AICD 	<ul style="list-style-type: none"> > 40+ year public service career > Member of the Australian Trade Commission Service > CEO/Director General of various WA government departments > One of five commissioners on the Australian Government's National Commission of Audit > Former board appointments 	<ul style="list-style-type: none"> > Commercial member > Chair of the Board Investment Committee > Non-Executive member 	May 2022	-	7/8
Ms Andrea Galloway	<ul style="list-style-type: none"> > Bachelor of Business Administration > Diploma of Computer Networks > Graduate of the Executive Program (University of Michigan) > Fellow of the AICD > Justice of the Peace > Licensed Real Estate Agent 	<ul style="list-style-type: none"> > 30+ years in executive management for national and multinational commercial organisations > Former Managing Director and CEO of Evolve Housing > Winner of the Australian and NSW Telstra Women's Award 2014 (Business Innovation category) > Other board appointments 	<ul style="list-style-type: none"> > Commercial member > Non-Executive member 	November 2019	-	8/8

Name	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title/Position held Executive/Non-Executive	Period as the Accountable Authority or member within the reporting period		
				Date of Commencement	Date of Cessation	Number of meetings of Accountable Authority attended
Mr Ewen Jones	<ul style="list-style-type: none"> ➤ Member of the AICD 	<ul style="list-style-type: none"> ➤ Federal member for Herbert (2010 to 2016) ➤ Government Whip (2015 to 2016) ➤ Auctioneer ➤ Real estate and corporate finance experience ➤ Manager of Business Development at Pickerings Auto Group ➤ Other board appointments 	<ul style="list-style-type: none"> ➤ Commercial member ➤ Non-Executive member 	December 2019	-	7/8
Ms Gai Brodtmann	<ul style="list-style-type: none"> ➤ Bachelor of Arts (Politics, Sociology and English) ➤ Bachelor of Arts (Public Relations) ➤ Graduate Certificate in Business ➤ Graduate of the AICD ➤ Fellow of the Public Relations Institute of Australia 	<ul style="list-style-type: none"> ➤ Federal Member for Canberra 2010 to 2019 ➤ Shadow Parliamentary Secretary for Defence 2013 to 2016 ➤ Shadow Assistant Minister for Cyber Security and Defence 2016 to 2019 ➤ Other board appointments 	<ul style="list-style-type: none"> ➤ Commercial member ➤ Non-Executive member 	February 2021	-	8/8

Appendix B:

Workforce statistics

This appendix provides statistics on our workforce as at 30 June 2022 and 30 June 2021 for comparison (unless otherwise stated).¹⁷

Staffing profile (by headcount)

Table 6.2: All ongoing employees current reporting period 30 June 2022

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	29	1	30	48	12	60	0	0	0	90
QLD	22	0	22	66	12	78	0	0	0	100
SA	26	1	27	33	7	40	0	0	0	67
TAS	0	0	0	0	0	0	0	0	0	0
VIC	12	0	12	10	0	10	0	0	0	22
WA	4	0	4	10	0	10	0	0	0	14
ACT	60	1	61	93	17	110	0	0	0	171
NT	1	0	1	11	0	11	0	0	0	12
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	154	3	157	271	48	319	0	0	0	476

¹⁷ Workforce statistics include ongoing and non-ongoing staff at their substantive classification as at 30 June 2021 or 30 June 2022. Inoperative staff (those on long-term leave), staff engaged through an employment agency and Board members are excluded.

Table 6.3: All non-ongoing employees current reporting period 30 June 2022

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	1	0	1	5	1	6	0	0	0	7
QLD	3	0	3	10	1	11	0	0	0	14
SA	2	0	2	9	0	9	0	0	0	11
TAS	0	0	0	0	0	0	0	0	0	0
VIC	2	0	2	2	0	2	0	0	0	4
WA	1	0	1	0	0	0	0	0	0	1
ACT	6	1	7	11	2	13	0	0	0	20
NT	0	0	0	1	0	1	0	0	0	1
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	15	1	16	38	4	42	0	0	0	58

Table 6.4: All ongoing employees previous reporting period 30 June 2021

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	39	0	39	47	11	58	0	0	0	97
QLD	20	0	20	62	15	77	0	0	0	97
SA	19	1	20	27	10	37	0	0	0	57
TAS	0	0	0	0	0	0	0	0	0	0
VIC	10	0	10	9	0	9	0	0	0	19
WA	3	0	3	11	0	11	0	0	0	14
ACT	53	3	56	78	15	93	0	0	0	149
NT	1	0	1	13	2	15	0	0	0	16
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	145	4	149	247	53	300	0	0	0	449

Table 6.5: All non-ongoing employees previous reporting period 30 June 2021

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
NSW	0	0	0	2	1	3	0	0	0	3
QLD	2	0	2	1	0	1	0	0	0	3
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	2	0	2	1	0	1	0	0	0	3
WA	1	0	1	0	0	0	0	0	0	1
ACT	4	1	5	26	1	27	0	0	0	32
NT	0	0	0	2	0	2	0	0	0	2
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
Total	9	1	10	32	2	34	0	0	0	44

Table 6.6: Staff by classification and gender 2020–21 and 2021–22

Classification	2020–21		2021–22	
	Female	Male	Female	Male
DHA1	0	0	1	0
DHA2	2	0	0	0
DHA3	49	13	40	17
DHA4	107	30	108	22
DHA5	65	23	72	28
DHA6	55	22	70	31
EL1	37	40	50	40
EL2	16	25	17	29
SES and MD	3	6	3	6
Total	334	159	361	173

Table 6.7: Staff by classification and employment type 2020–21 and 2021–22

Classification	2020–21		2021–22	
	Full-time	Part-time	Full-time	Part-time
DHA1	0	0	0	1
DHA2	2	0	0	0
DHA3	50	12	50	7
DHA4	116	21	117	13
DHA5	79	9	84	16
DHA6	67	10	90	11
EL1	71	6	84	6
EL2	40	1	44	2
SES and MD	8	1	9	0
Total	433	60	478	56

Table 6.8: Ongoing staff by length of service and classification 2020–21 and 2021–22

Length of service	2020–21			2021–22		
	DHA1–4	DHA5–6	EL1–MD	DHA1–4	DHA5–6	EL1–MD
<2 years	47	39	24	94	64	50
2-5 years	80	37	39	43	50	33
6-10 years	34	49	25	25	45	22
≥11 years	40	40	39	26	42	40
Total	201	165	127	188	201	145

Table 6.9: Staff by office type 2020–21 and 2021–22

Office type	2020–21	2021–22
	Total	Total
Head office	167	191
Sydney CBD office ¹	16	0
Regional office ¹	236	254
Contact centre	74	89
Total	493	534

1. Sydney CBD office was closed in 2021–22. Staff have been relocated to the Sydney regional office.

Table 6.10: Staff by location 2020–21 and 2021–22

State	Office Type	2020–21	2021–22
ACT	Head Office	167	191
	Canberra regional office	14	0
NSW	Hunter regional office	37	35
	Nowra regional office	6	5
	Sydney regional office ¹	38	55
	Sydney CBD office ¹	16	0
	Wagga Wagga regional office	3	2
NT	Darwin regional office	16	11
	Tindal regional office	2	2
QLD	Brisbane regional office	43	56
	Cairns regional office	1	1
	Canungra regional office	1	1
	Ipswich regional office	9	0
	Toowoomba regional office	1	1
	Townsville regional office	45	55
SA	Adelaide regional office	57	78
Vic	Cerberus regional office	1	1
	Melbourne regional office	16	20
	Puckapunyal regional office ²	1	1
	Sale regional office	1	1
	Wodonga regional office	3	3
WA	Perth regional office	15	15

Note

1. Sydney CBD office was closed in 2021–22. Staff have been relocated to the Sydney regional office.
2. Defence personnel only.

Table 6.11: Staff by employment instrument 2020–21 and 2021–22

	2020–21	2021–22
Employment instrument	Number	Number
Enterprise Agreement (EA)	439	492
EA with individual flexibility agreement ¹	45	33
Common law contract	0	0
Public Service Act Section 24(1) determination ²	8	8
Remuneration Tribunal determination	1	1
Total	493	534

Notes

1. The *Fair Work Act 2009* requires that all Enterprise Agreements (EA) contain provision for an individual flexibility arrangement. Where DHA and a staff member agree to vary specific terms and conditions in DHA's EA, an Individual Flexibility Agreement is entered into. Refer to our website (www.dha.gov.au/ea) for a full copy of the EA.
2. In accordance with section 24(1) of the *Public Service Act 1999*, an agency head may determine in writing the terms and conditions of employment applying to an Australian Public Service employee. Remuneration and conditions of service for SES employees in DHA are determined in this way.

Table 6.12: Staff gross salary ranges by classification 2020–21 and 2021–22

	2020–21	2021–22
Classification	Salary range ¹	Salary range
DHA1	\$49,614 – \$57,700	\$51,598 - \$60,031
DHA2	\$53,325 – \$63,424	\$58,700 - \$65,986
DHA3	\$61,620 – \$71,748	\$64,752 - \$74,547
DHA4	\$67,687 – \$78,662	\$72,748 - \$81,840
DHA5	\$76,259 – \$86,564	\$79,662 - \$90,061
DHA6	\$84,183 – \$100,665	\$87,564 - \$104,732
EL1	\$102,205 – \$129,722	\$106,293 - \$134,962
EL2	\$121,458 – \$162,076	\$131,722 - \$168,624
SES and MD	\$210,000 – \$401,722	\$162,076 - \$442,382

Note

1. Under DHA's enterprise agreement, employees received a four per cent increase effective from 22 January 2021 as part of the buyout of performance payments. In accordance with the Government's six month wage increase deferral for non-SES employees, the first pay increase under the enterprise agreement was deferred for six months. SES employees also received a four per cent increase associated with the buyout of performance pay for SES employees. SES employees and the Managing Director received no general pay increase during the reporting period. Salaries shown are EA standard for DHA to EL levels and do not include any additional allowances.

Performance payments

Table 6.13: Performance payments by classification for 2020–21 paid in 2021–22¹

Classification	Number of payments	Aggregated amount	Average amount
DHA1	0	0	0
DHA2	0	0	0
DHA3	0	0	0
DHA4	0	0	0
DHA5	0	0	0
DHA6	0	0	0
EL1	0	0	0
EL2	0	0	0
SES	0	0	0
MD	1	\$92,471	\$92,471

Note

1. This table sets out performance pay for the 2020–21 performance cycle that was paid to eligible employees in 2021–22.

Performance payment buyout

Table 6.14: Performance payment buyout amounts by classification for 2020–21 paid in 2021–22¹

Classification	Buy out amount
DHA1	\$0
DHA2	\$0
DHA3	\$5,500
DHA4	\$6,500
DHA5	\$7,500
DHA6	\$9,000
EL1	\$11,000
EL2	\$13,100
SES	\$13,100 - \$29,975
MD	\$0

Note

1. This table sets out performance payment buyout for the 2020–21 performance cycle that was paid to eligible employees in 2021–22. Under EA 2021, which came into effect on 22 January 2022, and new SES determinations under section 24(1) of the *Public Service Act 1999*, there is no provision for a performance payment in 2021–22. From 1 July 2021, the Remuneration Tribunal has withdrawn the Managing Director's access to performance payments.

Table 6.15: Performance payment buyout by classification for 2020–21 paid in 2021–22¹

Classification	Number of payments	Aggregated amount	Average amount	Range of payments
DHA1	0	\$0	\$0	\$0
DHA2	0	\$0	\$0	\$0
DHA3	50	\$275,000	\$5,500	\$5,500 - \$5,500
DHA4	147	\$955,500	\$6,500	\$6,500 - \$6,500
DHA5	88	\$660,000	\$7,500	\$7,500 - \$7,500
DHA6	72	\$648,000	\$9,000	\$9,000 - \$9,000
EL1	80	\$880,000	\$11,000	\$11,000 - \$11,000
EL2	38	\$497,800	\$13,100	\$13,100 - \$13,100
SES	6	\$140,205	\$23,368	\$13,100 - \$29,975
MD	0	\$0	\$0	\$0

Note

1. This table sets out performance payment buyout for the 2020–21 performance cycle that was paid to eligible employees in 2021–22. Under EA 2021, which came into effect on 22 January 2022, and new SES determinations under section 24(1) of the *Public Service Act 1999*, there is no provision for a performance payment in 2021–22. From 1 July 2021, the Remuneration Tribunal has withdrawn the Managing Director's access to performance payments.

Executive remuneration

Information about remuneration for Key Management Personnel (KMP)

During the reporting period ended 30 June 2022, DHA had eight non-executive Board members and four senior executives who met the definition of Key Management Personnel (KMP). In the notes to the financial statements for the period ending 30 June 2022, DHA disclosed the following KMP expenses.

Table 6.16 Key management personnel remuneration for the reporting period 2021–22

Key management personnel remuneration for the reporting period	\$
Director remuneration	
Short-term employee benefits	\$528,691
Post-employment benefits	\$72,585
Total	\$601,276
Key management personnel remuneration	
Base Salary	\$1,271,323
Bonus	\$122,446
Other benefits and allowances	\$20,991
Total short-term benefits	\$1,414,760
Superannuation	\$229,907
Total post-employment benefits	\$229,907
Other long-term benefits	\$0
Long service leave	\$34,105
Total long-term benefits	\$34,105
Termination benefits	\$0
Total key management personnel remuneration	\$1,678,772

In accordance with the PGPA Rule, Tables 6.17 to 6.20 comply with GBE remuneration disclosure requirements specified in Resource Management Guide No. 138 Commonwealth entities *Executive Remuneration Reporting Guide for Annual Reports*.

Table 6.17: Details and length of term for key management personnel

Name	Position	Term as KMP
J.A.L. (Sandy) Macdonald	Board Chair	Full term
Robert Fisher	Board Member	Full term
Andrea Galloway	Board Member	Full term
Ewen Jones	Board Member	Full term
Simon Lewis	Board Member	Full term
Kate Louis	Board Member	Full term
Gai Brodtmann	Board Member	Full term
Leigh Wilton	Board Member	Full term
Barry Jackson	Managing Director	Full term
Paul Groenewegen	Chief Financial Officer	Full term
Brett Jorgensen	General Manager, Service Delivery	Full term
Lisa Barlin	Chief General Counsel	Full term

As per the PGPA Rule, this information is further disaggregated in Table 6.18.

Table 6.18: Details of executive remuneration for key management personnel 30 June 2022

Name	Position title	Short term benefits			Post-employment benefits	Other long term benefits		Termination benefits	Total remuneration ¹
		Base salary	Bonuses	Other benefits and allowances		Long service leave	Other long term benefits		
J.A.L. (Sandy) Macdonald	Board Chair	\$119,256	\$0	\$0	\$11,918	\$0	\$0	\$0	\$131,174
Robert Fisher ²	Board Member	\$59,628	\$0	\$313	\$6,840	\$0	\$0	\$0	\$66,781
Andrea Galloway	Board Member	\$59,628	\$0	\$8,134	\$10,434	\$0	\$0	\$0	\$78,195
Ewen Jones ²	Board Member	\$59,628	\$0	\$313	\$10,496	\$0	\$0	\$0	\$70,437
Simon Lewis	Board Member	\$59,628	\$0	\$16,268	\$11,690	\$0	\$0	\$0	\$87,586
Kate Louis	Board Member	\$59,628	\$0	\$8,134	\$13,414	\$0	\$0	\$0	\$81,176
Gai Brodtmann	Board Member	\$59,628	\$0	\$0	\$5,959	\$0	\$0	\$0	\$65,587
Leigh Wilton ³	Board Member	\$18,505	\$0	\$0	\$1,834	\$0	\$0	\$0	\$20,339
Barry Jackson	Managing Director	\$442,665	\$92,471	\$5,984	\$74,902	\$11,840	\$0	\$0	\$627,861
Paul Groenewegen	Chief Financial Officer	\$303,590	\$0	\$4,381	\$57,183	\$8,263	\$0	\$0	\$373,418
Brett Jorgensen ⁴	General Manager, Service Delivery	\$291,548	\$29,975	\$6,203	\$54,416	\$7,729	\$0	\$0	\$389,870
Lisa Barlin	Chief General Counsel	\$233,520	\$0	\$4,423	\$43,406	\$6,273	\$0	\$0	\$287,622

Notes

1. The sum of benefits may not equal the total remuneration for each key management personnel due to total remuneration being calculated using unrounded numbers.
2. Short term benefits were overstated in 2020–21 due to overpayments made to Robert Fisher and Ewen Jones. DHA has recovered the amounts in 2021–22. These figures reflect the remuneration benefits for the 2021–22 year.
3. Leigh Wilton was remunerated by the Department of Defence for 1 July 2021 to 9 March 2022. As of 10 March 2022, Leigh Wilton is remunerated by DHA.
4. Bonus paid to Brett Jorgensen reflects the performance payment buyout for 2020–21 paid in 2021–22.

Information about remuneration for senior executives

During the reporting period ended 30 June 2022, DHA had seven senior executives who are not key management personnel.

Table 6.19: Details of remuneration for seven senior executive members who are not key management personnel 30 June 2022

Total remuneration bands	Number of senior executives	Short term benefits			Average other benefits and allowances	Post-employment benefits	Other long term benefits		Termination benefits	Total remuneration ²
		Average base salary	Average bonuses ¹	Average of other benefits and allowances			Average long service leave	Average other long term benefits		
\$0 - \$220,000	3	\$104,355	\$8,250	\$1,794	\$15,113	\$2,792	\$0	\$0	\$132,304	
\$220,001 - \$245,000	1	\$189,114	\$13,100	\$2,185	\$23,818	\$4,319	\$0	\$0	\$232,536	
\$245,001 - \$270,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$270,001 - \$295,000	1	\$214,472	\$13,100	\$8,041	\$32,295	\$5,727	\$0	\$0	\$273,635	
\$295,001 - \$320,000	2	\$229,498	\$24,090	\$3,948	\$39,359	\$6,211	\$0	\$0	\$303,106	
\$320,001 - \$345,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$345,001 - \$370,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$370,001 - \$395,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$395,001 - \$420,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$420,001 - \$445,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$445,001 - \$470,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$470,001 - \$495,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$495,001 - ...	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Notes

1. Bonuses reflect the performance payment buyout for 2020-21 paid in 2021-22.
2. The sum of benefits may not equal the total remuneration for each remuneration band due to total remuneration being calculated using unrounded numbers.

Information about remuneration for other highly paid staff

During the reporting period ended 30 June 2021, DHA had nine other highly paid staff.

Table 6.20: Details of remuneration for nine other highly paid staff 30 June 2022

Total remuneration bands	Number of other highly paid staff	Short term benefits			Post-employment benefits	Other long term benefits		Termination benefits	Total remuneration ^{2, 3}
		Average base salary	Average bonuses ¹	Average other benefits and allowances		Average long service leave	Average other long term benefits		
\$235,001 - \$245,000	1	\$171,172	\$13,100	\$23,684	\$28,331	\$4,513	\$0	\$0	\$240,799
\$245,001 - \$270,000	4	\$169,235	\$13,100	\$38,366	\$30,045	\$4,513	\$0	\$0	\$255,259
\$270,001 - \$295,000	1	\$176,344	\$13,100	\$54,661	\$32,797	\$4,513	\$0	\$0	\$281,415
\$295,001 - \$320,000	1	\$173,758	\$43,100	\$56,991	\$34,132	\$4,513	\$0	\$0	\$312,493
\$320,001 - \$345,000	1	\$110,172	\$90,315	\$96,164	\$31,950	\$4,513	\$0	\$0	\$333,114
\$345,001 - \$370,000	1	\$168,243	\$47,400	\$98,686	\$39,332	\$4,513	\$0	\$0	\$358,174
\$370,001 - \$395,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$395,001 - \$420,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$420,001 - \$445,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$445,001 - \$470,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$470,001 - \$495,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$495,001 - ...	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes

1. Bonuses reflect the performance bonus buyout for 2020-21 paid in 2021-22.
2. The sum of benefits may not equal the total remuneration for each remuneration band due to total remuneration being calculated using unrounded numbers.
3. Consistent with Commonwealth entities' executive remuneration reporting guide for annual reports Resource Management Guide No. 138 total remuneration includes taxable value of fringe benefits tax which are not included elsewhere in the table.

Appendix C:

Work health and safety

This appendix outlines our Work Health and Safety (WHS) performance in accordance with the *Work Health and Safety Act 2011* (WHS Act).

Work Health and Safety performance

We are committed to maintaining the highest possible standard of health and safety for all who enter our workplace, whether it is in an office, a construction site or one of the properties in our portfolio. Table 6.21 compares our WHS performance in 2020–21 and 2021–22.

Table 6.21: Work Health and Safety performance 2020–21 and 2021–22

Indicator	2020–21	2021–22
Incident reporting ¹		
Total incidents reported	154	270
WHS incidents	77	135
Staff	22	77
Contractors	20	37
Others ²	35	21
Recordable injury rate		
Total recordable injury frequency rate	6	9
Lost time rate		
Lost time injury frequency rate	0	4
Audits and office inspections		
Contractor and internal audits conducted	280	224
Desktop	272	215
Onsite	8	9
Safety interaction	330	304
Office inspections conducted	36	14
Workers' compensation		
Workers' compensation claims (accepted in financial year)	1	0

Notes

- Incidents (WHS and non-WHS) are reported from the date of occurrence. Figures in this table can vary from previous DHA Annual Reports as incidents which occurred in one financial year may be reported in another year, incidents may be reclassified following investigation, or figures may be varied following greater data analysis (i.e. to remove duplicate reports). The variances are not considered material or statistically significant.
- Under Section 19(2) of the WHS Act, DHA has an obligation to ensure the health and safety of other persons is not put at risk from work carried out as part of DHA's business or undertaking. Others includes visitors and DHA managed housing tenants.

Reported incidents

The total number of incidents reported declined in 2021–22, however, the total number of WHS incidents increased in 2021–22 (see Figure 6.1). The increase is largely due to the return to normal operations following COVID-19 (i.e., staff returning to the office, and increased onsite property inspections, construction and repairs and maintenance works being undertaken) and increased verification activities by the WHS team to assess and confirm whether a reported incident was WHS related.

Work health and safety initiatives

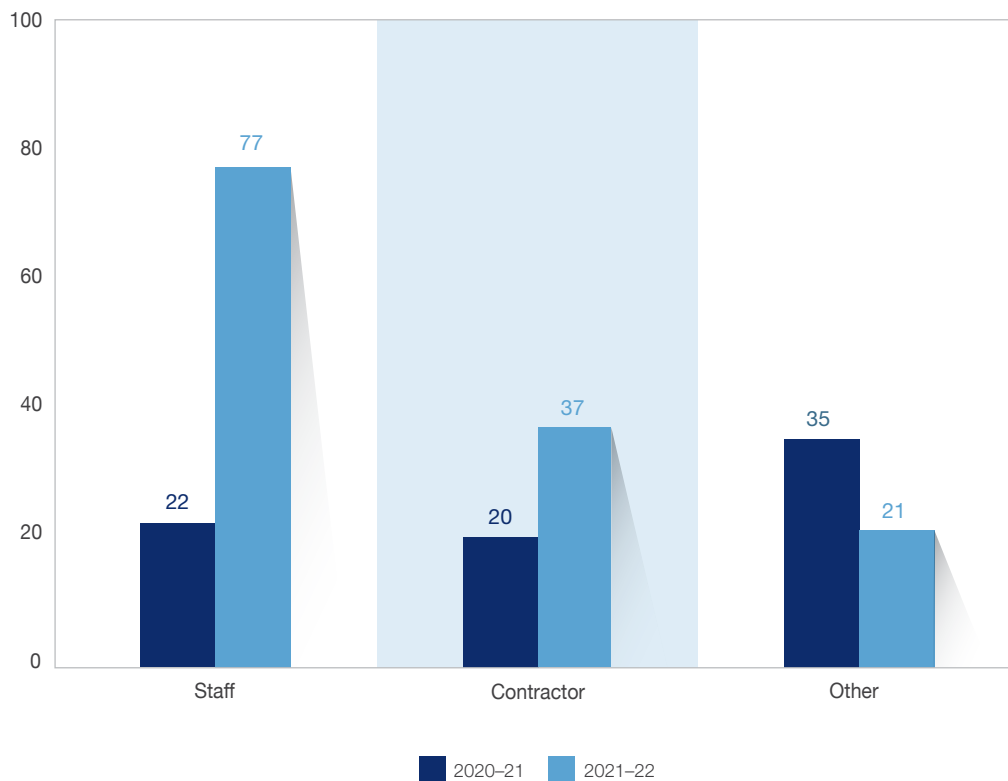
We established a Health and Safety Committee (HSC) in accordance with the WHS Act. The HSC's membership includes officers, managers and employee representatives. The HSC's main function is to consult on WHS matters affecting DHA workers (employees and contractors).

Over 2021–22, we published regular safety newsletters for employees and contractors. Each newsletter contained topical safety information and invited contributions from the employee and contractor cohorts in the spirit of consultation and collaboration. In addition, our framework for contractor engagement was reviewed to assure compliance with the WHS Act in relation to shared responsibility for worker health and safety.

We were audited by an external accrediting agency and continue to maintain certification to AS/NZS 4801 – Occupational safety management systems.

Figure 6.1

Work Health and Safety incidents by person involved 2020–21 and 2021–22



Work health and safety outcomes

We are currently reviewing the WHS risk profile of the organisation in consultation with its workforce through the HSC. The review of WHS risks will enhance employee awareness of working safe and support a reduction in the likelihood of workplace injuries. The review of WHS risks also assures our compliance with the WHS Act.

Our education strategy involving periodic safety newsletters supports an overall program to enhance our safety culture, contributing to our aim to reduce future workplace incidents and injuries.

Our increased collaboration with contractors includes regular reporting of workplace hazards. This contractor reporting process assures we can respond in a timely manner to workplace hazards and/or risks, as required by the WHS Act.

Notifiable incidents

During 2021–22, we notified Comcare of eight incidents as required by the WHS Act. In each case, Comcare closed its investigation with no further action required by us. We have closed our internal investigation of all notifiable incidents by implementing corrective actions aimed to prevent reoccurrence of such incidents.

Investigations

There were no WHS investigations into our business or undertaking during 2021–22 (excluding those related to notifiable incidents as mentioned above). There were no notices given to DHA under Part 10 of the WHS Act.

Appendix D:

Five year financial summary

This appendix provides a comprehensive overview of our key financial performance results for the last five financial years.

Table 6.22: Financial performance 2017–18 to 2021–22

	2017–18	2018–19	2019–20	2020–21	2021–22
Financial performance					
Net profit after tax (\$m)	\$44.3	\$40.9	\$42.7	\$78.5	\$130.3
Annual dividend (\$m)	\$26.6	\$24.5	\$25.6	\$47.1	\$78.2
Return on equity	2.9%	2.4%	2.7%	5.3%	8.5%
Property investment revenue (\$m) ¹	\$278.5	\$156.6	\$167.2	\$155.9	\$88.2
Disposal program revenue (\$m)	\$32.2	\$35.4	\$10.8	\$18.4	\$10.8
Development land and property sales revenue (\$m)	\$104.9	\$140.1	\$204.5	\$156.6	\$164.9
Business efficiency					
Return on capital employed	4.2%	3.8%	6.3%	11.0%	16.0%
Leverage/solvency					
Gearing ratio	24.7%	24.5%	25.7%	11.0%	46.3%
Interest times cover	4.7	4.7	8.5	7.0	10.9
Current ratio	3.4	7.5	2.3	1.4	1.1
Liquidity ratio ²	5.8	2.1	1.0	0.5	0.5
Portfolio management					
Value of portfolio under management (\$b)	\$11.1	\$11.2	\$11.0	\$10.95	\$12.56
Total properties under management ³	18,395	18,112	17,925	17,503	16,955
New constructions and acquisitions	473	641	450	152	59

Notes

1. Property investment revenues reported are the gross sale proceeds, excluding GST. In 2019–20 the accounting treatment under AASB 16 Leases reports the net gain \$15.2 million, with a portion of the gain deferred over the term of the lease.
2. Liquidity ratio excludes current borrowings as borrowed items are rolled on maturity and not considered to be a risk.
3. Figures include all properties managed by DHA (leased and owned).

Appendix E: Advertising and market research

In accordance with section 311A of the *Commonwealth Electoral Act 1918*, this appendix discloses payments of \$14,500 or more (including GST) for advertising and market research services provided during the reporting period. There was no direct mail expenditure to be reported against for 2021–22.

Table 6.23: Advertising expenditure 2021–22

Organisation	Purpose of services	Expenditure (\$ inc GST)
Engine Room Productions	Direct Leasing program creative development	\$54,574
McCann	Property Investment Program and Direct Leasing creative development	\$88,913
Heard Agency	Creative and account management for Akuna Vista development	\$47,711
Kellaborate	Creative and account management for Lee Point Development Precinct 2	\$31,007
Campaign Edge Sprout	Creative and account management for Lee Point Precinct 1	\$29,426
Simple	Creative and account management for Northwest Quarter Development	\$39,842
Swell Design	Creative and account management for The Crossing at Coombs Development	\$20,853

Table 6.24: Direct mail expenditure 2021–22

Organisation	Purpose of creative services	Expenditure (\$ inc GST)
Not applicable	Not applicable	\$0

Table 6.25: Media advertising expenditure 2021–22¹

Organisation	Purpose of services	Expenditure (\$ inc GST)
Universal McCann	Media placement and booking for Direct Leasing Campaign and Property Investment Program	\$672,847
Heard Agency	Media placement and booking for Akuna Vista	\$20,900
Kellaborate	Media placement and booking for Lee Point Development Precinct 2	\$38,246
Campaign Edge Sprout	Media placement and booking for Lee Point Precinct 1	\$67,571
Audience Group	Media placement and booking for QLD Developments (Miramor & Torhaven)	\$88,830
Simple	Media placement and booking for Northwest Quarter Development	\$126,844
Matrix	Media placement and booking for Akuna Vista Neighbourhood centre	\$25,329
Creative ADM	Media placement and booking for Liv Apartments development	\$56,187

Note

1. Media advertising expenditure includes placement.

Table 6.26: Market research expenditure 2021–22

Organisation	Purpose of services	Expenditure (\$ inc GST)
Not applicable	Not applicable	\$0

Appendix F: Environmental performance

We are committed to improving our environmental performance in accordance with government policy. We manage environmental impacts through a number of policies, administrative controls and communication to mitigate environmental impacts.

Heritage properties

On behalf of Defence, we manage and conserve 72 Commonwealth Heritage Listed properties at ADF bases and establishments across Australia in accordance with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). We also own two Commonwealth Heritage Listed development sites with a further three development sites on the DHA Heritage Register. We plan and undertake conservation activities in accordance with the EPBC Act, a heritage management framework, and a heritage strategy.

Activities relating to the identification, protection, conservation, presentation and transmission of Commonwealth Heritage Values

Our development projects have allowance for the Conservation Management Plans or Heritage Management Plans to meet our obligations under the EPBC Act. These plans enable the continued management of the sites during and after delivery. We have several development sites that are currently under various stages of planning. Each project has allowed for the ongoing maintenance and protection of the heritage values. We have an obligation to protect the sites from vandalism and damage whilst they are in the planning stages.

The DHA Heritage Register is updated when any change in heritage values are identified, or a new site is identified as having heritage values. The DHA Heritage Register is detailed on our website (www.dha.gov.au/housing/heritage-properties). No new sites were reviewed as part of the DHA Heritage Strategy in 2021–22.

We undertake a review of Conservation Management Plans every five years in accordance with the EPBC Act or within two years of purchasing a known listed Commonwealth Heritage Listed place. We are currently reviewing the Conservation Management Plan for our Fort Wallace Stockton site for submission to the Heritage Council of Australia. We recently received approval for our Heritage Management Plan submitted for our Lawson site located in the ACT.

Maintenance and works expenditure on properties with heritage values

In 2021–22, we invested \$2,012,492 on maintenance and management of properties with heritage values (refer Table 6.27). Expenditure for maintenance and conservation increased on last year due to the planning stages for the Lawson, ACT project being progressed for an EPBC Act referral submission.

Referrals made under the EPBC Act

We submitted one referral under the EPBC Act in 2021–22. This was in relation to our development site in Lawson, ACT. The submission was rejected with further formatting and information sought. The referral was resubmitted in 2022–23.

Disposal or acquisition of property with heritage values

We disposed of our remaining 10 properties with heritage values, all located in Burt Street, Fremantle. These properties were excess to our requirements and were subject to a referral made under the EPBC Act in 2019–20, and subsequently approved for disposal.

Table 6.27: Maintenance work expenditure 2021–22

Project/Property	Maintenance	Management Plans
Gunners Cottages, WA	\$0	\$0
Mount Lofty, QLD	\$0	\$0
Stockton Rifle Range, NSW	\$27,072	\$333,605
Fort Wallace, NSW	\$56,509	\$20,883
Schofields Aerodrome, NSW	\$194,566	\$3,493
Lawson, ACT	\$563,196	\$813,168
Total	\$841,343	\$1,171,149

Managing and rectifying contamination

DHA has processes to manage the identification, assessment, remediation, and reporting of known contamination. Where contamination is identified, including PFAS (per- and poly-fluoroalkyl substances), detailed investigations are undertaken by suitably qualified experts that are used to inform the most suitable remediation process to meet Local, State and Federal legislative requirements. When remediation works are completed, DHA has a rigorous governance process to monitor the process from commencement through to completion, which may include obtaining regulatory authority certification.

Office energy use

We do not have control over the energy efficiency of the fixtures and fittings within our offices as they are all commercially leased. Where possible, we will seek to occupy a premises that achieves a 5 Star NABERS rating that aims to reduce energy consumption through the use of automated essential lighting, heating and cooling outside of business hours.

The DHA Head Office, located in Gungahlin, ACT was designed to achieve a WELL Gold rating, a premier standard for buildings, interior spaces and communities seeking to implement, validate and measure features that support advance human health and wellness.

Our ICT equipment, including printers, digital signage TVs, monitors and laptops/tablets are set to go into standby mode when not in use. Meeting room screens go into sleep mode outside of business hours.

Energy efficiency is taken into account when considering new commercial premises for leasing when a current lease is due to expire.

Resource efficiency and waste

All DHA commercially leased offices are encouraged to reuse, recycling and reduce the amount of waste that ends up in landfill. We are committed to reducing its waste by providing amenities that support the separation and collection of recyclable and landfill materials.

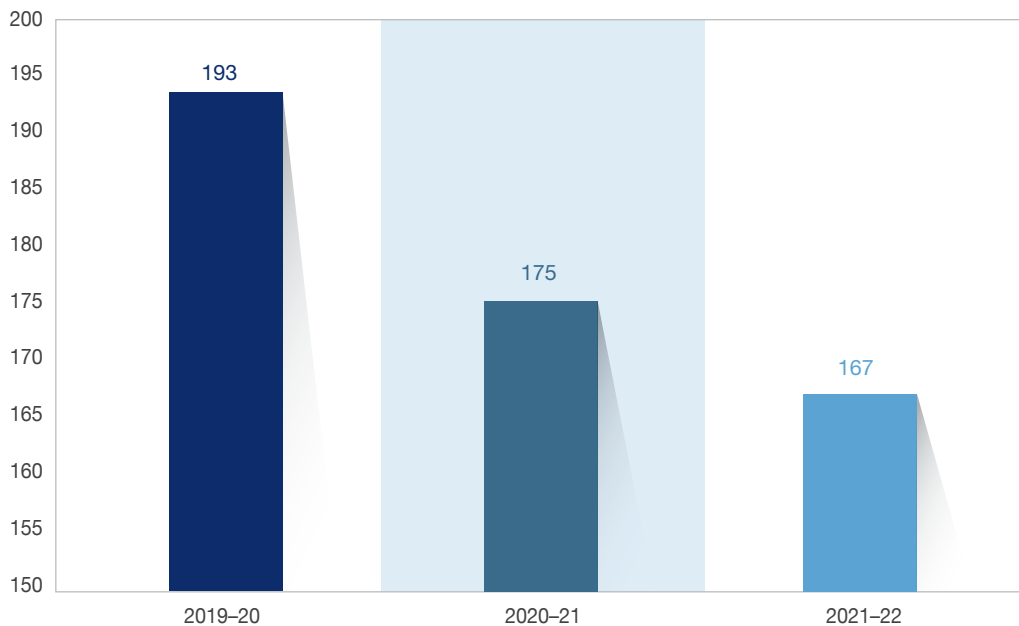
Travel and transport

Our travel program continued to be limited to the COVID-19 restrictions, however it is slowly increasing since the border lockdowns have been eased. We are improving our alignment to the Whole of Australian Government Travel Services practices, through engagement with other Australian Government agencies to better understand their business practices and expense management systems. To support this, we have been included in the Government Enterprise Resourcing Planning project undertaken by Services Australia. The project aims to standardise the travel process and the implementation of a holistic expense management system for the Australian Government.

We continued to rationalise the use of leased vehicles reducing the fleet to 167 as at 30 June 2022 (refer Figure 6.2). In addition to optimising the size of the fleet, we reviewed the fleet to include different types of hybrid vehicles depending on how they intend to be used. Previously, we had a standard Toyota Camry fleet which is not fit-for-purpose in all our geographical locations. The selection of fit-for-purpose hybrid vehicles in consultation with users has provided a cost savings of almost \$193,356. We will also consider fully electric vehicles in the future depending on fleet needs.

Figure 6.2

Number of DHA leased vehicles¹



Note

1. Reflects number of leased vehicles as at 30 June for each financial year.

Office directory

ACT

Head office

35 Hinder St
Gungahlin ACT 2912

NSW

Sydney office

Level 5, 111 Phillip Street
Parramatta NSW 2150

Hunter regional office

Suite 2, 45D Fitzroy Street
Carrington NSW 2294

Wagga Wagga regional office

Ground Floor T3
193–195 Morgan Street
Wagga Wagga NSW 2650

NT

Darwin regional office

Level 1, Building 4
631 Stuart Highway
Berrimah NT 0828

Tindal regional office

By appointment only
42 Katherine Terrace
Katherine NT 0828

SA

Adelaide regional office

Shop 15E / 15F,
Level 1, Main Street
Mawson Lakes SA 5095

WA

Perth regional office

Level 2, 1 Swan Street
North Fremantle WA 6159

QLD

Brisbane regional office

Level 4, 76 Skyring Terrace
Newstead QLD 4006

Townsville regional office

63–65 Bamford Lane
Kirwan QLD 4817

Canungra outpost office

Defence personnel only
Building No. 3, Papang Road
Kokoda Barracks
Canungra QLD 4275

VIC

Melbourne regional office

Suite 305, Level 3
120 Bay Street
Port Melbourne VIC 3207

Wodonga regional office

83 Hume Street
Wodonga VIC 3690

Cerberus outpost office

Defence personnel only
Building 192, Cook Road
HMAS Cerberus
Cerebus VIC 3920

Puckapunyal outpost office

Defence personnel only
Building A0548, Vivi Street
Puckapunyal VIC 3662

Sale outpost office

Defence personnel only
Building 115, Catalina Street
RAAF Base East Sale VIC 3662

Acronyms and abbreviations

AASB	Australian Accounting Standards Board
ACT	Australian Capital Territory
ADF	Australian Defence Force
AM	Member of the Order of Australia
AICD	Australian Institute of Company Directors
ANAO	Australian National Audit Office
AO	Officer of the Order of Australia
APS	Australian Public Service
APSC	Australian Public Service Commission
BARC	Board Audit and Risk Committee
Board	Board of Directors
BIC	Board Investment Committee
CAT	Command Activation Team
CFO	Chief Financial Officer
CHL	Commonwealth Heritage Listed
Cth	Commonwealth
Defence	Department of Defence
DECAM	DHA Enterprise Cost Allocation Model
DHA	Defence Housing Australia
DHA AC	DHA Advisory Committee
DHA Act	<i>Defence Housing Australia Act 1987</i>
DHF	Defence Housing Forecast
DSA	Defence Services Agreement – Services Agreement with Defence on housing and related matters
EA	Enterprise Agreement
EER	Energy Efficiency Rating

EL	Executive Level
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
EY	Ernst & Young (professional services company)
FBT	Fringe Benefits Tax
FOI	<i>Freedom of Information Act 1982</i>
GBE	Government Business Enterprise
GBE Guidelines	<i>Commonwealth Government Business Enterprise Governance and Oversight Guidelines</i>
GST	Goods and Services Tax
Hon	Honourable
IAP	Indigenous Apprenticeship Program
IT	Information technology
JAS-ANZ	Joint Accreditation System of Australia and New Zealand
JCPAA	Joint Committee of Public Accounts and Audit
KMP	Key management personnel
KPI	Key performance indicator
LIA	Living in Accommodation
LTIFR	Lost Time Injury Frequency Rate
MCA	Member Choice Accommodation
MD	Managing Director
MP	Member of Parliament
MWD	Member with Dependents
MWD(U)	Member with Dependents (Unaccompanied)
MWOD	Member without Dependents

NPAT	Net Profit After Tax
NRC	Nomination and Remuneration Committee
NSW	New South Wales
NT	Northern Territory
OAIC	Office of the Australian Information Commissioner
PBS	Portfolio Budget Statements
PFAS	per- and poly-fluoroalkyl substances. They are manufactured chemicals used in products that resist heat, oil, stains and water.
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
PSM	Public Service Medal
QLD	Queensland
RAP	Reconciliation Action Plan
Rent Bands	Classification of service residences by market rent
SA	South Australia
Services Agreement	Services Agreement with Defence on housing and related matters
SES	Senior Executive Service
TAS	Tasmania
TRIFR	Total recordable injury frequency rate
VIC	Victoria
WA	Western Australia
WHS	Work health and safety
WHS Act	<i>Work Health and Safety Act 2011</i>

Index of annual report requirements

PGPA Rule Reference	Part of Report	Pages	Description	Requirement
17BB				
	Letter of transmittal	i	Detail of how and when the report was approved by the accountable authority and confirmation that the report has been prepared in accordance with section 46 of the PGPA Act.	
17BD				
	Acronyms and abbreviations	197–199	Glossary (acronyms and abbreviations)	
	Contact details	ISFC	Details of contact officer Entity's website address	
	Index of annual report requirements	200–203	List of requirements	
17BE				
17BE(a)	Legislative framework	74–78	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	Legislative framework	74–78	A summary of the objects and functions of the entity as set out in legislation	Mandatory
17BE(b)(ii)	Planning and reporting framework	32	The purposes of the entity as included in the entity's corporate plan for the reporting period	Mandatory
17BE(c)	Shareholder Ministers	80–81	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
17BE(d)	Shareholder Ministers	80–81	Directions given to the entity by the Minister under an Act or instrument during the reporting period	If applicable, mandatory
17BE(e)	Shareholder Ministers	80–81	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act	If applicable, mandatory
17BE(f)	Not applicable	-	Particulars of non-compliance with: <ul style="list-style-type: none"> i. a direction given to the entity by the Minister under an Act or instrument during the reporting period; or ii. a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act 	If applicable, mandatory

PGPA Rule Reference	Part of Report	Pages	Description	Requirement
17BE(g)	Annual Performance Statement	35–55	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	Mandatory
17BE(h), 17BE(i)	Significant issues relating to non-compliance with finance law	75	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, mandatory
17BE(j)	Board of Directors Appendix A: Accountable Authority	81–84 170–173	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory
17BE(k)	Organisational structure	24–27	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory
17BE(ka)	Staffing profile (by headcount) Our staff	174–179 27	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> i. statistics on full-time employees; ii. statistics on part-time employees; iii. statistics on gender; iv. statistics on staff location 	Mandatory
17BE(l)	Our office network Office directory	26 196	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Mandatory
17BE(m)	Corporate governance structure	80–91	Information relating to the main corporate governance practices used by the entity during the reporting period	Mandatory
17BE(n), 17BE(o)	Board member related party transactions 2021–22	86	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): <ul style="list-style-type: none"> i. the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and ii. the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions 	If applicable, mandatory

PGPA Rule Reference	Part of Report	Pages	Description	Requirement
17BE(p)	Annual Performance Statement	35–55	Any significant activities and changes that affected the operation or structure of the entity during the reporting period	If applicable, mandatory
17BE(q)	Not applicable	-	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity	If applicable, mandatory
17BE(r)	External scrutiny	95–98	Particulars of any reports on the entity given by: <ul style="list-style-type: none"> i. the Auditor-General (other than a report under section 43 of the Act); or ii. a Parliamentary Committee; or iii. the Commonwealth Ombudsman; or iv. the Office of the Australian Information Commissioner 	If applicable, mandatory
17BE(s)	Not applicable	-	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report	If applicable, mandatory
17BE(t)	Not applicable	-	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs)	If applicable, mandatory
17BE(taa)	Board Audit and Risk Committee	87–88	The following information about the audit committee for the entity: <ul style="list-style-type: none"> i. a direct electronic address of the charter determining the functions of the audit committee; ii. the name of each member of the audit committee; iii. the qualifications, knowledge, skills or experience of each member of the audit committee; iv. information about each member's attendance at meetings of the audit committee; v. the remuneration of each member of the audit committee 	Mandatory

PGPA Rule Reference	Part of Report	Pages	Description	Requirement
17BE(ta)	Executive remuneration	182–186	Information about executive remuneration	Mandatory
17BF				
17BF (1)(a)(i)	Financial structure Strategic Priority 3— Financial	29 47–49	An assessment of significant changes in the entity's overall financial structure and financial conditions	If applicable, mandatory
17BF (1)(a)(ii)	Strategic Priority 3— Financial	47–49	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions	If applicable, mandatory
17BF(1)(b)	Returns to the Australian Government	47	Information on dividends paid or recommended	If applicable, mandatory
17BF(1)(c)	Not applicable	-	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations	If applicable, mandatory
17BF(2)	Not applicable	-	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory
Other legislation				
Appendix C: Work health and safety		187–189	Work health and safety (schedule 2, Part 4 of the WHS Act)	
Appendix E: Advertising and market research		191–192	Advertising and market research (section 311A of the <i>Commonwealth Electoral Act 1918</i>)	
Appendix F: Environmental performance		193–195	Ecologically sustainable development and environmental performance (section 516A of the EPBC Act)	

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