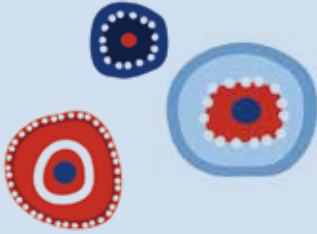




Annual Report 2022-23



DHA acknowledges the Traditional Owners of the land and communities in which we work. We pay our respects to Elders past, present and future.



Digital report

An electronic version of this report is available at transparency.gov.au.

Contact details

We welcome any feedback about this report. Please direct feedback to:

Annual Report Manager
Defence Housing Australia
35 Hinder Street
Gungahlin ACT 2912
E. annualreport@dha.gov.au
P: 139 342
www.dha.gov.au

Disclaimer

With the exception of the DHA logo, photographs and images, the material presented in this report is provided under a Creative Commons Attribution 4.0 Australia Licence. Details of the licence conditions are available on the Creative Commons website (creativecommons.org.au).

Provided you have used material in this report as supplied (i.e. not modified text, used data to create charts or graphs or derived new statistics), you are free to share, copy and redistribute it and attribute the source as Defence Housing Australia.

Apart from any use as permitted by the *Copyright Act 1968*, the DHA logo, photographs, and images may not be reproduced without prior written permission.

29 September 2023



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 2022–23 for the year ended 30 June 2023 (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 our purpose and performance measures set out in our Corporate Plan 2022–23 to 2025–26 and Statement of Corporate Intent 2022–23.

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 black 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 2022 to 30 June 2023 as set out in our Corporate Plan 2022–23 to 2025–26 (Corporate Plan 2022–23) and publicly available Statement of Corporate Intent 2022–23 (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 2022–23 provides a high level, overview of DHA's key priorities for the financial year and was published in August 2022.

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 2023.

Part 3 contains our annual performance statement and a detailed assessment of our performance in 2022–23.

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

Part 5 contains our financial statements for 2022–23.

Part 6 contains appendices and reference information.

The appendices provide supplementary information on specific areas of the business, including those 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.

Contents

Year in review	1
Chair's review	2
Managing Director's review	4
2022–23 in summary	6
Awards and achievements	8
Agency overview	11
Our purpose	12
Services to Defence	14
Services to landlords	19
Housing portfolio	20
Organisational structure	24
Financial structure	31
Report on performance	33
Planning and reporting framework	34
Annual Performance Statement	38
Regional report on operational performance	64
Management and accountability	81
Legislative framework	82
Corporate governance structure	87
Risk management, internal audit and compliance	98
Procurement and consultancies	100
External scrutiny	101
Workforce management	105
Information management and systems	115
Financial statements	117

Appendices and reference information	173
Appendix A: Accountable Authority	174
Appendix B: Workforce statistics	178
Appendix C: Work health and safety	192
Appendix D: Five-year financial summary	195
Appendix E: Advertising and market research	196
Appendix F: Environmental performance	197
Office directory	201
Acronyms and abbreviations	202
Index of annual report requirements	205
Alphabetical index	209

Figures

Figure 2.1	DHA's strategic framework	13
Figure 2.2	Housing and housing related services available to ADF members, by categorisation, as at 30 June 2023	15
Figure 2.3	Annual provisioning planning cycle	16
Figure 2.4	National housing portfolio 30 June 2023	20
Figure 2.5	Service Residence and Rent Band Choice Housing portfolio by type 30 June 2023	21
Figure 2.6	Service Residence and Rent Band Choice Housing portfolio by age (years) 30 June 2023	21
Figure 2.7	Service Residence and Rent Band Choice Housing portfolio by number of bedrooms 30 June 2023	21
Figure 2.8	MCA portfolio by type 30 June 2023	22
Figure 2.9	MCA portfolio by age (years) 30 June 2023	22
Figure 2.10	MCA portfolio by number of bedrooms 30 June 2023	22
Figure 2.11	MWD portfolio by ownership type at 30 June 2023	23
Figure 2.12	MCA portfolio by ownership type at 30 June 2023	23
Figure 2.13	Organisational structure at 30 June 2023	25
Figure 2.14	Office network 30 June 2023	28
Figure 2.15	Staff by gender 30 June 2023	29
Figure 2.16	Staff by employment type 30 June 2023	29
Figure 2.17	Staff by broadband classification 30 June 2023	29
Figure 2.18	Staff by office type 30 June 2023	29
Figure 3.1	DHA's approach to planning and reporting 2022–23	35
Figure 3.2	DHA strategic direction	37
Figure 3.3	Relationship between our Corporate Plan and Annual Performance Statement	38
Figure 3.4	ADF member satisfaction with aspects of DHA's customer service	54
Figure 6.1	Work health and safety incidents and hazards by person involved 2020–21 to 2022–23	193
Figure 6.2	Number of DHA leased vehicles	199

Tables

Table 3.1:	DHA's outcome and objectives 2022–23	34
Table 3.2:	Summary results against key performance indicators 2022–23	41
Table 3.3:	Key performance results for Key activity 1 – Provide and manage a portfolio of housing	43
Table 3.4:	National Service residence and Rent Band Choice Housing portfolio performance as at 30 June 2023	44
Table 3.5:	National MCA portfolio performance as at 30 June 2023	45
Table 3.6:	Key performance results for Key activity 2 – Partner with Defence to shape and administer housing policy	49
Table 3.7:	National property and tenancy services performance summary	53
Table 3.8:	Key performance results for Key activity 3 – Provide housing services to ADF members and their families	54
Table 3.9:	Key performance results for Key activity 4 – Operate effectively, efficiently and sustainably as a better practice Commonwealth entity	57
Table 3.10:	NT region property provisioning and related services 2022–23	64
Table 3.11:	North Queensland region property provisioning and related services 2022–23	66
Table 3.12:	South Queensland region property provisioning and related services 2022–23	68
Table 3.13:	NSW region property provisioning and related services 2022–23	70
Table 3.14:	ACT and Riverina region property provisioning and related services 2022–23	72
Table 3.15:	Victoria and Tasmania region property provisioning and related services 2022–23	74
Table 3.16:	South Australia region property provisioning and related services 2022–23	76
Table 3.17:	Western Australia region property provisioning and related services 2022–23	78
Table 4.1:	Significant non-compliance with finance law	83
Table 4.2:	Board committees 2022–23	91
Table 4.3:	Board and committee meeting attendance 2022–23	92
Table 4.4:	Board Audit and Risk Committee 2022–23	93
Table 4.5:	Executive and national committees 2022–23	97
Table 4.6:	JCPAA recommendations in Report 492 – Governance in the Stewardship of Public Resources which relate to DHA	102
Table 4.7:	ANAO identified recommendations Report No. 31 (2019–20) Management of Defence Housing Australia	103

Table 4.8:	DHA's Indigenous procurement	106
Table 4.9:	Workforce summary 2021–22 and 2022–23	106
Table 6.1:	Accountable Authority 2022–23	174
Table 6.2:	All ongoing employees current reporting period 30 June 2023	179
Table 6.3:	All non-ongoing employees current reporting period 30 June 2023	180
Table 6.4:	All ongoing employees previous report period 30 June 2022	181
Table 6.5:	All non-ongoing employees previous report period 30 June 2022	182
Table 6.6:	Staff by classification and gender 2021–22 and 2022–23	183
Table 6.7:	Staff by classification and employment type 2021–22 and 2022–23	183
Table 6.8:	Ongoing staff by length of service and classification 2021–22 and 2022–23	184
Table 6.9:	Staff by office type 2021–22 and 2022–23	184
Table 6.10:	Staff by location 2021–22 and 2022–23	185
Table 6.11:	Staff by employment instrument 2021–22 and 2022–23	186
Table 6.12:	Staff gross salary ranges by classification 2021–22 and 2022–23	186
Table 6.13:	Key management personnel remuneration for the reporting period 2022–23	187
Table 6.14:	Details and length of term for key management personnel	188
Table 6.15:	Details of executive remuneration for key management personnel 30 June 2023	189
Table 6.16:	Details of remuneration for seven senior executive members who are not key management personnel 30 June 2023	190
Table 6.17:	Details of remuneration for six other highly paid staff 30 June 2023	191
Table 6.18:	Work health and safety performance, 2021–22 and 2022–23	192
Table 6.19:	Financial performance 2018–19 to 2022–23	195
Table 6.20:	Advertising expenditure 2022–23	196
Table 6.21:	Direct mail expenditure 2022–23	196
Table 6.22:	Media advertising expenditure 2022–23	196
Table 6.23:	Market research expenditure 2022–23	196
Table 6.24:	Maintenance work expenditure 2022–23	198
Table 6.25:	DHA emissions report 2022–23 (location-based method)	200
Table 6.26:	DHA emissions report 2022–23 (market-based method)	200





PART 1

Year in review

Chair's review

Managing Director's review

2022–23 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 2022–23.

Over the previous year, DHA continued to deliver appropriate housing and services. 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 2022–23, 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.

Support of the Australian Government

DHA continued to contribute to Defence outcomes by providing total housing services that meet Defence's operational and client needs through a strong customer and business focus. In 2022–23, 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.

On 24 April 2023, the Government released the Defence Strategic Review (DSR). In coordination with Defence, DHA has positioned itself to support the outcomes of the DSR. DHA will also continue to actively engage with Defence to support and inform the Defence Housing Support Review announced in May 2023. I look

forward to working with the 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 for, and housing related services to, ADF members and their families to support Defence capability. We are also proud members of the broader Defence community and play an important role in supporting Defence capability to defend our country.

In 2022–23, DHA participated in three 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 supports Integra Service Dogs Australia (Integra) to enable it to support veterans and first responders suffering from Post Traumatic Stress Disorder and other mental health-related illnesses as a result of trauma during service. Integra specialises in the sourcing, matching, placement, ongoing training and development of high quality Labrador trainee Service Dogs in most States and Territories.

DHA also entered a three-year agreement to sponsor the Hut at Oasis Townsville, QLD, which supports Oasis in providing services to the Veteran community. The Oasis Townsville is a veteran-focused organisation that aims to facilitate the connection between the veteran community through its Planning and Linkages, Employment and Education and Social Connections programs.

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 2022–23, 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 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 2022–23, 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. The current composition of members brings together a diverse range of skills and experience. I thank them for their service.

In 2022–23, the Board welcomed the reappointment of Ms Andrea Galloway as a commercial director and Brigadier Leigh Wilton AM as the nominee of the Chief of the Defence Force. Ms Galloway and Brigadier Wilton bring valuable perspectives and experience to the Board.

I would like to acknowledge and thank former Board member Ms Kate Louis for her service to DHA since 2020. The Board and I are grateful for Kate's dedication and involvement and we wish her well in her future endeavours.

The Board and I also thank former Board member Mr Ewen Jones, and we pass on our sincerest condolences to his family following his passing on 13 July 2023. Since his appointment to the Board in 2016, Ewen made a significant contribution to DHA, particularly in his beloved Townsville region. He will be sorely missed.

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 DHA's Technology Refresh Program, and oversight of the development of DHA's Corporate Plan 2023–24 to 2026–27.

Staff

I would like to acknowledge and thank the Leadership Team and all staff for their ongoing efforts and achievements in 2022–23.

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 2023–24.



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

Managing Director's review



Mr Barry Jackson

In 2022–23, DHA continued to support Defence capability by providing suitable housing for, and housing related services to, ADF members and their families.

We contributed to Defence outcomes by housing 15,681 ADF members and their families, supporting 6,715 families across Australia to find their new home, processed 9,955 rent allowance applications, arranged 237,996 maintenance work orders and managed the administration of 201,050 Living In Accommodation bookings.

We continued to manage and overcome the challenges presented by our external environment. Australia's economic conditions and property markets continued to impact the availability of suitable housing supply in the market, impacting our provisioning activities, and the material and labour shortages across the construction industry caused many of our construction timelines to be extended. However, evolving ADF member demographics and preferences presented opportunities to reshape the way we provide housing and housing related services to ADF members by leveraging and enhancing our digital technology capability.

Performance highlights

As at 30 June 2023, our provisioned portfolio comprised of 16,929 properties. With challenging property market conditions continuing throughout 2022–23, we have retained a higher proportion of the portfolio to address shortfalls in other provisioning methods. Australian Defence Force (ADF) members and their families continue to be satisfied with our housing solutions. As a supplement to direct leasing and acquisition efforts, DHA has worked to drive investor interest in direct leasing through targeted marketing campaigns to support the regional provisioning requirements.

We maintained a productive partnership with Defence, administering housing policy and supporting Defence policy reform. This included implementation of Defence member categorisation changes by 1 July 2023, implementation of the Defence Services Agreement, and ongoing support of the Flexible Housing Trial to provide increased housing flexibility for ADF members and their families.

To ensure we continued to focus on improving the customer experience for ADF members and their families, we implemented a program of initiatives to support our front-line staff and set up a service quality review function. We reduced the administrative burden of reviewing rent allowance through the Rent Allowance Review program, and we continued to deliver improvements to our online services functionality, updated the booking process on the Living In Accommodation booking system and improved our maturity levels of the Australian Cyber Security Centre's Essential Eight cyber security strategies.

We focused on investing in our staff with the release of our Culture and Wellbeing Strategy 2023–26, which promotes health and wellbeing offerings, professional growth, positive workplace behaviours, and mobility opportunities. We also worked towards strengthening and maturing our governance arrangements, being recommended for recertification against the Quality Management Standard (ISO9001) as well as transition from the superseded Work Health and Safety Standard (ISO4801) to the new standard (ISO45001).

Our financial results reflect sound overall performance. We pursued measures to improve operational effectiveness and financial sustainability, focusing on efficiencies created through improved internal practices and by continuing to manage the use of assets to maximise capital strength. 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

We will continue to provide housing for, and related services to, ADF members and their families to support Defence capability. As we continue on our transformation journey, our aim is to ensure we can continue to support Defence capability through the provision of housing and related services and strengthen organisational capabilities to be efficient, effective and scalable to meet the needs of a growing Defence force.

Our key focus area will be ensuring the provision of housing solutions for ADF members and their families. We will develop provisioning initiatives focused on leveraging industry networks and partnerships to expand opportunities to source properties and expedite the time taken to bring new properties into the portfolio, while providing choice in housing solutions for ADF members.

We will continue to work closely with the Department of Defence to understand how the outcomes of the Defence Strategic Review and the Defence Housing Review will impact our business. We will continue to support Defence to increase flexibility in housing solutions through the ADF Employment Offer Modernisation Program and respond to changes in the types of housing available in the market and evolving demographics of ADF members and their families.

We anticipate the amendments to the DHA Act will be implemented, marking the acquittal of the final outstanding recommendation of the Australian National Audit Office's *Management of Defence Housing Australia* Auditor-General Report No. 31 of 2019–20. This will deliver efficiencies, eliminating administrative burden through simplified and streamlined tenancy arrangements, with benefits for ADF members, Defence, DHA and our landlords.

We will continue to develop key capabilities across our workforce to ensure we have the right people and skills to deliver into the future. This includes leadership, business management, government acumen, stakeholder relations and digital literacy.

We anticipate enhancements delivered through our Technology Refresh Program to DHA will provide contemporary services to ADF members and their families.



Mr Barry Jackson
Managing Director

2022-23 in summary

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



15,681
ADF members and
their families housed¹



6,715
Housing allocations²



6,250
Welcome visits³



16,119
ADF members in receipt
of rent allowance²



9,955
Rent allowance applications³



201,050
Living in Accommodation bookings⁴



172,324
Calls handled
DHA Contact Centre³



1,123,840
Times ADF members logged into
Online Services³



237,996
Maintenance work orders raised³

1 Represents the number of ADF members and their families living in a DHA managed property as at 30 June 2023.

2 As at 30 June 2023.

3 During 2022-23.

4 Represents the number of bookings with an accommodation start date within 2022-23.

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



16,929

Properties under management²



12,042

Properties leased from investors²



2,545

Total property additions to the portfolio³



89

Properties added to the portfolio from DHA constructions³



56,317

Property inspections undertaken³



137

Properties added to the portfolio through acquisitions³



\$695,331

Invested in maintenance and management of heritage properties³

Awards and achievements

Diversity Council of Australia – Inclusive Employer

DHA was recognised as an Inclusive Employer for 2022–23 by the Diversity Council of Australia.

Diversity Council of Australia's Inclusive Employer recognition program is unique, the only one of its kind in Australia. Employers must demonstrate that they are active and committed to inclusion by exceeding the National Index Benchmark in at least five of the six measures including awareness, engagement, inclusive organisational climate, inclusive leadership, inclusive team and exclusion. DHA exceeded in all six measures.

Commonwealth Awards for Excellence in Risk Management 2022

DHA won an Honourable Mention (Bronze) for its Business Continuity Management System.

The Commonwealth Awards for Excellence in Risk Management (the Awards) raise awareness of the significance of risk management across the Commonwealth by highlighting examples of best practice risk management. The Awards recognise leadership in the field of risk management, and highlight the substantial ongoing benefits that managing risk has in achieving both the current and future outcomes of Australian Government entities.

Australian Report Awards (ARA)

DHA won a Gold Award for its Annual Report 2021–22.

The Australasian Reporting Awards (ARA) provide all organisations that produce an annual report an opportunity to benchmark their reports against the ARA criteria which are based on world best practice and their peers. An important aspect of the ARA assessment process is that it focuses on the quality and completeness of the reporting about the organisation's behaviour and performance. The very high standard of Gold Award reports makes them model reports for other organisations to follow.



Defence

Selection Panel Training
People and Capability







PART 2

Agency overview

Our purpose

Services to Defence

Services to landlords

Housing portfolio

Organisational structure

Financial structure

Our purpose

Defence Housing Australia (DHA) was established in 1988⁵ 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:*

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

DHA delivers committed support for Australian Defence Force (ADF) capability through the provision and management of almost 17,000 housing solutions for ADF members and their families. DHA also provides additional housing support services to Defence through the provision of housing benefit administration, temporary accommodation management, housing project management and heritage housing management services.

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 PGPA Rule. DHA's Shareholders are the Assistant Minister for Defence and the Minister for Finance acting on behalf of the Australian Government.

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

Contributing to Defence Outcomes

DHA's contribution to Defence capability is described in the 2023–24 Portfolio Budget Statements as being *to contribute to Defence outcomes by providing total housing services that meet Defence's Operational and client needs through a strong customer and business focus.*

This involves four key activities:

- › Providing and managing a portfolio of housing
- › Partnering with Defence to shape and administer housing policy
- › Providing housing services to ADF members and their families
- › Operating effectively, efficiently and sustainably as a better practice Commonwealth entity.

This relationship is demonstrated by our strategic framework, refer to Figure 2.1.

Further information on how we have delivered on our purpose through our four key activities are detailed in *Part 3 – Report on Performance.*

5 *Defence Housing Australia Act 1987*

Figure 2.1

DHA's strategic framework



Services to Defence

We provide a range of services in support of ADF capability, growth and retention. We administer Defence housing policy in accordance with Defence Pay and Conditions, the Defence Services Agreement, and our functions as outlined in the DHA Act.

Our services to Defence include:

- › the provision of a portfolio of suitable housing
- › housing services that support the mobility of the ADF
- › administration of Rent Allowance and ADF member benefits
- › administration of Defence housing policy
- › managing heritage listed Defence owned properties.

The services we provide to ADF members and their families include:

- › access to, and assistance to find, a range of housing solutions in the DHA portfolio
- › property and housing management services, including the management of repairs and maintenance
- › advice and guidance on housing policy and eligibility
- › booking and allocation services for Defence managed Living in Accommodation
- › administration of allowances to ADF members occupying private rental accommodation
- › administration of reimbursements of payments, relating to utilities, pre and post occupancy rent amounts, and break lease fees.

In addition, we coordinate property care services such as booking inspections with occupants, property owners and third-party providers. We conduct property inspections in accordance with lease obligations and the Defence Services Agreement and coordinate contractors to ensure that our housing solutions meet the standard and condition requirements agreed with Defence.

Defence Services Agreement

The Defence Services Agreement (the Agreement) is the principal document governing the relationship between DHA and Department of Defence. The Agreement intends to achieve the efficient and effective provision of contemporary housing solutions for ADF members and their families on behalf of Defence. There are three objectives of the Agreement:

- › To supply housing solutions that meet the agreed targets of the Approved Provisioning Schedule.
- › To provide the Services in accordance with the agreed targets and standards.
- › To ensure that the Services provided under the Agreement deliver value for money for the Australian Government.

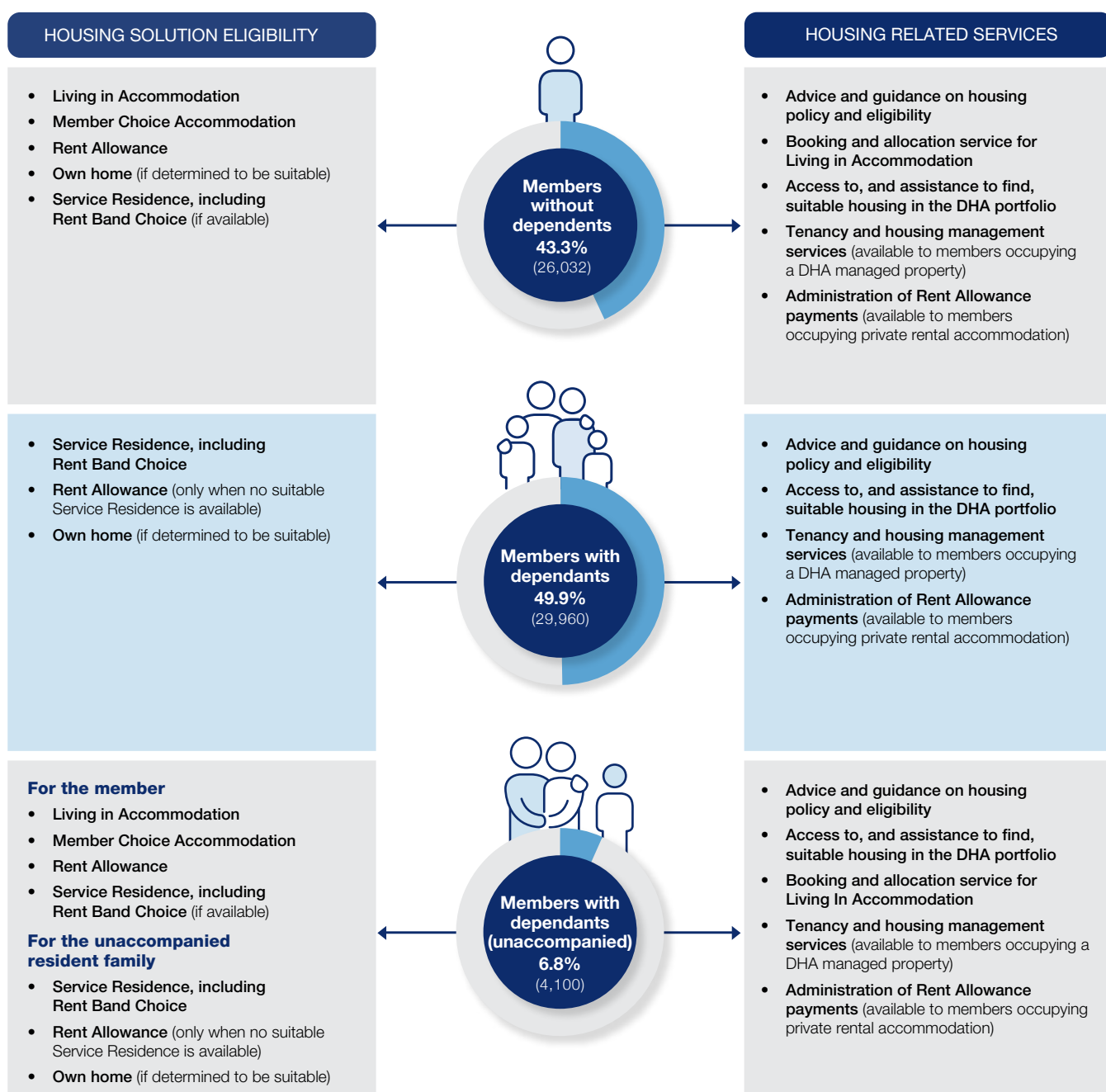
The Agreement sets out the mechanism to determine the agreed number of houses DHA is to make available for ADF members and their families, additional services that DHA provides, as well as the associated charges and performance metrics. Suitable houses must comply with standards as set out in the Agreement and the ADF Pay and Conditions Manual (PACMAN).

Consistent with Defence policy, ADF member eligibility and access to housing services is dependent on the member's categorisation and the type of housing solution they occupy. Figure 2.2 details the housing eligibility and housing related services provided to ADF members and their families.

We also provide critical support to the Australian Government, in partnership with Defence, in responding to crises such as flooding, fires and other natural disasters. DHA provides national visibility of availability of on-base accommodation, and in response to a crisis facilitates rapid temporary accommodation allocation, providing access to vacant housing and communication support.

Figure 2.2

Housing and housing related services available to ADF members, by categorisation,⁶ as at 30 June 2023



⁶ As of 1 July 2023, Defence has changed how families are categorised. The changes will be reflected in future Annual Reports. For more information on the new categorisation framework, refer to <https://pay-conditions.defence.gov.au/categorisation-framework>.

Housing solutions

DHA housing portfolio

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.

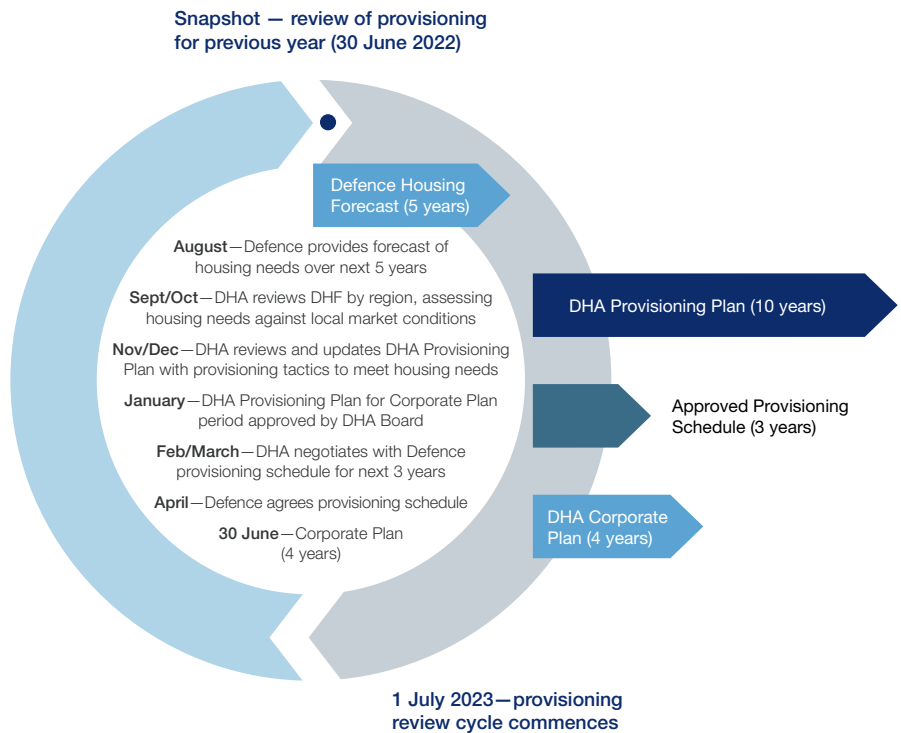
We provision housing based on the Defence Housing Forecast (DHF) and in accordance with the Defence Services Agreement. The DHF is provided by the Department of Defence and details the five year forecast of regional housing requirements for ADF members. Defence provides annual updates to the DHF to adjust and confirm requirements for the current year and provide a forecast of housing needs for the following four years. The DHF is the source of all our portfolio planning activities.

We undertake extensive provisioning processes and activities, which facilitate a whole of business approach (refer to Figure 2.3). This planning process results in the Approved Provisioning Schedule. Under contractual arrangements with Defence, we aim to provide at least 99 per cent of properties in the Approved Provisioning Schedule.

DHA facilitates ADF members finding a suitable DHA 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.

Figure 2.3

Annual provisioning planning cycle



Housing related services

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

Living in Accommodation (LIA) is on-base accommodation that caters for ADF members, reservists and Defence employees who require permanent, transit, temporary or course accommodation to fulfil Defence operational needs. We manage the booking service for Living in Accommodation across 52 ADF bases. This includes management of user access permissions and providing advice on benefits and conflicting requests.

More information about our housing portfolio, housing solutions, and provisioning in 2022–23 can be found in the *Housing portfolio*, *Key activity 1 – Provide and manage a portfolio of housing* and *Regional report on operational performance* sections of this report.

Policy advice and guidance

In administering Defence housing policy, DHA provides 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 administration of maintenance services.

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 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 to 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 DHA and Defence owned properties across Australia, including properties located on-base and in regional and remote localities. Properties are upgraded so they remain suitable housing options for ADF members and their families.

Managing Commonwealth Heritage Listed properties

We manage, protect and conserve 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 to preserve the historical and cultural significance of these sites.

More information about our Commonwealth Heritage Listed properties can be found in the *Key activity 1 – Provide and manage a portfolio of housing* and *Appendix F: Environmental performance* sections of this report.



Services to landlords

Landlords are important to us as they help us sustain a high-quality, well-located property portfolio and a healthy long term financial structure.

The majority of properties in our portfolio are leased from private sector investors. We primarily lease properties from private owners and negotiate a new lease or lease extensions with current landlords to retain properties in our portfolio. 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 occupied
- › an extensive range of property care services provided during the lease term, in return for a fixed service fee.

We partner with industry to deliver future property opportunities in locations with an ongoing need for housing for ADF members and their families. We work closely with industry partners to supply properties into our portfolio. This secures properties in priority locations to support Defence members and their families.

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

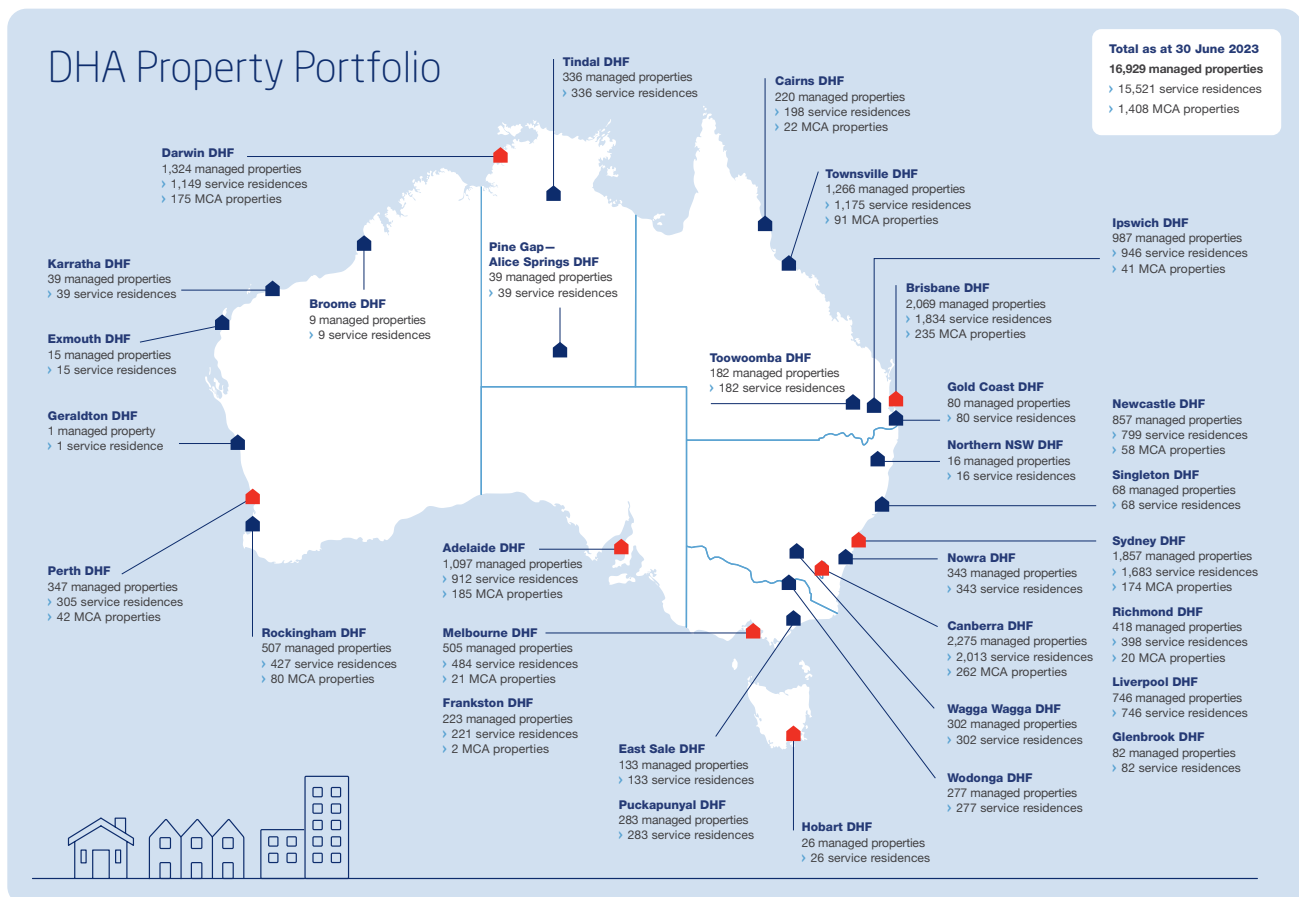
Housing portfolio

As at 30 June 2023, we managed 16,929 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 2.4).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 2.4

National housing portfolio 30 June 2023



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

Property type, amenity and location

Service Residences

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 are generally no more than 30 kilometres 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).

Rent Band Choice Housing

Our portfolio includes a portion of properties categorised as Rent Band Choice Housing. These properties are generally inner-city apartments and other properties that do not meet the Service Residence requirements. ADF members and their families typically choose to live in these properties because the location and proximity to amenity suits their lifestyle.

The majority of our Member with Dependants (MWD) portfolio features modern, freestanding houses that are 10 to 20 years old and have three or four bedrooms as shown in Figures 2.5 to 2.7.

Figure 2.5

Service Residence and Rent Band Choice Housing portfolio by type 30 June 2023

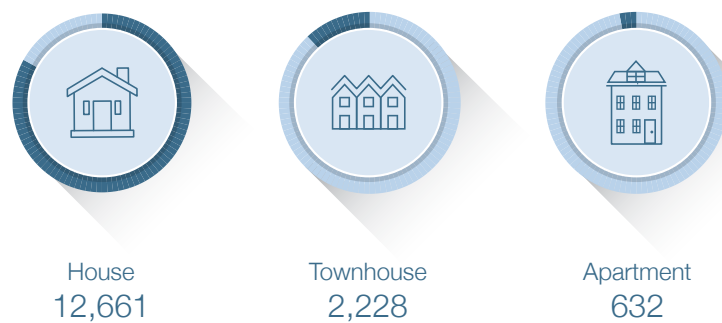


Figure 2.6

Service Residence and Rent Band Choice Housing portfolio by age (years) 30 June 2023

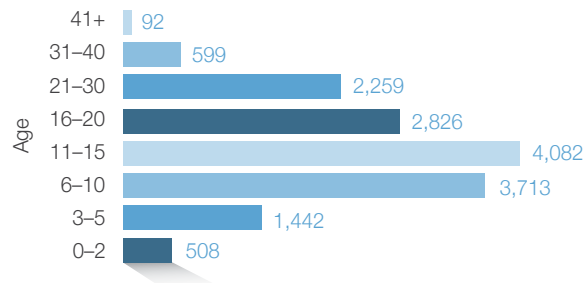


Figure 2.7

Service Residence and Rent Band Choice Housing portfolio by number of bedrooms 30 June 2023

Number of Bedrooms	Number of Properties
1	1
2	435
3	5,816
4	8,868
5	390
6	9
7	2

Member Choice Accommodation

Our Member Choice Accommodation (MCA) properties offer eligible members 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 Member Choice Accommodation properties. The majority of these properties are modern two-bedroom apartments and provide contemporary city living as shown in Figures 2.8 to 2.10.

Figure 2.8

MCA portfolio by type 30 June 2023

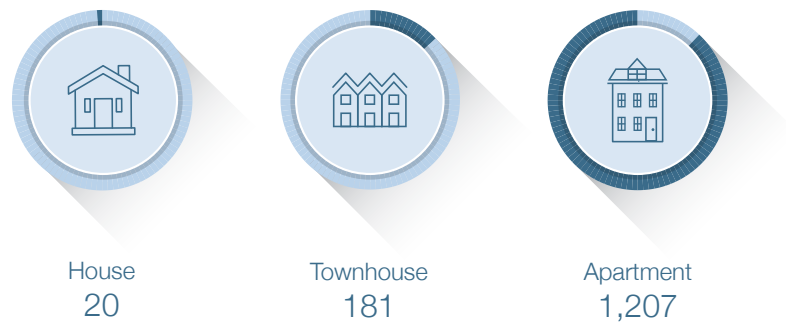


Figure 2.9

MCA portfolio by age (years) 30 June 2023

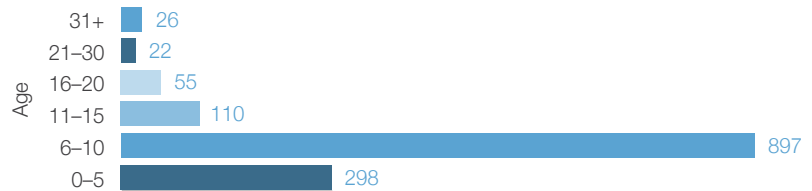


Figure 2.10

MCA portfolio by number of bedrooms 30 June 2023

Number of Bedrooms	Number of Properties
1	199
2	1,146
3	60
4	3

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 2.11 and 2.12 provides a breakdown of our MWD and MCA portfolios by ownership type.

Figure 2.11

MWD portfolio by ownership type at 30 June 2023

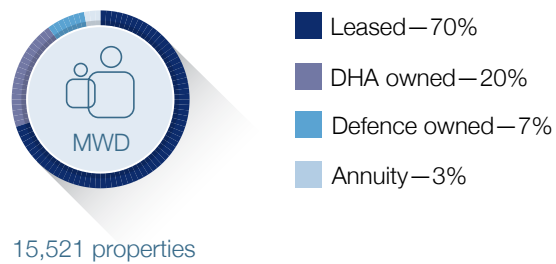
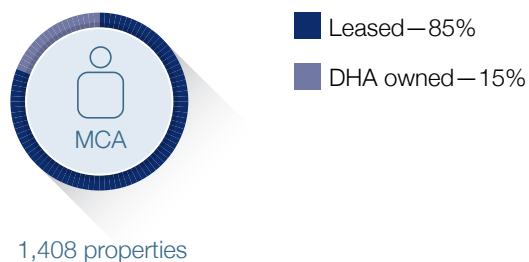


Figure 2.12

MCA portfolio by ownership type at 30 June 2023



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 a part of the Defence portfolio of the Australian Government, the Minister for Defence or their delegate is DHA's responsible Minister. The Minister for Defence has delegated responsibility to the Assistant Minister for Defence. The Minister for Finance is responsible for overseeing DHA's funding arrangements and, amongst other things, providing Shareholder advice on all Government Business Enterprises, including DHA.

More information can be found in the *Part 4 – Management and accountability* 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 and publicly available Statement of Corporate Intent.

All Directors are appointed by the Minister for Defence, except the person nominated by the Secretary of the Department of Finance who is appointed by the Minister for Finance, and the Managing Director who is appointed by the Board.

More information on the Board can be found in the *Part 4 – Management and accountability* 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 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 to fulfill DHA's purpose by providing leadership, guiding performance, implementing and delivering against the Corporate Plan.

Service Delivery Group

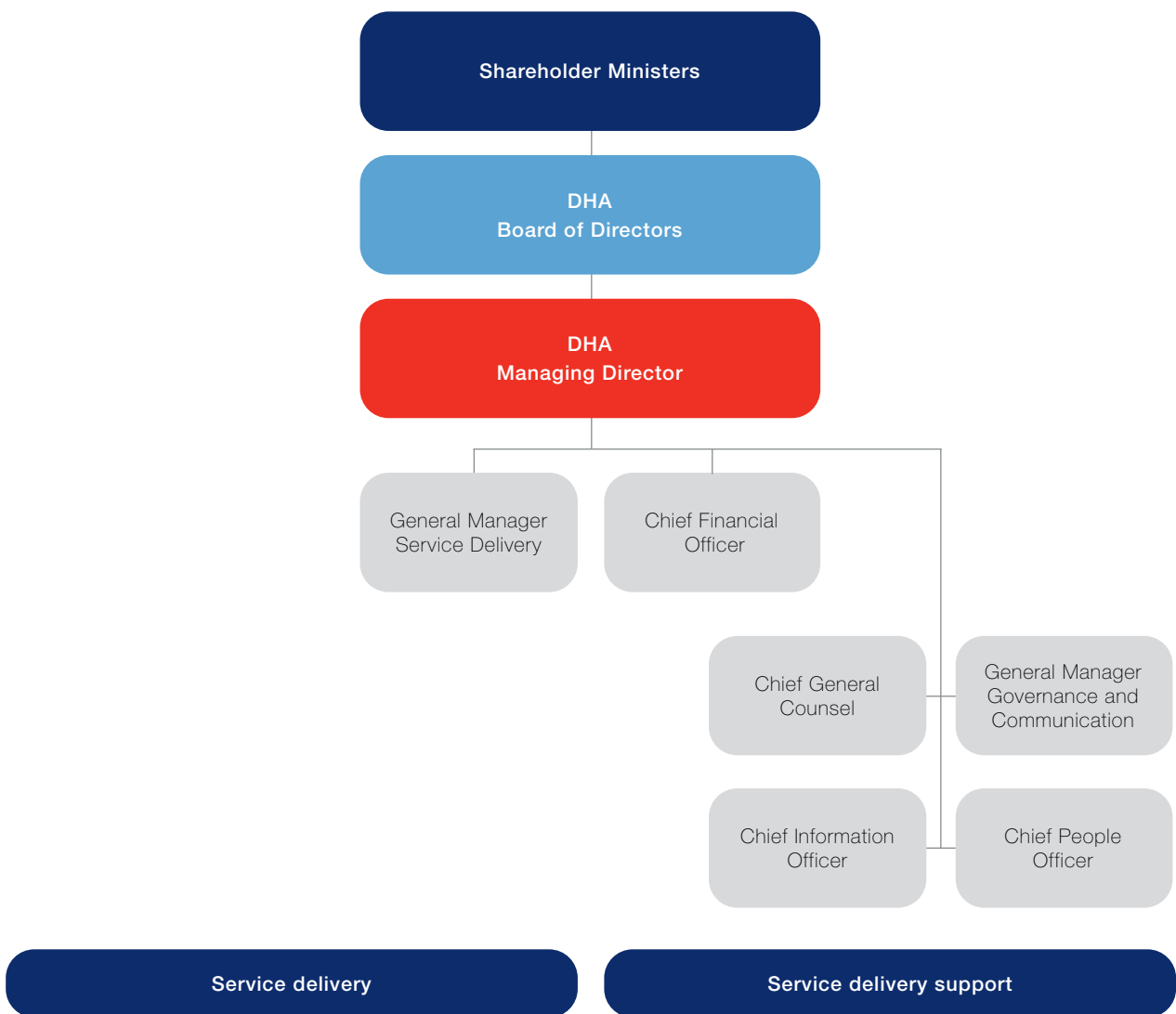
The Service Delivery Group is responsible for management of the DHA housing portfolio, the management of housing allocation, housing administration, asset and tenancy management, property sales and leasing activities. The Group is made up of two main functions comprising Property and Service Operations.

Service Operations is responsible for property management services including inspections and maintenance, together with the administration of housing benefits for ADF members.

The Property Function is responsible for leasing activity, acquisition and disposals of residential property, heritage and upgrade projects, construction and development activity. Enhancements are delivered with the support of other groups across the business with the focus on improving our customer experience.

Figure 2.13

Organisational structure at 30 June 2023



Service Delivery Support Group

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.

Chief Financial Officer Group

The Chief Financial Officer's Group supports effective decision making, resource allocation and accountability through strategic and portfolio planning, and the delivery of financial management services including performance reporting via the Corporate Plan and publicly available Statement of Corporate Intent, monthly and quarterly reports and the annual report incorporating full year audited financial statements. This group is also responsible for the strategic management of DHA's property portfolio.

Governance and Communication Group

Governance and Communication Group is an impartial and trusted internal adviser to DHA. The Group provides timely and quality advice that supports strategic and operational decision making. Governance and Communication's advice and products are user-friendly and help the business achieve its objectives.

Legal Services Group

The Legal Services Group is responsible for the provision of high quality, strategic, legal advice on a broad range of property, commercial and corporate issues within DHA, including the provision of advice to the Leadership Team.

Human Resources Group

Human Resources work in partnership with stakeholders across the organisation to support DHA to have the right human capital to deliver business outcomes. The group is responsible for initiatives to promote an inclusive workplace culture that values the diversity of our people; together with strategies to build performance, leadership and engagement. Core operational functions include recruitment, payroll, learning and development, case management, wellbeing, and employee relations.

Business Solutions and Technology Group

Business Solutions and Technology is responsible for the provision of information technology services, infrastructure, cyber security, the delivery of the Technology Refresh Program and Enterprise Change Management. Leveraging DHA's technology principles, the team delivers innovative, efficiency driven programs with a focus on simplification, automation and benefits realisation. The Technology Partnership Office works alongside business areas ensuring technology considerations drive strategic outcomes. The Enterprise Change Management team supports the transition of process improvements and adoption of digital solutions whilst concurrently investing in uplifting DHA's change maturity.



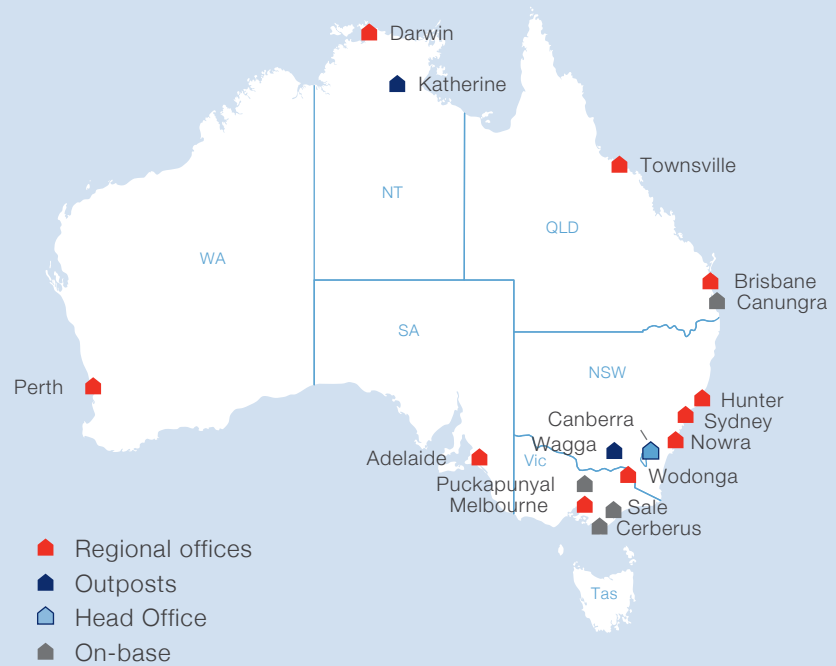
Our office network

DHA has offices in 17 locations nationally (refer to Figure 2.14).

Our offices, in conjunction with our technology systems, support flexible working arrangements, a culture of collaboration, and individual staff needs through multi-faith and carers facilities. DHA staff are also located in four on-base locations at Sale, Puckapunyal, Cerberus (Victoria) and Canungra (Queensland) in accordance with a license agreement with Defence. Staff in our regional offices deliver customer facing services to ADF members, their families, and our landlords. Regional office staff are supported by staff in contact centres, who are the first point of contact for housing services, maintenance services and the allocation of on-base Living in Accommodation. Staff in Canberra's Head Office are responsible for overseeing strategy, operational programs, corporate governance and corporate support. The Canberra office also includes staff responsible for housing services in this region.

Figure 2.14

Office network 30 June 2023



Our staff

An efficient, capable, and high performing workforce is critical to the achievement of DHA's purpose. As at 30 June 2023, we employed 565 staff across Australia. Figures 2.15 to 2.18 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*.

Figure 2.15

Staff by gender 30 June 2023

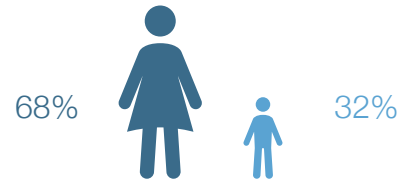


Figure 2.16

Staff by employment type 30 June 2023

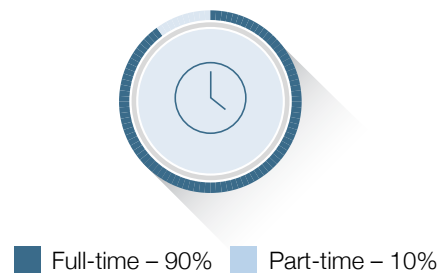


Figure 2.17

Staff by broadband classification 30 June 2023

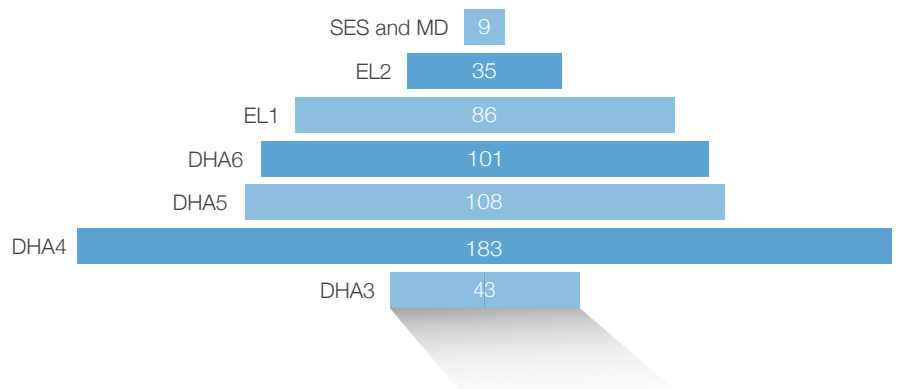
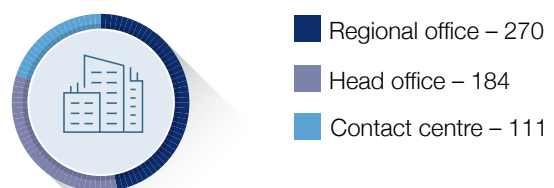


Figure 2.18

Staff by office type 30 June 2023





Financial structure

As a 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 through budget appropriations. Our operations are principally funded through rents, fees, and charges for our services from Defence, and other revenue related to maintaining our housing portfolio, including:

- › repatriating invested capital by selling and leasing back properties
- › the disposal of excess land and finished product from our developments
- › the disposal of properties that no longer meet minimum Defence standards or requirements.

DHA's Loan Agreement with the Commonwealth provides access to capital for investment and short-term liquidity support. During 2022–23, DHA borrowed \$40.0 million from the Department of Finance to provide liquidity to purchase properties for provisioning purposes.

More information on our financial performance in 2022–23 can be found in the *Part 3 – Report on Performance* and *Part 5 – Financial statements* sections 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 4 August 2022. Contributing to this is rating is our ownership by, and interaction with, the Australian Government and its strategic importance to the 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

Report on performance

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 Corporate Plan and Statement of Corporate Intent are our primary planning documents. They set out how we will achieve our purpose of providing adequate and suitable housing for, and housing related services to, ADF members and their families to support Defence capability, and outcomes mandated by Government in the Portfolio Budget Statements. Information about DHA is included in the Department of Defence's 2022–23 Portfolio Budget Statements as we are part of the Defence portfolio. The Defence 2022–23 Portfolio Budget Statements outlines the outcome and objectives that DHA works to achieve (refer Table 3.1).

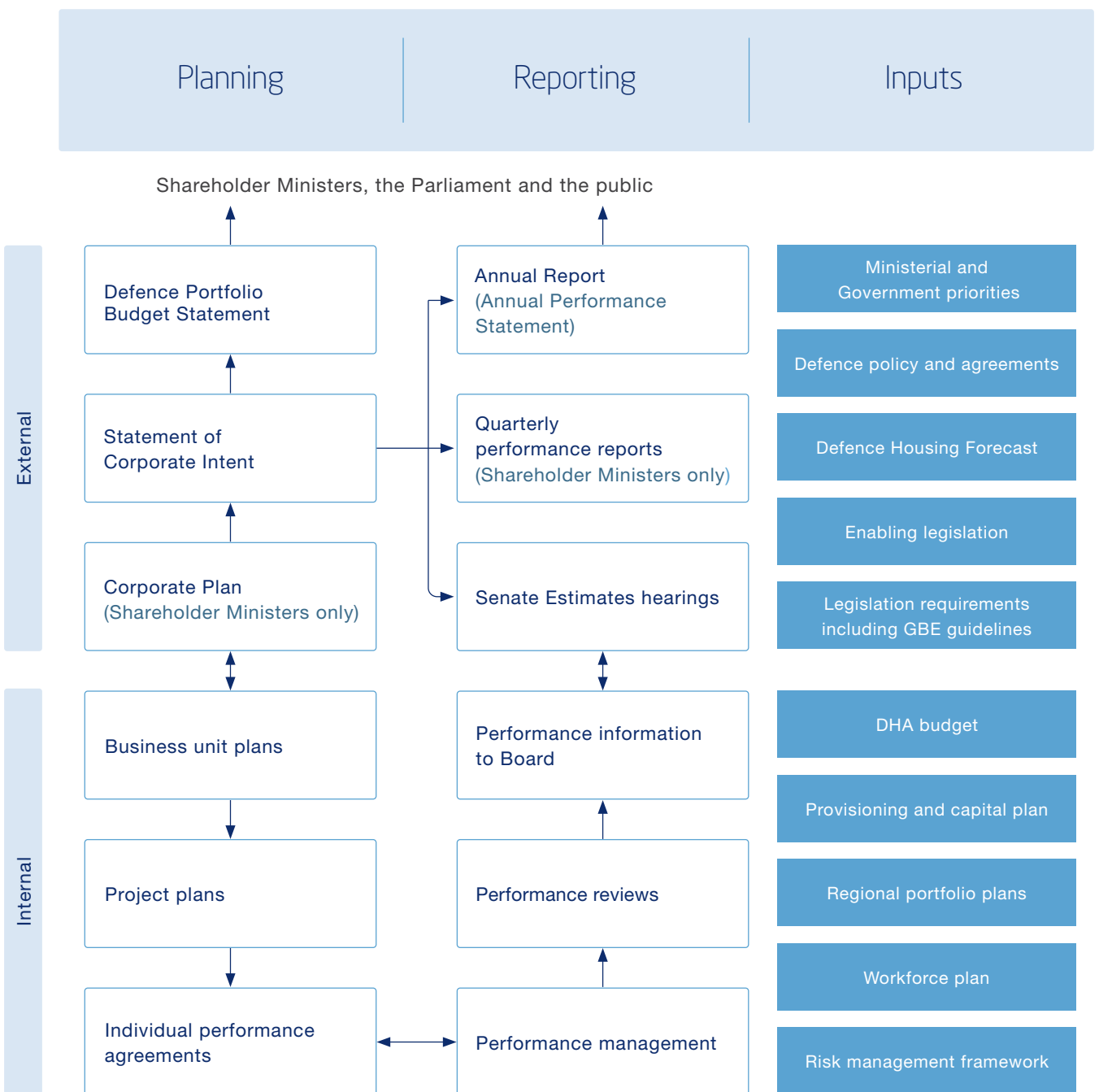
Table 3.1: DHA's outcome and objectives 2022–23

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
Objectives	Provide adequate and suitable housing and related services; and 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), the 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.

Figure 3.1

DHA's approach to planning and reporting 2022–23



Corporate Plan and Statement of Corporate Intent

As set out in our Corporate Plan 2022–23 to 2025–26 and Statement of Corporate Intent 2022–23, DHA developed a strategic direction (refer to Figure 3.2) detailing how we achieve our purpose and outcome mandated by Government in line with our strategic framework (refer to Figure 2.1). We have established strategic goals against each of our key activities, which define our vision for each key activity to define what future success looks like.

Figure 3.2

DHA strategic direction



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 purpose, the objectives of our four key activities, and associated Key Performance Indicators (KPIs) as set out in our 2022–23 Corporate Plan. The KPIs are aligned to the:

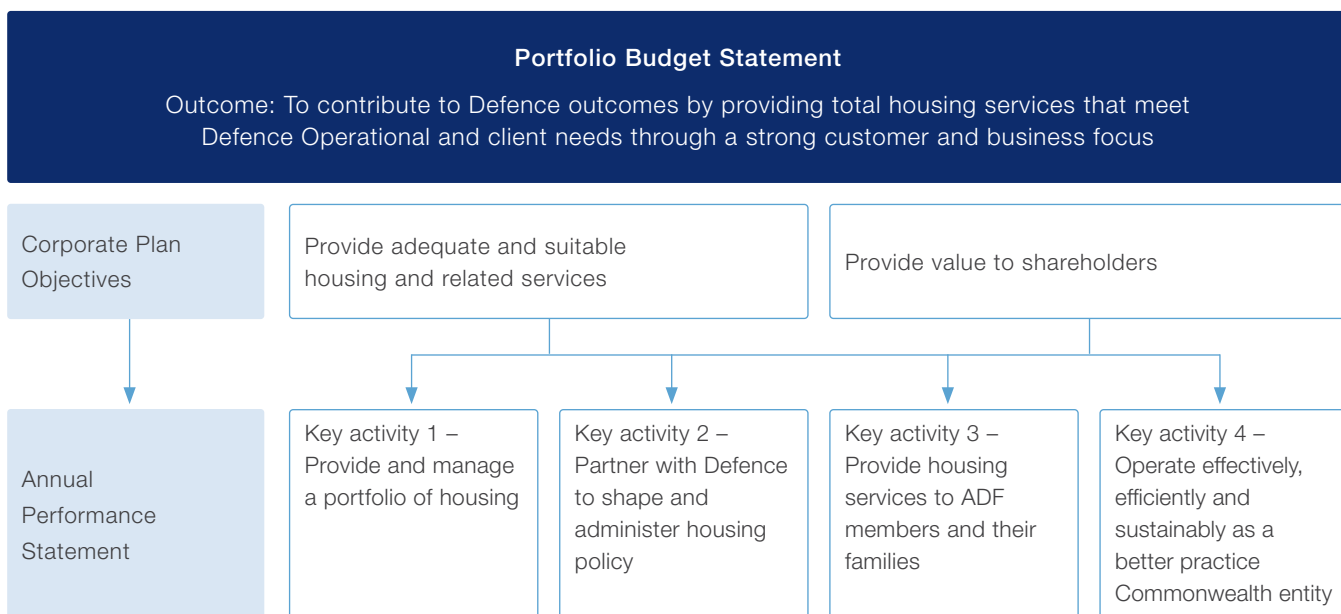
- › Defence Services Agreement to ensure clarity, consistent service delivery and to drive continuous improvement.
- › 2022–23 Defence Portfolio Budget Statements to demonstrate achievement of our outcome.
- › Department of Finance *Commonwealth Government Business Enterprise – Governance Oversight Guidelines: Resource Management Guide No. 126* (RMG 126) where applicable.

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 2022–23.

Figure 3.3

Relationship between the Corporate Plan and Annual Performance Statement



Statement of preparation

On behalf of the Board, the accountable authority of Defence Housing Australia (DHA), we present DHA's 2022–23 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, this Annual Performance Statement is based on properly maintained records, 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 2023



Mr Barry Jackson
Managing Director

30 September 2023

Our approach

This statement is presented according to the four key activities in our Corporate Plan 2022–23 to 2025–26 and describes our performance in the reporting period against our key performance indicators and initiatives.

Results summary

In 2022–23, we achieved our purpose, successfully supporting Defence capability through the provision of housing and housing related services to Australian Defence Force (ADF) members and their families.

As at 30 June 2023, DHA's provisioned portfolio comprised of 16,929 properties, housing 15,681 ADF members and members with partners and their families, assisted over 7,000 ADF members and their families to find a home in their posting location and administered rent allowance payments to over 16,000 ADF members. We met demand for housing solutions, providing enough housing for ADF members and their families, and we provisioned to 98.3 percent of the target number of dwellings in the Approved Provisioning Schedule (APS). ADF member surveys show that we met satisfaction benchmarks relating to DHA's housing solutions.

We improved the way we provide services to our customers with the implementation of the Defence Services Agreement and our ongoing support of the ADF Employment Offer Modernisation Program. We implemented improvements to our Online Services and continued to implement our Technology Refresh Program, including uplifting maturity levels in line with the Australian Cyber Security Centre's Essential Eight cyber security strategies.

We worked to improve our capital strength and financial capability. Volatility in the property market, construction industry, and rapidly increasing property prices and rents resulted in lower than forecast sales activity and associated revenue.

For our staff, we focussed on retaining critical skills and capabilities by defining, communicating, and embedding DHA's Employee Value Proposition, as well as creating a workplace where staff feel valued and supported. We implemented our Culture and Wellbeing Strategy, engaged a new Employee Assistance Program service provider and continued to embed and uplift change management capability.

Overall, we met four of eight performance indicators. Full results and detailed performance analysis are detailed in the following sections.

Table 3.2: Summary results against key performance indicators 2022–23

Performance indicator	2022–23 Target	Result
Key activity 1 – Provide and manage a portfolio of housing		
Provisioning of housing solutions to the approved provisioning schedule	≥99%	98.3%
ADF member satisfaction with housing solutions ¹	≥80%	82%
Key activity 2 – Partner with Defence to shape and administer housing policy		
DHA is a trusted advisor	Achieved	Achieved
Key activity 3 – Provide housing services to ADF members and their families		
ADF member customer service satisfaction ¹	≥85%	82%
Key activity 4 – Operate effectively, efficiently and sustainably as a better practice Commonwealth entity		
Return on equity	7.0%	6.2%
Staff retention and turnover rate	≤25%	19.5%
Staff engagement	≥70%	72%
Total recordable injury frequency rate (TRIFR)	<7	10.97

Note

1. The annual occupant survey was sent to 15,653 occupants and 3,418 valid responses were received, a response rate of 22 per cent.

Case study

Protecting Commonwealth heritage values

DHA manages 72 heritage properties, the oldest dating from 1814. Our Technical, Heritage, Upgrades and Defects (THUD) team has the great challenge and pleasure of conserving this part of Australia's military and architectural history, and this year we brought one such project to completion ... for the present.

Glenbrook NSW is the location of Briarcliffe, a small home built in 1922 for George Herbert Douglas Morris. Although not an architect, Morris designed the building himself and named it after his family's residence in England. Local builder John Colquhoun Dunn and his son, James, constructed the building from sandstone quarried on the property and carted by horse and dray. The scars in the stone from the claws used to hand-winch each block into position are still visible today. Briarcliffe attracted a lot of interest on completion due to its unorthodox flat-roof design which was originally covered with a sand-textured bituminous material.

When the RAAF acquired the property in 1953, Briarcliffe became the official residence of the RAAF Air Commander Australia. The residence has been occupied by successive Air Officers Commanding and later Air Commanders ever since.

DHA undertook its first renovations to Briarcliffe in 1993. At the time, the building only comprised two bedrooms and a study, the sandstone walling had cracks and a new garage was necessary.



Fast forward another 30 years to 2022 and our Heritage team was once again onsite at Briarcliffe to oversee major upgrades to bring this beautiful property up to contemporary standards. A number of issues needed rectifying including significant moisture present throughout the subfloor area; extensive moisture in the laundry and service rooms; and dilapidated and unsafe stone retaining walls and garden beds.

The heritage nature of the property, its location and operational requirements presented several challenges for the project and industry legacies of COVID-19 added an extra layer of procurement and supply chain obstacles.

However, in April 2023 with upgrade works complete, our THUD team handed the keys to the current Australia Air Vice-Marshal, who will reside in Briarcliffe for the next few years.

Key activity 1 – Provide and manage a portfolio of housing

As at 30 June 2023, we managed 16,929 properties and housed 15,681 ADF members and their families located across Australia, including in all capital cities, major regional centres and in remote areas where the ADF has a presence. 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.

Performance results

In 2022–23, we met the demand for housing solutions, providing enough housing for ADF members and their families, however we did not meet the target number of housing solutions in the Approved Provisioning Schedule (refer to Table 3.3).

ADF members continue to be satisfied with DHA's housing solutions with 82 per cent of ADF members stating they are satisfied with their DHA managed accommodation (refer to Table 3.3).

Table 3.3: Key performance results for Key activity 1 – Provide and manage a portfolio of housing

Performance indicator	2022–23 Target	Result
Provisioning of housing solutions to the approved provisioning schedule	≥99%	98.3%
<p>We met ADF member demand for housing and we provisioned 98.3 per cent of the Agreed Provisioning Schedule (APS). This equates to a shortfall of 300 properties. The 2022–23 APS was prepared based on a higher Defence Housing Forecast (DHF) than the most recent DHF provided by Defence, which indicates a reduction of 479 properties nationally when compared to the numbers used to establish the 2022–23 APS. We successfully managed the vacancy rate within the 7.5 per cent target (as at 30 June 2023 the vacancy rate was 7.0 per cent), and successfully maintained the number of ADF members in receipt of rent allowance to previous levels within the rent allowance target of 15 per cent nationally.</p> <p>Market conditions posed many challenges to our ability to provision houses in line with the Approved Provisioning Schedule. In particular, there were low levels of housing supply for purchase and leasing in most major markets. We continue to review our provisioning strategies and are investigating a range of strategic partnerships to increase our leasing capacity and to consider current and future provisioning needs.</p> <p>Refer to Provisioning summary for more detail on our provisioning activity over 2022–23.</p>		
ADF member satisfaction with housing solutions	≥80%	82%
<p>We met our target for ADF member satisfaction with housing solutions, with 82 per cent of survey participants stating they were overall 'very satisfied' or 'satisfied' with their DHA accommodation.</p>		

Provisioning summary

The Service Residence and Rent Band Choice Housing portfolio closing balance was a shortfall of 249 properties against the Approved Provisioning Schedule (the Schedule), refer to Table 3.4. The Member Choice Accommodation (MCA) portfolio closing balance was an overall shortfall of 51 properties against the Schedule closing balance, refer to Table 3.5.

Table 3.4: National Service residence and Rent Band Choice Housing portfolio performance as at 30 June 2023

	Actual 2022–23	Approved Provisioning Schedule 2022–23 ¹	Variance
Opening balance 1 July 2022	15,528	15,602	(74)
Acquisitions	121	204	(83)
Constructions	89	125	(36)
Leases	2,086	1,798	288
Total additions	2,296	2,127	169
Lease ends	(2,259)	(1,920)	(339)
Disposals and handbacks	(4)	(39)	35
Total subtractions	(2,263)	(1,959)	(304)
Transfers ²	(40)	0	(40)
Closing balance 30 June 2023	15,521	15,770	(249)

Notes

1. Refers to the 2022–23 Provisioning Schedule approved in April 2022.

2. Transfers refer to portfolio movements due to properties pending sale or disposal, being taken offline for maintenance and transferring between Service residence and Rent Band Choice Housing portfolio and MCA portfolio.

Table 3.5: National MCA portfolio performance as at 30 June 2023

	Actual 2022–23	Approved Provisioning Schedule 2022–23 ¹	Variance
Opening balance 1 July 2022	1,427	1,434	(7)
Acquisitions	16	43	(27)
Constructions	0	0	0
Leases	233	238	(5)
Total additions	249	281	(32)
Lease ends	(260)	(256)	(4)
Disposals and handbacks	0	0	0
Total subtractions	(260)	(256)	(4)
Transfers ²	(8)	0	(8)
Closing balance 30 June 2023	1,408	1,459	(51)

Notes

1. Refers to the 2022–23 Provisioning Schedule approved in April 2022.

2. Transfers refer to portfolio movements due to a properties pending sale or disposal, being taken offline for maintenance and transferring between Service residence and Rent Band Choice Housing portfolio and MCA portfolio.

Throughout the year we prioritised low capital forms of provisioning, such as leasing, over acquisitions and construction programs where possible. We faced challenges in obtaining direct leases and acquisitions in some areas for both our MWD and MCA portfolios. In particular, we had significant difficulties in sourcing suitable properties for our MCA portfolio in regional areas such as Ipswich, QLD, and Rockingham, WA. This was due to property market conditions driving a lack of suitable housing in the market and high demand for rental properties. In response, we focused on maximising the retention of existing properties within the portfolio through lease renewals and our upgrades program, and limiting divestment from the portfolio to reduce the requirement to source new-to-portfolio properties. However, due to the fast rental growth experienced nationwide we saw a decrease in investor appetite to lock into long term lease contracts, as more desirable options are available to investors that provide greater flexibility. As a result, we experienced more leases leaving the portfolio upon conclusion of their lease than forecast.

To minimise provisioning shortfalls we focused on regional specific provisioning strategies and tactics to address the varied market conditions and reviewed our quarterly provisioning process to develop methods for reviewing and planning provisioning. We regularly met with the Department of Defence to facilitate collaboration and share information on our portfolio provisioning plans and progress, adjusting our provisioning strategies to meet local markets and Defence requirements. We delivered Regional Provisioning Plans that focused on best fit provisioning methods for sustainable levels of housing, and refined as required to improve the provisioning outcomes to meet provisioning targets set in the Approved Provisioning Schedule.

We initiated work to address long term provisioning deficiencies in our ability to deliver the large volumes of new dwellings to meet growing demand. As such, we reshaped our resources to include a focus on large leasing transactions in bigger markets. We are leveraging existing relationships with property investors and builders to trial a new process for delivering additional leases to the portfolio without the use of DHA's capital, which is expected to deliver benefits and increase supply certainty over the next two years.

Property upgrades

We upgrade properties in our portfolio to ensure they meet Defence compliance requirements, remain suitable housing options for ADF members and their families, and extend the life of properties allowing us to retain properties in our portfolio. In 2022–23, DHA completed upgrade work to 50 properties including:

- › eight properties at Duntroon, ACT
- › 19 properties in Sydney, NSW
- › 23 properties at Puckapunyal Military Area, Victoria.

Commonwealth Heritage Listed properties

As of 30 June 2023, DHA 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). DHA owns two development sites: the Belconnen Naval Transmitting Station at Lawson, ACT, and Fort Wallace at Stockton, NSW, which are also Commonwealth Heritage Listed due to the significance they hold in Australia's military history. Stockton Rifle Range, NSW, is of Heritage Significance and is managed in accordance with the EPBC Act and Heritage plans for the site.

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 2022–23, DHA continued a major program of works to conserve and upgrade Defence owned properties, including:

- › major upgrade and refurbishment of the Air Commander of Australia's residence at Briarcliffe Glenbrook, and heritage listed married quarter precinct at HMAS Creswell, Jervis Bay
- › remediation of asbestos, lead dust and lead paint issues
- › major works to Hosking House Duntroon and Barnard House Duntroon.

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

Case study

Supporting a modern ADF

In 2022, we reported on the important work we undertook to achieve a revised Defence Services Agreement. This year we got on with implementing the agreement while also working hand-in-hand with Defence to implement changes in our operations and systems aligned with the ADF Employment Offer Modernisation Program.

The program recognised that the full package of ADF remuneration (i.e. pay and allowances), conditions of service, housing policy and other benefits must be clear, relevant, recognise the unique nature of military service and importantly, to meet contemporary needs in today's society. Defence recognised that overtime, allowances and conditions in the ADF have not kept pace with changes in Australian society and have become overly complex.

Housing continues to be a key factor in attracting and retaining the brightest talent to Defence services and with the modernisation program we are providing greater flexibility and choice in how and where Defence personnel and their families care to live. Members now have a greater opportunity to access housing outside their posting location and live closer to their partner's employment or study, or professional services for dependants. The modernisation program also recognised that the shape and profile of contemporary families have also changed, and this needed to be reflected in ADF conditions of service.

With these changes came new categorisation and location frameworks which introduced new terminology and definitions. The frameworks took effect on 1 July 2023. DHA worked diligently with Defence and Toll Transitions in the year leading up to this deadline to ensure we were able to support members and their families as they transition to the new frameworks, and into the future.

Key activity 2 – Partner with Defence to shape and administer housing policy

We administered Defence housing policy in accordance with the pay and conditions for ADF members, our Services Agreement with Defence and our functions as outlined in the DHA Act. We worked closely with Defence to implement policy reform, through the ADF Employment Offer Modernisation Program to support more flexible housing solutions and deliver improved outcomes for ADF members and their families. We supported Defence implementing new Categorisation and Location frameworks, that became effective on 1 July 2023, by completing upgrades to internal software, resources and knowledge articles and providing training to staff to ensure seamless implementation.

Performance results

We were successful in partnering with Defence as an expert and trusted advisor to shape and administer housing policy, reflected in achievement of our performance target in 2022–23 (refer to Table 3.6).

Table 3.6: Key performance results for Key activity 2 – Partner with Defence to shape and administer housing policy

Performance indicator	2022–23 Target	Result
DHA is a trusted advisor	Achieved	Achieved
<p>We achieved our performance target in 2022–23. Feedback from annual guided discussions with representatives from the Department of Defence revealed that we are a valued part of the Defence enterprise and meeting our commitments to partner with Defence to shape and administer housing policy. Defence recognised our efforts and willingness to continue to improve our services to Defence, with the housing and housing related services we provide among the most valued services for ADF members.</p> <p>Areas for improvement were also identified, specifically in relation to engagement and communication. We are committed to addressing these areas for improvement, particularly as our role in partnering with Defence will be increasingly important over the coming years as the Department of Defence undergoes reform to deliver a well-equipped, fit for purpose ADF.</p>		

ADF Employment Offer Modernisation Program

We continued to aid the implementation of the ADF Employment Offer Modernisation Program where required. We supported Defence to implement the changes to their Categorisation and Location Frameworks to simplify the way ADF members are categorised, and from where they can access benefits. The frameworks introduced new terminology and definitions that required upgrades to our internal software, resources and knowledge articles. We provided training to staff to ensure smooth implementation and ensure we effectively support ADF members and their families as they transition to the new framework.

We worked with Defence to implement the Flexible Housing Trial and monitor outcomes. The Trial was rolled out nationally in October 2022, resulting in increasing take-up rates in selected regions. The Trial benefits eligible ADF members by allowing them to access housing benefits further away from their housing benefit location to support a partner or child's employment and education.

Defence Services Agreement

Since the signing of the modernised Defence Services Agreement (DSA) in October 2021, DHA and Defence have undertaken various implementation initiatives to align services with any new or changed obligations within the Agreement. Initiatives delivered in 2022–23 include:

- › Established allocation of relocation cost at lease end, allowing DHA to claim relocation costs from Defence due to early surrender of lease for factors outside of DHA control. This initiative has resulted in a fair distribution of relocation expenses, fostering effective risk sharing and enhancing long-term sustainability.
- › Removal of Rent Band Choice provisioning caps providing ADF members and their families with a more flexible and diverse range of housing options.
- › Removal of Capital Inclusion Charge and implementation of the new Minimum Standards which simplified compliance requirements, enabling the provision of a more diverse range of housing options.
- › Implementation of a streamlined and simplified reporting structure to align with the specifications outlined in the Agreements resulting in a more efficient and effective reporting process.
- › Implementation of a new Occupant Handbook providing a consistent and modern customer experience.

Further modernisation initiatives have been addressed as part of the Defence Services Agreement major review.

Defence Services Agreement Major Review

In accordance with the modernised Defence Services Agreement (the Agreement), a major review of the Agreement's provisions was required to be undertaken in 2023. The major review focused on initiatives focused on longer term strategic improvements further to the modernised Agreement to simplify pricing, risk allocation and further increase flexibility in the types of housing solutions. Working with Defence we made significant progress over 2022–23. Key deliverables include:

- › A comprehensive review of governance arrangements to ensure the optimal utilisation of governance forums, with appropriate membership and clear terms of reference that establish accountability, reporting, and escalation processes.
- › A comprehensive review of Housing Management Instructions to ensure alignment with the modernised Agreement.
- › A comprehensive review of project management fees, roles and responsibilities, ensuring appropriate pricing and risk allocation in relation to costs incurred by DHA for construction works, upgrades and acquisitions on Defence owned properties.

- › Development of a Disengagement Plan to provide, so far as is practicable, for the transition out of the Services from DHA to Defence or its nominee if required.
- › Defence Review: A Defence review to ensure alignment with negotiated objectives contained within the modernised Agreement relating to vacancy risk compensation payment, minimum standards, key performance indicators and performance measures, and reporting.

DHA will continue to partner with Defence throughout 2023 to finalise any additional improvements identified through the major review and the normal course of administering housing policy.

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

We worked 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*. The Prime Minister, the Hon Anthony Albanese MP, approved the proposed amendments. The amendments are within the Defence Omnibus Bill 2023 which is expected to be introduced as soon as practicable. 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.

Case study

Online Services Roadmap ramps up LIA booking system

We have made several enhancements to the Living-in Accommodation (LIA) Booking and Allocation System as part of our Online Services Roadmap. Each software release has made significant improvements to the way users within and external to DHA manage on-base accommodation bookings.

We introduced a progress tracker for group bookings. The tracker shows the progress of the creation of a booking, the selection of beds, and the addition of attendees, prompting users of any required actions.

To keep users up to date, we added a blue banner to the screen display to alert users when system changes occur. Viewing the changes (recent or from the last 12 months) is as easy as clicking a link in the banner.

By listening to feedback from our own staff and on-base accommodation staff we've made changes to the layout of the booking and allocation system (BAS) to display more rooms at a time. This simple enhancement reduced the number of clicks needed to look over buildings, making managing bookings easier and reducing load times.

The process to close group bookings—for example, for a training course or a delegation— has also been simplified. In the past, closing group bookings often resulted in errors which required lengthy input to resolve. Our system now automatically closes a much larger range of bookings, representing a significant improvement for LIA consultants and on-base service providers.

We've also made some significant improvements to system response times. Processing times have been reduced by up to 85 per cent for a range of common tasks including searching for available rooms, creating bookings, adding attendees to group bookings and changing rooms.

Not all of the improvements have been of a technical nature. We've also committed to improving the way we interact with Defence members. We've revamped our Tenancy History email to include all of their on-base accommodation history, making rental references easier for members moving off base. Our 'Nil LIA' email saying, 'Sorry, there's no availability for those dates', has also had a makeover, personalising the message for trainees by removing inconsistencies, and addressing confusion for Toll initiated bookings.

While we've achieved significant improvements in the way our staff and external stakeholders manage and administer LIA Bookings, our tech team is committed to continuing to improve the LIA BAS into 2024, with plenty more enhancements to come.

Key Activity 3 – Provide housing services to ADF members and their families

In 2022–23, we provided a range of tenancy and housing related services to ADF members and their families in accordance with our Services Agreement with Defence, focusing on:

- › providing access and allocation services to suitable housing in the DHA portfolio
- › management of repairs and maintenance for DHA managed houses through effective contractor panel arrangements
- › providing a 24/7 after-hours contact centre service to manage both emergency and routine maintenance requests
- › administration of ADF member allowances and benefits
- › booking and allocation services for Defence on-base accommodation.

During 2022–23, we managed slightly fewer housing allocations and rent allowance (RA) applications processed. However, the number of maintenance work orders raised, living-in accommodation (LIA) bookings, and property inspections all increased. A summary of the property and tenancy services are provided at table 3.7.

Table 3.7: National property and tenancy services performance summary

Property and tenancy management service	2021–22	2022–23
Housing allocations	7,211	6,715
ADF members receiving rent allowance ¹	16,066	16,119
Rent allowance applications processed	10,015	9,955
Maintenance work orders raised	224,517	237,996
Living-in accommodation bookings	153,671	201,050
Property inspections	53,229	56,317

Note

1. As at 30 June 2023.

Performance results

Based on survey results, ADF members were highly satisfied with the professionalism of DHA representatives (90 per cent satisfied), while ADF members were least satisfied with timeliness of DHA to engage with queries

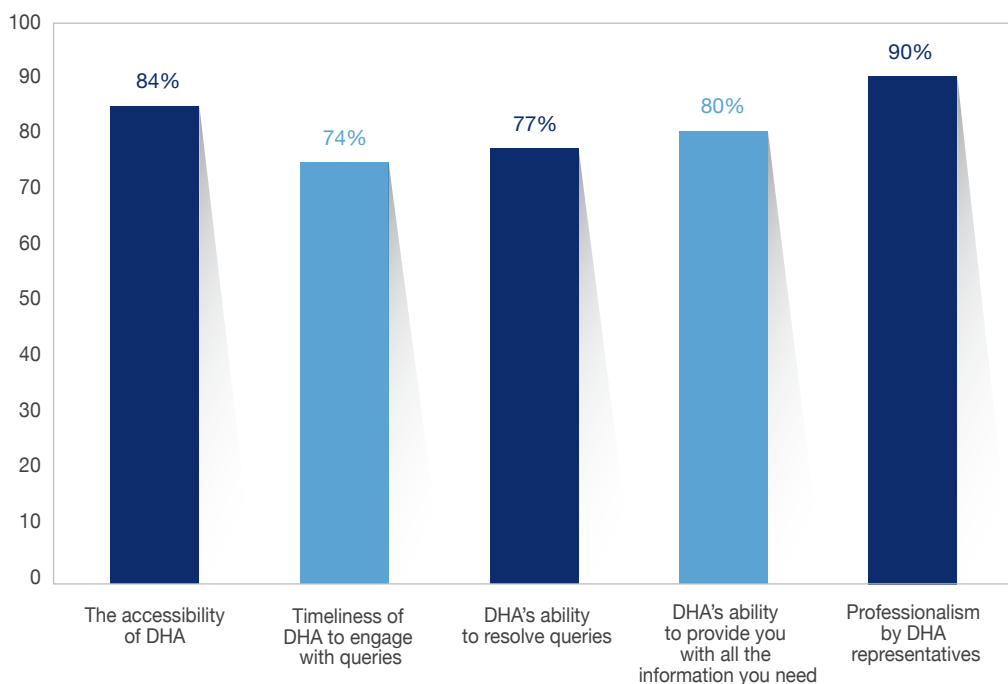
(74 per cent satisfied) and DHA's ability to resolve queries (77 per cent satisfied) (refer to Figure 3.4). Overall we did not meet our target for ADF member customer service satisfaction, despite implementing improvements to the way we provide our services (refer to Table 3.8).

Table 3.8: Key performance results for Key activity 3 – Provide housing services to ADF members and their families

Performance indicator	2022–23 Target	Result
ADF member customer service satisfaction	≥85%	82%
<p>We did not meet our target for ADF member customer service satisfaction, with 82 per cent of survey participants stating they were overall 'very satisfied' or 'satisfied' with DHA's customer service. A breakdown of customer satisfaction of the aspects of DHA's customer service is provided at Figure 3.4.</p>		

Figure 3.4

ADF member satisfaction with aspects of DHA's customer service



Customer experience framework

Over 2022–23, DHA established a service improvement project to progress service outcomes following a renewed focus on member experience. The initiatives have included automation of high-volume transactions, reducing the administrative burden on ADF members, and improving access to skilled contact centre staff for members with more complex needs. The project has also seen DHA strengthen the framework for contractor performance management for repairs and maintenance in remote and metropolitan locations.

The project focused on embedding efficiencies generated through technology, online service enhancements and capability generation exercises with a view to reducing response times and improving the consistency of property management services throughout metropolitan and remote locations.

As a result of private rental market factors, the contact centres reported higher than usual demand for increased rental ceiling approvals. In addition to training more delegates to respond to the demand, DHA moved quickly to rationalise the verification process for members seeking Rent Allowance (RA), providing access to expedited approvals, and providing assurance in a highly contested market.

In addition to initiatives designed to lift service levels, DHA undertook a range of business improvement projects as part of the continuous improvement cycle.

Rent allowance (RA) review

The 2023 RA Review process was updated to address the evolving needs of ADF members and streamline the review process. DHA automated substantial elements of the review for members reporting 'no change in their personal circumstances', reducing administrative burden, and improving response times for members with more complex needs.

DHA is committed to providing modern, efficient, and user-centric systems. Our online services enjoyed a 33 per cent increase in usage since 2020. Service Delivery partnered with Business Solutions and Technology teams to enhance the user experience in response to customer focus group feedback and internal process reviews. A series of application processes have been streamlined, resulting in more efficient processing and response times.

Online enquiries

During 2022–23, DHA investigated ways to improve access for members across a range of channels. A key outcome of this is the Online Enquiries project, which represents a pivotal stride towards a more advanced, efficient, and customer-centric system.

By embracing this initiative, DHA is poised to achieve improved customer experiences, streamlined operations, and data-driven decision-making. The result will be a future-ready platform that embodies modern customer service principles and technological innovation.

Utility reimbursements

Further enhancements were made to the online portal to enable members to lodge and track requests for utility reimbursements in a more efficient and user-friendly format. These enhancements provide benefits for members and staff with increased member autonomy, streamlined administrative processes, and reduced email correspondence.

LIA booking and allocation system (BAS) refresh

In response to feedback from members, DHA employees and Defence delivery partners, DHA launched a comprehensive review and refresh of the BAS. By addressing booking complexities, system efficiency, and modernisation pressures, DHA is paving the way for a more streamlined, user-friendly, and efficient BAS. Users will benefit from reduced administrative burden, and an enriched experience for both Defence members and staff.



Key Activity 4 – Operate effectively, efficiently and sustainably as a better practice Commonwealth entity

We continued to position DHA to meet Defence’s housing needs now and into the future effectively, efficiently and sustainably. We focused on uplifting our organisational capability through ongoing investment in our Technology Refresh Program, embedding our Enterprise Change Management function, strengthening and maturing governance arrangements and implementing workforce strategies to support staff engagement and the delivery of our strategic objectives.

Performance results

We were able to meet the targets for both staff engagement and staff retention and turnover, which is due to our work to create an attractive workplace where staff feel valued. However, we did not meet the return on equity target due to decreased sales revenue leading to lower than forecast net profit. We also did not meet the Total Recordable Injury Frequency Rate (TRIFR) target due to an increased number of reported incidents.

TRIFR statistics are also inclusive of subcontractor reports. This is an inaccurate representation as DHA is not the sole employer of these individuals and therefore cannot accurately report on the total number of contractors vs hours worked.

Table 3.9: Key performance results for Key activity 4 – Operate effectively, efficiently and sustainably as a better practice Commonwealth entity

Performance indicator	2022–23 Target	Result
Return on equity	7.0%	6.2%
We did not meet the return on equity target due to lower than forecast net profit as a result of decreased sales revenue.		
Staff retention and turnover rate	≤25%	19.5%
Our target staff retention and turnover rate for 2023–24 was achieved and is lower than the outcome of 24 per cent for 2021–22. This is a positive result and demonstrates the benefits of our efforts to retain critical skills and capabilities by defining, communicating, and embedding DHA’s Employee Value Proposition.		
Staff engagement	≥70%	72%
We met our staff engagement target for 2022–23, achieving an employee engagement index score of 72 per cent in the 2023 APS Employee Census. This is an increase on the 2022 result of 71 per cent. These results indicate the success of actions we have taken over the last 12 months to create a workplace where staff feel valued and thrive in their roles.		
Total recordable injury frequency rate (TRIFR)	<7	10.97
We did not meet the TRIFR target of <7. The 10.97 TRIFR for 2022–23 is an increase on the 2021–22 result of 9. This reflects an increase in the number of incidents recorded in 2022–23. This is due to increased reporting as a result of education and awareness training provided for both staff and contractors.		

Enterprise Change Management

We invested in uplifting our Enterprise Change Management capability to ensure our continued program of reform is effectively embedded. We implemented an Enterprise Change Management framework and communication activities which are now in operation to support implementation of business improvements and projects. Qualitative feedback shows staff appreciate this new capability and the increased focus on the people side of change. Quantitative feedback showed a significant increase in census results for the question 'change is managed well in my agency' from 20% agree in 2021, 36% agree in 2022 and 41% agree in the most recent 2023 staff survey.

We completed a change management maturity assessment (applying the globally recognised Prosci tool) to evaluate our change maturity across five capability areas – Leadership, Application, Competencies, Standardisation and Socialisation which informed the rating of a level 3, on a scale of 1 to 5. This provides a baseline and an evaluation matrix to measure the growth and effectiveness of the change capability over the coming years, as we work towards a maturity level of 3.5 over the next 12 months. Our Enterprise Change Management Maturity Strategy details the actions we will undertake to support the maturity uplift goals.

Our change maturity growth has been recognised amongst peers within the Australian Public Service (APS) change management community. We are working in collaboration with other government agencies to develop an APS Change Management Capability Forum to build connections across government, share knowledge, baseline and measure change maturity, and establish a sustainable Enterprise Change Management Model that can be applied across the APS. This will support change capability and consistency for APS agencies and reduce the reliance on external consultancies

Improving governance maturity and capability

Over 2022–23 we focused on strengthening and maturing governance arrangements to support staff to deliver against DHA's key activities and ensure we remain compliant with obligations.

We worked to improve the management of our strategic, project and operational risk. We completed a risk culture assessment to obtain insights into our risk behaviour and capability so we can continue to drive better outcomes. The risk culture assessment identified strengths and areas for improvement. The findings will be considered in the upcoming review of the risk management framework.

Committed to ensuring our business resilience arrangements are fit-for-purpose, we exercised our business continuity plans. The scenario based exercises successfully tested designated roles and responsibilities, validated the mitigation strategies, and identified areas for improvement. Post exercise surveys highlighted that staff had an overall high level of confidence in our business continuity plans.

We improved compliance with our legislative requirements under the *Archives Act 1983* and improved staff awareness of recordkeeping responsibilities. To support this, we implemented a fit for purpose records and information governance framework and made substantial progress in managing and disposing of physical records. Improving our compliance and productivity is ongoing as we integrate major digital information assets with records management governance systems.

Following an audit by Compliance Australia Certification Services in April 2023, we have been recommended for recertification against the Quality Management standards (ISO9001), and have successfully transitioned from the superseded Work Health and Safety standard ISO4801 to the new standard ISO45001.

We implemented improvements to the corporate policy library, including ensuring that documentation is monitored and reviewed for currency. Further improvements are planned and will continue to be delivered in uplifting the corporate policy framework and library.

Technology Refresh and Modernisation and Improvement Programs

We have continued to deliver a number of Technology Programs to support efficient operations, reduce technology debt and deliver contemporary solutions for all stakeholders.

Data Program

DHA began to operationalise its new Data Governance Framework and Data Principles to fuel data-driven business decisions. A data literacy program was implemented to uplift DHA's data skills in four key focus areas: executive sponsorship, culture and behaviours, learning and capability, and usage cases. Multiple dashboards were developed in sprints in consultation with business areas, these dashboards have been handed to business areas and are now being managed as BAU. This program is due for completion late 2023.

Cyber Security Program

The Cyber Security workstream continued delivery of initiatives to achieve maturity levels of the Australian Cyber Security Centre's Essential Eight cyber security strategies. Annual penetration testing was conducted, combined with a rigorous automated patching schedule that was implemented into BAU. There was a focus on readiness activities including technical playbooks, scenario testing, the development of a cyber specific incident communication plan, and investment in enhanced monitoring and AI technology to support a shift from reactive to proactive cyber security management.

Multi-factor authentication (MFA) was implemented for users of DHA's internal and external systems.

Following initial implementation there have been subsequent enhancements further strengthening protections to DHA data and systems.

DHA's cyber security program will transition into IT Operations from July 2023. The program will continue to uplift DHA's security posture through a suite of projects that have been prioritised following a rigorous threat and risk analysis process.

Fintech Program

The Fintech Program will see DHA simplify and modernise the IT systems and business processes that underpin its financial services. The TechnologyOne platform will be moved from on-premise to the cloud. In taking a risk-based approach, management made a no-go decision for our 1 July 2023 TechnologyOne implementation after an independent review highlighted unacceptable risks with the solution, delivery approach, and implementation partner. A detailed lessons learned analysis has been conducted, a new industry partner onboarded, a specialist project management consultancy engaged, and moved to a staged delivery approach. We are targeting an initial TechnologyOne cloud transition stage followed by functional area stages spread across 2023–24. Fintech is also advancing through the delivery of an upgraded forecasting and budgeting tool within IBM Planning Analytics (TM1). We will deliver TM1 modules progressively across 2023–24, to use within DHA's forecasting and budgeting for 2024–25.

M365 and SharePoint

M365 and MS Teams were successfully deployed to the organisation. The program remains on track with the focus on the roll out of SharePoint, OneDrive, and Channels. The discovery phase for the rollout has been completed, and the project team have commenced the design phase. The transition to OneDrive and implementation of SharePoint will deliver an integrated National Archives compliant document management solution. Providing DHA with access to an extensive array of productivity tools, this project continues to drive operational efficiencies supporting a flexible workforce. In addition, deliverables will result in the improved management of all DHA information holdings and support decision making as part of a revised data and information retention policy.

Corporate Solution Program

DHA's Corporate Solution is a coordinated suite of technology encompassing contact centre, knowledge management, account, case, and sales management tools. Delivered through four business releases, the Corporate Solution will drive consistent customer experiences and replace legacy systems with simpler, flexible architecture. Rebuilt system integrations will automate processes and cyber security risks will be better managed as end-of-life applications are decommissioned.

We will continue to deliver a number of Technology Programs to support efficient operations, reduce technology debt and deliver contemporary solutions for all stakeholders.

Invest in our workforce

We are focused on building the capability of our staff to deliver our workforce capability objectives, ensuring we have a future ready workforce and leadership at all levels. To uplift strategic capabilities defined in the DHA People Strategy 2022–25, staff undertook training spanning diverse genres including cyber security, leadership, writing, conflict resolution and negotiation.

In partnership with the APSC's Workforce Planning Centre of Excellence, we completed preparatory activities to form foundations to continue to mature our workforce planning framework and improve our internal workforce planning capability. DHA positions were mapped against the APS Job Family framework to facilitate external benchmarking and environmental scanning. In addition, we improved management practices to support data-driven workforce decisions.

We matured strategies to manage our people risk. In 2022–23, we:

- › Defined and promoted DHA's Employee Value Proposition (EVP) internally and externally and embedded within our people management practices. Together with a focus on coordinated and campaign style approaches to recruitment, the EVP positions DHA to recruit effectively in a competitive labour market.
- › Implemented a succession planning framework for DHA leadership positions providing a sustainable leadership and critical talent pipeline to meet unpredictable future business needs and minimise disruption to DHA's business and continuity.
- › Implemented new onboarding and improved manager capability to expedite time to competence for new employees. The refreshed corporate onboarding includes mandatory and recommended training, and resources specific to role requirements. Resources cover the first year of employment and support our new starters to develop and grow with DHA.

Embed an inclusive and high performing culture

In line with our commitment to embed an inclusive and high performing culture, we launched a new Diversity and Inclusion Strategy and inaugural Culture and Wellbeing Strategy. The strategies were developed in close consultation with employees and leaders across the organisation and detail the actions we will undertake over the next three years to promote a high performing and inclusive environment with holistic employee wellbeing at its core. We have begun implementing these strategies, in 2022–23 we:

- › Refreshed our guidelines on 'Preventing and Dealing with Workplace Bullying and Harassment', followed by information sessions educating employees and managers on their role in fostering a positive workplace culture and how to access support, if required to proactively prevent workplace bullying and harassment.
- › Updated our Family and Domestic Violence (FDV) policy with a focus on employee support and flexibility. Launch of the updated policy included a specialised hotline for FDV support for employees and their managers available through the employee assistance program.

We partnered with a new 'fit for purpose' Employee Assistance Provider (EAP) in November 2022 to provide our employees access to comprehensive health and wellbeing support and programs whenever needed. As of 30 June 2023, engagement with the new provider has been strong, demonstrating effective promotion of the new program and positive help seeking behaviours from employees. DHA's Australian Public Service (APS) Census wellbeing index score increased by 7 percentage points from 2022 to 2023, and now exceeds the overall APS result.

To provide a safe and inclusive work environment where everyone can bring their 'whole' self to work, we revived DHA's four affinity groups, with a dedicated and passionate Executive Champion for each group who now actively advocates for their group and brings their voice to the top table. Over the past 12 months, our affinity groups have worked to create more awareness around gender, disability, cultural diversity and celebrated various days of significance. In addition, we commenced a partnership with the Australian Network on Disability to improve the accessibility of our workplaces.

Our success in building an inclusive workplace was recognised by the Diversity Council of Australia, where we achieved Inclusive Employer status for 2022–23. The Diversity Council of Australia's Inclusive Employer recognition program is the only one of its kind in Australia and employers must demonstrate that they are active and committed to inclusion by exceeding the National Index Benchmark in at least five of six measures. Our results were overall very positive, exceeding all six measures, demonstrating our ongoing commitment to embrace and celebrate the rich diversity of our workforce.

DHA recognises the importance of providing an inclusive and accessible workplace for people with a disability, and the benefits when our premises are accessible for all employees, visitors, and clients. As an action under the Diversity and Inclusion Strategy, DHA engaged Australian Network on Disability (AND) to complete a Dignified Access review of layout and facilities at Head Office on 1 May 2023. The review provided recommendations to remove barriers and provide safe, dignified, and equitable access to our offices. Recommendations and best practice tips from the review will be incorporated, where practicable, into planned regional office relocations and future refurbishments.

A workplace adjustments procedure has been developed in close consultation with DHA's Disability Affinity Group. Incorporating feedback from the lived experiences of DHA's employees with a disability, the procedure establishes a respectful and effective approach to fulfilling DHA's obligations to provide reasonable adjustments to employees with a disability under the Disability Discrimination Act 1992, ensuring equal opportunity to participate in the workplace and to contribute to DHA's performance.

A priority of the DHA People Strategy 2022–25 is to engage employees at all levels in DHA strategy and business transformation. Coordinated effort was achieved through collaborative working groups including the Learning and Development Community of Practice, Community of Communicators, Data Champions Network, and Change Network. Purpose led focus groups and workshops involved employees at all levels, facilitating their contributions to the development of initiatives including DHA's ten-year vision and APS values campaign. Monthly managers meetings (MMM), facilitated by a cross-functional working group, were held through 2022–23. The MMM equipped middle managers with the knowledge and tools to communicate DHA's strategic direction within their business areas and to embed DHA's guiding principles into their work practices.

Financial performance

We pursued measures to improve operational effectiveness and financial sustainability, focusing in revealing efficiencies created through improved internal practices and by continuing to manage the use of assets to maximise capital strength.

We delivered positive financial outcomes for 2022–23 in terms of net profit after tax, which was \$100.2 million. We focused on maintaining the 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 2022 and growth in rental incomes from 1 January 2023. 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 2023–24.

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 and shareholders have an agreement on a dividend moratorium in respect to the 2022–23 financial year. As such, DHA declared nil dividend payment for 2022–23 with the funds to be reinvested into delivering housing requirements to effectively support Defence capability.

Taxation

We make tax equivalent payments with respect to state and territory taxes that would apply were we 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 \$42.8 million for 2022–23. State tax equivalent paid and payable to the Commonwealth totalled \$41.9 million in 2022–23.

Management of DHA's loans

In 2022–23, we borrowed \$40.0 million to invest in housing to support Defence capability. We now have access to \$469.6 million of our facility with the Commonwealth to help fund future capital needs.

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
- › implementation of asset management strategies to moderate the own to lease 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 *Key activity 1 – Provide and manage a portfolio of housing*.
- › 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.
- › Risk sharing arrangements established in the contemporised Defence Services Agreement, reducing vacancy and relocation costs.
- › Re-investment in the 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.



Regional report on operational performance

This section summarises our performance by region in 2022–23.

Northern Territory region

During 2022–23, we housed 708 ADF members and their families, completed 6,038 property inspections and raised 33,498 maintenance work orders within 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 several townhouses and high-rise apartments located 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 2022–23

	Darwin	Tindal/Alice Springs	Total
MWD property provisioning			
Acquisitions and constructions	0	11	11
Direct leases	7	0	7
Lease renewals	35	0	35
Options and extensions	31	0	31
Total additions	73	11	84
Lease ends	90	0	90
Disposals and handbacks	0	0	0
Total subtractions	90	0	90
Transfers ¹	0	0	0
Closing balance (30 June 2023)	1,149	375	1,524

	Darwin	Tindal/Alice Springs	Total
MCA property provisioning			
Acquisitions and constructions	0	0	0
Direct leases	0	0	0
Lease renewals	2	0	2
Options and extensions	9	0	9
Total additions	11	0	11
Lease ends	16	0	16
Disposals and handbacks	0	0	0
Total subtractions	16	0	16
Transfers ¹	0	0	0
Closing balance (30 June 2023)	175	0	175
Property and tenancy services			
Housing allocations	574	134	708
Property inspections	4,740	1,298	6,038
ADF members receiving rent allowance ²	1,044	23	1,067
Leases managed ²	863	0	863
Maintenance work orders raised	27,353	6,145	33,498

Notes

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.
2. As at 30 June 2023.

North Queensland region

During 2022–23, we housed 628 ADF members and their families, completed 5,049 property inspections and raised 28,597 maintenance work orders 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 also managed a number of townhouses and high-rise apartments located 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 2022–23

	Townsville	Cairns	Total
MWD property provisioning			
Acquisitions and constructions	4	9	13
Direct leases	11	6	17
Lease renewals	27	17	44
Options and extensions	182	15	197
Total additions	224	47	271
Lease ends	278	37	315
Disposals and handbacks	1	0	1
Total subtractions	279	37	316
Transfers ¹	(2)	1	(1)
Closing balance (30 June 2023)	1,175	198	1,373

	Townsville	Cairns	Total
MCA property provisioning			
Acquisitions and constructions	0	0	0
Direct leases	0	1	1
Lease renewals	5	0	5
Options and extensions	1	1	2
Total additions	6	2	8
Lease ends	10	2	12
Disposals and handbacks	0	0	0
Total subtractions	10	2	12
Transfers ¹	0	0	0
Closing balance (30 June 2023)	91	22	113
Property and tenancy services			
Housing allocations	544	84	628
Property inspections	4,393	656	5,049
ADF members receiving rent allowance ²	1,060	227	1,287
Leases managed ²	1,162	176	1,338
Maintenance work orders raised	23,840	4,757	28,597

Notes

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.
2. As at 30 June 2023.

South Queensland region

During 2022–23, we housed 1,265 ADF members and their families, completed 10,738 property inspections and raised 41,759 maintenance work orders in the South-East Queensland region. The majority of these properties are located in Brisbane and Ipswich, and a smaller number located in Toowoomba and the Gold Coast. The majority of these properties are 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, RAAF Base Amberley, Borneo Barracks, Swartz Barracks and Kokoda Barracks.

Table 3.12: South Queensland region property provisioning and related services 2022–23

	Brisbane	Ipswich	Toowoomba	Total
MWD property provisioning				
Acquisitions and constructions	16	25	2	43
Direct leases	5	13	5	23
Lease renewals	78	42	9	129
Options and extensions	216	83	38	337
Total additions	315	163	54	532
Lease ends	336	175	47	558
Disposals and handbacks	0	0	0	0
Total subtractions	336	175	47	558
Transfers ¹	(1)	(2)	(2)	(5)
Closing balance (30 June 2023)	1,834	1,026	182	3,042

	Brisbane	Ipswich	Toowoomba	Total
MCA property provisioning				
Acquisitions and constructions	0	3	0	3
Direct leases	0	2	0	2
Lease renewals	43	0	0	43
Options and extensions	42	8	0	50
Total additions	85	13	0	98
Lease ends	99	8	0	107
Disposals and handbacks	0	0	0	0
Total subtractions	99	8	0	107
Transfers ¹	0	0	0	0
Closing balance (30 June 2023)	235	41	0	276
Property and tenancy services				
Housing allocations	843	352	70	1,265
Property inspections	6,920	3,292	526	10,738
ADF members receiving rent allowance ²	1,523	873	215	2,611
Leases managed ²	1,669	868	175	2,712
Maintenance work orders raised	27,428	12,381	1,950	41,759

Notes

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.
2. As at 30 June 2023.

New South Wales region

During 2022–23, we housed 1,562 ADF members and their families. We completed 14,569 property inspections and raised 51,311 maintenance work orders. The majority of these properties were 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. We also managed a diverse property portfolio in Sydney, comprising of 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 2022–23

	Sydney	Hunter Valley	Nowra	Total
MWD property provisioning				
Acquisitions and constructions	36	3	3	42
Direct leases	36	10	7	53
Lease renewals	108	38	15	161
Options and extensions	149	67	24	240
Total additions	329	118	49	496
Lease ends	307	122	44	473
Disposals and handbacks	0	0	0	0
Total subtractions	307	122	44	473
Transfers ¹	(4)	(4)	(1)	(9)
Closing balance (30 June 2023)	2,909	883	343	4,135

	Sydney	Hunter Valley	Nowra	Total
MCA property provisioning				
Acquisitions and constructions	10	0	0	10
Direct leases	5	0	0	5
Lease renewals	10	0	0	10
Options and extensions	20	2	0	22
Total additions	45	2	0	47
Lease ends	38	2	0	40
Disposals and handbacks	0	0	0	0
Total subtractions	38	2	0	40
Transfers ¹	(2)	0	0	(2)
Closing balance (30 June 2023)	194	58	0	252
Property and tenancy services				
Housing allocations	1,086	354	122	1,562
Property inspections	10,296	3,170	1,103	14,569
ADF members receiving rent allowance ²	4,160	885	605	5,650
Leases managed ²	1,882	799	275	2,956
Maintenance work orders raised	35,000	12,069	4,242	51,311

Notes

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.
2. As at 30 June 2023.

Australian Capital Territory and Riverina region

During 2022–23, we housed 1,206 ADF members and their families, completed 9,287 property inspections and raised 34,224 work orders 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 and Brindabella Park, in the ACT; Latchford Barracks near Wodonga, Victoria; Kapooka near Wagga Wagga, NSW; and Headquarters Joint Operations Command in NSW. Due to supply issues in the ACT, Rent Allowance is higher than other regions with 551 ADF members in the private market.

Table 3.14: ACT and Riverina region property provisioning and related services 2022–23

	Canberra	Wagga Wagga	Albury/Wodonga	Total
MWD property provisioning				
Acquisitions and constructions	25	21	8	54
Direct leases	73	20	8	101
Lease renewals	139	2	16	157
Options and extensions	169	22	33	224
Total additions	406	65	65	536
Lease ends	380	27	58	465
Disposals and handbacks	0	0	0	0
Total subtractions	380	27	58	465
Transfers ¹	(5)	(16)	(8)	(29)
Closing balance (30 June 2023)	2,013	302	277	2,592

	Canberra	Wagga Wagga	Albury/Wodonga	Total
MCA property provisioning				
Acquisitions and constructions	0	0	0	0
Direct leases	2	0	0	2
Lease renewals	14	0	0	14
Options and extensions	38	0	0	38
Total additions	54	0	0	54
Lease ends	61	0	0	61
Disposals and handbacks	0	0	0	0
Total subtractions	61	0	0	61
Transfers ¹	0	0	0	0
Closing balance (30 June 2023)	262	0	0	262
Property and tenancy services				
Housing allocations	946	143	117	1,206
Property inspections	7,032	1,105	1,150	9,287
ADF members receiving rent allowance ²	2,051	246	177	2,474
Leases managed ²	1,893	193	251	2,337
Maintenance work orders raised	25,961	4,413	3,850	34,224

Notes

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.
2. As at 30 June 2023.

Victoria and Tasmania region

During 2022–23, we housed 494 ADF members and their families, completed 4,166 property inspections and raised 22,608 work orders 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 2022–23

	Victoria	Tasmania	Total
MWD property provisioning			
Acquisitions and constructions	14	0	14
Direct leases	14	0	14
Lease renewals	31	0	31
Options and extensions	74	3	77
Total additions	133	3	136
Lease ends	129	3	132
Disposals and handbacks	0	0	0
Total subtractions	129	3	132
Transfers ¹	(1)	0	(1)
Closing balance (30 June 2023)	1,121	26	1,147

	Victoria	Tasmania	Total
MCA property provisioning			
Acquisitions and constructions	0	0	0
Direct leases	1	0	1
Lease renewals	0	0	0
Options and extensions	4	0	4
Total additions	5	0	5
Lease ends	4	0	4
Disposals and handbacks	0	0	0
Total subtractions	4	0	4
Transfers ¹	1	0	1
Closing balance (30 June 2023)	23	0	23
Property and tenancy services			
Housing allocations	486	8	494
Property inspections	4,116	50	4,166
ADF members receiving rent allowance ²	919	32	951
Leases managed ²	416	4	420
Maintenance work orders raised	22,244	364	22,608

Notes

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.
2. As at 30 June 2023.

South Australia region

During 2022–23, we housed 483 ADF members and their families, completed 3,806 property inspections and raised 15,284 maintenance work orders within 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 2022–23

	Total
MWD property provisioning	
Acquisitions and constructions	15
Direct leases	8
Lease renewals	58
Options and extensions	63
Total additions	144
Lease ends	137
Disposals and handbacks	0
Total subtractions	137
Transfers ¹	8
Closing balance (30 June 2023)	912

	Total
MCA property provisioning	
Acquisitions and constructions	0
Direct leases	0
Lease renewals	0
Options and extensions	0
Total additions	0
Lease ends	0
Disposals and handbacks	0
Total subtractions	0
Transfers ¹	(4)
Closing balance (30 June 2023)	185
Property and tenancy services	
Housing allocations	483
Property inspections	3,806
ADF members receiving rent allowance ²	967
Leases managed ²	872
Maintenance work orders raised	15,284

Notes

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.
2. As at 30 June 2023.

Western Australia region

During 2022–23, we housed 369 ADF members and their families, completed 2,664 property inspections and raised 10,715 maintenance work orders within 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 2022–23

	Total
MWD property provisioning	
Acquisitions and constructions	18
Direct leases	13
Lease renewals	24
Options and extensions	42
Total additions	97
Lease ends	89
Disposal and handbacks	3
Total subtractions	92
Transfers ¹	(3)
Closing balance (30 June 2023)	796

	Total
MCA property provisioning	
Acquisitions and constructions	3
Direct leases	3
Lease renewals	6
Options and extensions	14
Total additions	26
Lease ends	20
Disposals and handbacks	0
Total subtractions	20
Transfers ¹	(3)
Closing balance (30 June 2023)	122
Property and tenancy services	
Housing allocations	369
Property inspections	2,664
ADF members receiving rent allowance ²	1,112
Leases managed ²	544
Maintenance work orders raised	10,715

Notes

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.
2. As at 30 June 2023.





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 Defence Housing Australia (DHA) is governed are as follows.

Defence Housing Australia Act 1987

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 2022–23.

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*, and
- › any relevant government policy orders.

Significant issues relating to non-compliance with 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 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 finance law for the 2022–23 reporting period.

Table 4.1: Significant non-compliance with 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.

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 – Report on performance* for detail on how we provided value to shareholders during 2022–23.

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

Individuals can submit a request to DHA under the *Freedom of Information Act 1982* (FOI Act) to access documents we hold. Our responsibilities and functions under the FOI Act are delegated to a core group of staff.

Consistent with the Information Publication Scheme, an agency plan and FOI disclosure log is published on our website (www.dha.gov.au/foi). DHA also submits quarterly and annual statistical returns to the Office of the Australian Information Commissioner (OAIC) within the statutory timeframes set out in the Freedom of Information (Prescribed Authorities, Principal Offices and Annual Report) Regulations 2017.

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

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.

All staff complete FOI Act training as part of their induction training and annually as part of mandatory refresher training and may be called upon to assist in document assessment and searches.

In 2022–23, we received 20 requests for access to documents under the FOI Act. Of these:

- › access was granted in full for four requests
- › access was granted in part for seven requests with exceptions under sections 47F, 47G, and 42
- › access was refused for three requests under sections 33, 42, 45 and 47 and one under section 24a (documents could not be found)
- › four requests were withdrawn
- › one request is ongoing as at 30 June 2023.

In addition, two requests for internal review were received, with the decisions upheld. One request for Information Commissioner (IC) review and one IC request for documents have been received with IC responses pending as at 30 June 2023.

Privacy Act 1988

Personal information relating to the administration of our programs and services are protected by the *Privacy Act 1988* (Privacy Act). The Australian Privacy Principles guidelines outline the mandatory requirements for government agencies.

Adhering to these principles is a responsibility for all staff. All staff complete Privacy Act training as part of their induction and annually as part of mandatory refresher training. When undertaking new projects and programs, privacy impact assessments are undertaken to minimise privacy risks and ensure compliance with statutory obligations. Five privacy impact assessments have been completed this financial year with the assistance of third party services.

A core group of staff are responsible for providing guidance, training and support to all staff, and to facilitate the fulfilment of mandatory requirements including:

- › Maintaining the Privacy Policy published on our website (www.dha.gov.au/policies/privacy)
- › Maintaining the privacy impact assessment register published on our website (www.dha.gov.au/about-us/governance/legislative-framework/pia-disclosure-log)

Maintaining the Personal Information Holdings Register

Maintaining the Data Breach Response Plan and supporting the Data Breach Response Team.

In 2022–23, we managed over 400 privacy queries. We did not report any eligible data breaches to the Office of the Australian Information Commissioner (OAIC) under the Notifiable Data Breaches Scheme.

Public Interest Disclosure Act 2013

We are committed to the highest standards of ethical and accountable conduct. The *Public Interest Disclosure Act 2013* (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 2022–23.

Modern Slavery Act 2018

The *Modern Slavery Act 2018* prescribes 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 2022–23 statement for publishing by 31 December 2023 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/10917/>).

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

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 objectives and key activities
- › performance monitoring and reporting through regular reviews of strategic and organisational performance measures—refer to *Part 3 – Report on performance* for more detail.

Shareholder Ministers

The Australian Government's interests in DHA are overseen by two Shareholder Ministers: the Assistant Minister for Defence 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 2022–23, the Minister for Defence delegated responsibility for our operational matters to the Assistant Minister for Defence.

In accordance with the DHA Act and a ministerial determination, we must seek the 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.

Shareholders Ministers in 2022–23

Our Shareholder Ministers for the reporting period were as follows:

- › Assistant Minister for Defence:
 - The Hon Matt Thistlethwaite MP.
- › Minister for Finance:
 - Senator the Hon Katy Gallagher.

Ministerial directions and policy orders

We did not receive any new ministerial directions or policy orders in 2022–23.

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.

As at 30 June 2023, two non-executive Board positions were vacant.

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

Board members as at 30 June 2023



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 more than 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 to 2011, Australia's largest provider of property management services. He is 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 and reappointed in December 2022. She graduated from the Royal Military College to the Royal Australian Army Ordnance Corps in 1991. Her early appointments include regimental and staff positions as a supply officer and as a 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 transferred to the Australian Army Reserve.



Mr Simon Lewis AO PSM

Director

Mr Lewis was appointed to the Board as the nominee of the Secretary of the Department of Finance 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.



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, November 2022 and February 2023. 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 Managing Director of Evolve Housing, one of Australia's largest community housing providers, from 2011 to 2019. Most recently she was the CEO of Coleman Greig Lawyers. She is on the board of Coleman Greig Lawyers and is a member of the Advisory Board for Urban Property NSW. In 2014, she was awarded the Australian Telstra Business Woman of the Year and the NSW Telstra Business Woman of the Year for Innovation.



Ms Gai Brodtmann

Director

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

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 2022–23

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 ¹ Andrea Galloway Geoff Knuckey ² Paul Logan ²
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 ³ 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 ³ 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

Notes

1. Kate Louis' term on the Board expired on 20 June 2023. She attended all meetings during her term.
2. Geoff Knuckey and Paul Logan are independent members of the BARC appointed by the Board.
3. Ewen Jones' term on the Board expired on 20 March 2023. He attended all PCC meetings and two of three BIC meetings during his term.

Board and legislated committee meetings

Table 4.3: Board and committee meeting attendance 2022–23

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 in 2022–23	8	4	4	3	3	4
J.A.L. (Sandy) Macdonald	7	n/a	2	n/a	3	n/a
Barry Jackson	8	4	4	3	n/a	4
Simon Lewis	8	4	n/a	n/a	3	n/a
Leigh Wilton	7	n/a	n/a	3	n/a	4
Robert Fisher	8	n/a	4	n/a	3	n/a
Andrea Galloway ¹	8	4	4	n/a	n/a	n/a
Gai Brodtmann	8	n/a	4	3	2	n/a
Paul Logan ²	n/a	3	n/a	n/a	n/a	n/a
Geoff Knuckey ³	n/a	4	n/a	n/a	n/a	n/a
Kate Louis ⁴	8	4	n/a	n/a	n/a	n/a
Ewen Jones ⁵	4	n/a	2	1	n/a	n/a

Notes

1. Andrea Galloway was reappointed as a Commercial Director on 9 February 2023.
2. Paul Logan is an independent member of the BARC appointed by the Board.
3. Geoff Knuckey is an independent member of the BARC appointed by the Board.
4. Kate Louis' term on the Board expired on 20 June 2023. She attended all meetings during her term.
5. Ewen Jones' term on the Board expired on 20 March 2023. He attended all PCC meetings and two of three BIC meetings during his term.

Board member related party transactions 2022–23

DHA Board members did not disclose any related party transactions in 2022–23.

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 2022–23

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 AO PSM	<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	\$16,706
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 › Acting CEO of Coleman Greig Lawyers › Winner of the Australian and NSW Telstra Women's Award 2014 (Business Innovation category) › Other board appointments 	4 of 4	\$8,358

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Annual remuneration ¹
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 	3 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	\$10,208
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 › 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 	4 of 4	\$8,325

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, in accordance with sub-section 7(11) of the *Remuneration Tribunal Act 1973*, he is not entitled to be remunerated as an independent member of the Board Audit and Risk Committee. 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 was appointed by the Board on 20 October 2020.

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 2023



Mr Barry Jackson

Managing Director

New Zealand Certificate in Quantity Surveying | Quantity Surveyors Registration Board | Member of the Australian Institute of Company Directors (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 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 2022–23¹

Committee	Role	Members
Command Activation Team (CAT)	The Command Activation Team (CAT) is established to provide DHA with an executive-level flexible and multi-purpose crisis management capability.	A Chair, who is appointed by the Managing Director, and five senior staff (ideally Leadership Team members) to manage functional roles in Operations, Logistics, Safety and Communications, Technology, and Human Resources.

Note

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

Risk management, internal audit and compliance

The Board, as the accountable authority for DHA, assumes responsibility for ensuring robust risk management practices are in place. DHA has adopted a consolidated approach to risk management that encompasses governance, risk appetite, business continuity and crisis management, and compliance.

We fulfill our obligations under the PGPA Act and the Commonwealth Risk Management Policy, by establishing and maintaining appropriate systems for risk management and internal control.

The Managing Director and our senior leaders play a pivotal role in integrating risk management into our decision-making processes. DHA's Leadership Team participate in quarterly risk workshops to review DHA's strategic risk register. DHA has a comprehensive insurance program with Comcover (the Australian government's self-managed insurance fund). Types of cover include property, public liability and motor vehicles.

Risk management

We invest efforts to refine our strategic risks, re-evaluate critical controls, and develop a program to enhance our risk management capabilities. We revised our risk roadmap to continue to uplift and embed sound risk management practices. We introduced a Compliance Framework which reduced our compliance risks, consolidated our strategic risks and established an emerging risk register.

Climate change has been listed as an emerging risk and we have commenced discussions with other government agencies for opportunities to collaborate on Commonwealth government initiatives. We continue to manage our physical and transition climate-related risks, and preparing for the climate risk reporting when it is introduced.

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 continues to result in increased reporting of potential fraudulent or corrupt conduct.

In 2022–23, there were five matters reported and closed. As at 30 June 2023, there were no active investigations.

We worked closely with the Department of Defence for the commencement of the National Anti-Corruption Commission. We assessed the existing fraud referral process and following minor administrative adjustment is now suitable for ensuring compliance with mandatory referral obligations.

Resilience

In 2022–23, we integrated and enhanced our business continuity planning and crisis management planning functions, ensuring a comprehensive and cohesive approach to safeguarding our business and facilitating efficient recovery. We exercised our business continuity plans. The use of scenario-based exercises enhanced our focus on preparedness, which empowers us to minimise the impact of emergencies, protect our stakeholders, and swiftly restore operations.

We bolstered our crisis management planning capabilities to effectively respond to crises, diligently assess potential scenarios, and equipped our crisis management team with the necessary structure, tools, and resources to navigate challenges.

Internal audit

The Board Audit and Risk Committee reviews DHA's three-year internal audit program annually. The program is flexible and emphasises topics that relate to DHA's transformation or response to external environmental factors that best support DHA to manage its operating environment.

We recognise that the continuous enhancement of our internal audit function is vital for upholding the highest standards of governance and risk management. As we move forward, we remain committed to fostering a culture of integrity, transparency, and accountability.

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 2022–23, we entered into 20 new consultancy contracts with a total value of \$4.1 million (GST inclusive).

Most of these contracts relate to property provisioning and construction activities, including architectural design, town planning, engineering and quantity surveying. The remaining relate to legal services and corporate related items, including ICT advisory services, financial analysis 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 2022–23. Our officers and the Minister representing the Assistant Minister for Defence, Senator the Hon Jenny McAllister, Assistant Minister for Climate Change and Energy, appeared before the Committee on 8 November 2022. We were excused from appearing before the Committee on 15 February and 31 May 2023.

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 DHA (refer Table 4.6). DHA agreed to all related recommendations and submitted its responses to the recommendations on 26 October 2022. DHA's response is available on the Parliament of Australia website (www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Governance/Government_Response)

Further details on the report can be found on the Parliament of Australia website (www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Governance/Report).

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 accordance with subsection 6A(3) of the *Public Works Committee Act 1969*, we are exempt 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 2022–23, 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). Work to address recommendations two, three and four

are complete 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 2022–23, the Commonwealth Ombudsman received 19 complaints relating to DHA, in addition to five outstanding complaints from 2021–22. As at 30 June 2023, 17 complaints were finalised: two were investigated and 15 were resolved without investigation. Seven 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 two freedom of information decisions that were in progress at the end of 2022–23.

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 are focused on building organisational culture and capability to deliver on our core purpose.

Organisational culture

Reconciliation

DHA is committed to reconciliation, building relationships with Aboriginal and Torres Strait Islander employees and stakeholders. Commitments in our 'Innovate' Reconciliation Action Plan (RAP) 2020–22 have been delivered and DHA's RAP Working Group have now developed our new Innovate RAP 2023–25. The new RAP sets out tangible actions aimed to increase cultural awareness, build relationships, and increase employment and business opportunities for Aboriginal and Torres Strait Islander communities. Ongoing initiatives to continue on our reconciliation journey include:

- › Creating meaningful opportunities for Aboriginal and Torres Strait Islander peoples through participating in Services Australia's Indigenous Apprenticeship Program. The Indigenous Apprenticeship Program 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.
- › Ongoing 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 DHA's Indigenous procurement strategy with the Australian Government's Indigenous Procurement Policy and continued partnership with Supply Nation to support Indigenous businesses (refer to Table 4.8).
- › Acknowledging National Reconciliation Week and NAIDOC Week by 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).

Table 4.8: DHA's Indigenous procurement

	2021-22	2022-23
Number of suppliers	25	24
Number of contracts	2,127	2,075
Total value	\$6,434,588	\$4,088,626

Table 4.9: Workforce summary 2021-22 and 2022-23

Indicator	2021-22	2022-23
Headcount		
Total number of staff employed ¹	534	565
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 2022 or 30 June 2023. 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.

Case study

Reconciliation – relationships, respect and trust

As an organisation with a national presence, engaging with and understanding Aboriginal and Torres Strait Islander culture and issues is an important component of DHA's corporate culture.

Our vision is for a reconciled Australia where the contribution of Aboriginal and Torres Strait Islander people and our shared history is recognised and acknowledged. We strive to create an inclusive and culturally safe workplace culture where First Nations people can flourish and enjoy equitable employment opportunities with non-Indigenous Australians. This commitment requires tangible actions to continually refresh our cultural awareness, meaningful partnerships and respectful relationships.

This year, DHA participated once again in Services Australia's Indigenous Apprenticeship Program (IAP), training two young First Nation people in various roles in our Corporate Shared Services division in head office.

Our 2022–23 apprentices completed a Diploma of Government with the Canberra Institute of Technology.

Our 2023–24 apprentices will be joining the cohort of Property Managers in our Parramatta regional office.

DHA also continued its partnership with Jawun in 2022–23 and sponsored the secondment of a DHA Communication and Media Officer with the Waringarri Media Aboriginal Corporation, an Aboriginal-owned community radio station in Kununurra WA. While our officer tackled strategic planning and lots of WHS and HR policy work, they also immersed themselves in the stories and traditions of one of the nations of the oldest living culture on earth.

DHA is proud to be a member of Supply Nation and engages with a large number of Indigenous owned businesses across all our portfolios. We actively seek out Indigenous businesses for direct procurement

opportunities and within our supply chains. Our procurement policy is aligned with the Australian Government's Indigenous Procurement Policy (IPP) under the Commonwealth Procurement Rules (CPRs), which DHA voluntarily adopts. As part of our RAP commitment, we published our open tenders on the Supply Nation website to increase visibility of opportunities to partner with us and promote positive engagement with Indigenous businesses. This initiative has contributed to a significant increase in the number of contracts awarded in remote areas, along with a growing diversification in the types of work and services being contracted with Indigenous businesses.

'The People and Culture Committee and DHA Board strongly support DHA's continued commitment to reconciliation through meaningful actions witnessed since DHA's Reflect RAP was released in 2018.'

Gai Brodtmann, Board Director and People and Culture Committee Chair

Diversity and inclusion

DHA is committed to providing a respectful and inclusive workplace where all its employees feel safe and confident to bring their whole selves to work and can perform to their best. We are driven by an authentic intent to deliver strategic and meaningful actions to make our workplace better for everyone. Our commitment is reflected in our Diversity and Inclusion Strategy 2022–25 which details the actions we will undertake over the next three years to create a more diverse and inclusive workplace.

Our active Diversity and Inclusion working group and employee affinity groups with representation from various regions, business areas and sections of our workforce provide professional networking, support, and advocacy to ensure continued working. DHA is a proud member of peak bodies including the Diversity Council Australia, Pride in Diversity, and Australian Network on Disability.

Flexible work culture

We foster a contemporary flexible work culture, providing a variety of flexible work options to all employees, including home-based work, remote 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 take an early intervention approach to support our employees to achieve better health outcomes at work. We support the psychosocial wellbeing of our staff through various health, safety and welfare strategies and practices, which are detailed in our inaugural Culture and Wellbeing Strategy 2022–25. We have begun delivering on this strategy, procuring a new employee assistance provider, with greater accessibility for our regional, mobile, and scheduled staff, refreshed core supporting policies and procedures relating to 'Preventing and Dealing with Workplace Bullying and Harassment' and 'Family and Domestic Violence Support'.

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.

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.

Senior executive staff

The Managing Director reviews performance measures for SES officers 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 forms of recognition that support career progression and advanced capability development.

Workforce capability

Succession management

We have documented succession plans for critical leadership positions, and a robust framework with a moderated approach to the identification of critical roles and high potential talent. The framework supports us to maintain a leadership pipeline to meet unpredictable future business needs with the least possible disruption to business continuity.

Recruitment

We look to contemporary recruitment practices to attract and retain the right people for the right jobs. We look to regional talent to increase access to critical skills by leveraging our geographic spread as well as volume recruitment campaigns to fill frontline roles and establish robust merit pools. By promoting our unique Employee Value Proposition, 'connect, contribute, grow', we have improved our capacity to attract high quality talent in a competitive labour market. We have a standardised, online based core onboarding program to support employees to integrate into the DHA workplace and community, as well as comprehensive role specific induction training for frontline service delivery roles.

Learning and development

Our learning and development programs enable the development of core and critical skills to close capability gaps, uplift performance, and enable the productivity and efficiency of our workforce. DHA has a Learning and Development Community of Practice to co-design learning programs and support knowledge sharing between subject matter experts involved in capability initiatives across the organisation. The Leadership Development Program, which commenced with Senior Executive leaders in 2021, was delivered to Executive Level employees in 2022–23. The program uplifted our leadership capability and contributed 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 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 2021–22 and 2022–23

Indicator	2021–22	2022–23
Internal learning events completed by staff	6,430	13,139
Staff undertaking supported studies ¹	38	30

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

We are family

DHA's sponsorship and corporate giving program provides opportunities for DHA to positively engage with local Defence-related organisations across the country.



In 2022, DHA renewed our partnership with Integra Service Dogs Australia for a three year term. Our support will see an additional 20 service dogs trained and placed in the veteran community each year. What's more, a member of our Managing Director's office fostered a Labrador pup for 6 weeks this year. Tatum, the pup, has now graduated as a fully accredited assistance dog and, quite by coincidence, reunited with their DHA foster-carer at a chance conference meeting in our Brisbane office in May 2023. It was a high-energy reunion!

Integra Service Dogs Australia is a not-for-profit organisation founded in 2016 and has since established one of the highest quality assistance dog programs in Australia for Defence veterans and first responders. DHA's partnership with Integra began in 2020, providing financial assistance to help the program grow and reach more ADF members, veterans and first responders across the country. The program specialises in the sourcing, matching, placement, ongoing training and development of high-quality Labrador assistance dogs. DHA's financial contribution to the program enables Integra to recruit two additional instructors to train puppies who will then be placed with veterans across Australia.

Approximately 90 per cent of ADF members have experienced at least one potentially traumatic event at some time in their career. More than eight per cent of ADF members will have experienced post-traumatic stress disorder (PTSD) in the previous 12 months. We know from independent studies that the placement of trained assistance dogs with ADF members and veterans produces clinically meaningful improvements in PTSD symptoms.

'Partnering with Integra is an opportunity for us to support both ex and serving members in other aspects of their lives, particularly those who are doing it tough as a result of being injured in the line of duty.'

DHA Managing Director, Barry Jackson

Contributing to our community

We engage with the communities in which we operate and organise events to support ADF members and their families to build a sense of belonging in their posting location.

We partner with, and sponsor charitable organisations which provide support to ADF members and their families. These include:

- › Partnership with Integra Service Dogs Australia to employ additional instructors for their program to reach more people who require their services.
- › Partnership with The Oasis Townsville to provide a space for veterans to meet, and attend programs and initiatives focused on transition into civilian life.
- › Sponsorship of the Legacy Century Torch relay 2023. This sponsorship will assist Legacy to continue to provide care for the families of ADF personnel who have lost their lives or their health as a result of their service.
- › Sponsorship of the Australian Military Wives' Choir to support kinships for partners, daughters, mothers and sisters connected to serving ADF members.

Individual giving

Our DHA CommUNITY program is a corporate initiative 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 2022–23, 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 Principles continue to be applied ensuring our technology investments delivery contemporary and secure digital platforms for all stakeholders.

IT governance

The DHA Architecture and Design Authority is embedded in our IT development lifecycle and the Benefits Management Framework has measured and leveraged a number of tangible and non-tangible benefits of IT investments over the past year. The establishment of two Program Boards reporting to the IT Steering Committee provided additional oversight within the Technology Refresh Program.

Enterprise systems

Significant improvements were made to our enterprise systems in 2022–23, increasing flexibility, automation, lowering operational costs, and simplifying collaboration for internal and external stakeholders.

We continued to build capability towards a cyber resilient organisation. A security by design approach provided the framework for investment across prevention, detection, and response readiness activities to protect our critical assets. In addition to uplifting maturity against the Australian Signals Directorate's Essential Eight controls, we invested in education and awareness by bringing together cyber security, risk management, change and culture to better manage the human element of cyber security.

We completed an extensive suite of Technology Refresh projects, seeing us move away from bespoke, legacy systems and embed best-of-breed commercial products. These included the further adoption of Microsoft 365 tools, a new integration platform, data modelling capability, and improved file sharing and data management tools. Solution Design requirements were finalised for deliverables as part of the Fintech Program. Key design artefacts and foundational provisioning of core platforms were finalised as part of the Corporate Solution implementation with the program in a strong position for delivery across 2024. Refer to *Key activity 4 – Operate effectively, efficiently and sustainably as a better practice Commonwealth entity* for more detail on our Technology Refresh Program.





PART 5

Financial statements

Contents

Independent Auditor's Report

Auditor's Independence Declaration

Statement by Directors, Managing Director and Chief Financial Officer

Primary financial statements

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements



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 2023:

- (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 2023 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 2023 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

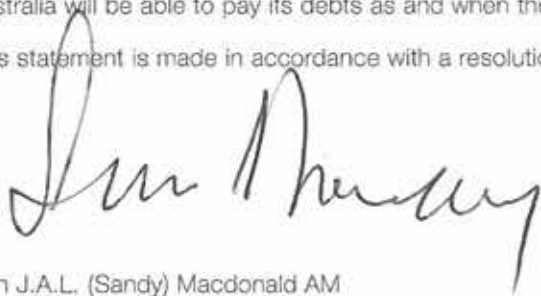
Canberra
7 September 2023

Statement by Directors, Managing Director and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2023 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.



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



Mr Barry Jackson
Managing Director



Mr Paul Groenewegen
Chief Financial Officer

7 September 2023

Statement of Comprehensive Income

	Notes	2023 \$'000	2022 \$'000
INCOME			
Revenue			
Revenue from contracts with customers	2	267,071	336,853
Housing services lease rentals	3	557,758	523,738
Interest received	4	4,593	346
Other income		73	44
Total revenue		829,495	860,981
GAINS			
Gains from disposal of investment properties	5	177	11,931
Net reversal of write down and impairment of assets	10	26,794	45,686
Impairment loss reversal on financial instruments		26	-
Total gains		26,997	57,617
Total income		856,492	918,598
EXPENSES			
Employee expenses	6	78,313	69,882
Rates, repairs and maintenance	7	153,179	146,371
Depreciation and amortisation	8	339,280	307,445
Cost of inventories sold		60,138	136,377
Finance costs	9	43,374	45,235
Impairment loss on financial instruments		-	180
Other expenses		39,208	28,950
Total expenses		713,492	734,440
Profit before income tax on continuing operations		143,000	184,158
Income tax expense	11	42,789	53,834
Profit after income tax		100,211	130,324
Other comprehensive income		-	-
Total comprehensive income		100,211	130,324

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

Statement of Financial Position

		2023	2022
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	97,531	182,988
Trade and other receivables	13	60,682	54,854
Investment properties held for sale	14	642	1,088
Inventories	15	62,444	55,396
Other current assets		4,571	2,443
Total current assets		225,870	296,769
Non-current assets			
Inventories	15	118,835	433,964
Investment properties ¹	16	3,064,881	2,545,796
Property, plant and equipment ¹	17	41,307	43,219
Intangibles		41	1,706
Deferred tax assets	11	45,225	49,655
Other receivables		25	341
Total non-current assets		3,270,314	3,074,681
Total assets		3,496,184	3,371,450
LIABILITIES			
Current liabilities			
Trade and other payables	18	37,837	28,399
Dividend payable		-	78,194
Lease liabilities	20	305,582	284,660
Provisions	21	53,482	38,447
Current tax liabilities		5,537	18,551
Other liabilities	22	24,972	25,797
Total current liabilities		427,410	474,048
Non-current liabilities			
Borrowings	19	40,000	-
Lease liabilities	20	1,271,391	1,238,151
Provisions	21	75,292	77,371
Other liabilities	22	26,511	26,511
Total non-current liabilities		1,413,194	1,342,033
Total liabilities		1,840,604	1,816,081
Net Assets		1,655,580	1,555,369
EQUITY			
Contributed equity		403,863	403,863
Retained Earnings		1,251,717	1,151,506
Total equity		1,655,580	1,555,369

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

	Retained Earnings \$'000	Contributed Equity \$'000	Total Equity \$'000
Balance as 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
Balance at 1 July 2022	1,151,506	403,863	1,555,369
Profit for the year	100,211	-	100,211
Other comprehensive income	-	-	-
Total comprehensive income	100,211	-	100,211
Transactions with owners			
Return of capital			
Balance as at 30 June 2023	1,251,717	403,863	1,655,580

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

Statement of Cash Flows

		2023	2022
	Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received			
Sales of goods and services		641,445	616,526
Sales of inventory		146,879	230,294
Interest		4,576	351
Stamp duty and land tax equivalents received		35,508	31,348
GST received		6,706	8,871
Total cash received		835,114	887,390
Cash used			
Employees		75,599	73,569
Suppliers		183,825	164,599
Borrowing costs		433	6,217
Interest on leased assets		42,467	35,597
Income taxes paid		51,008	21,573
Acquisition and construction of inventories		80,777	58,147
Stamp duty and land tax equivalents paid		17,884	31,464
GST paid		5,497	14,336
Other expenses		18,096	4,034
Total cash used		475,586	409,536
Net cash from operating activities	23	359,528	477,854
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of investment properties		3,355	38,137
Total cash received		3,355	38,137
Cash used			
Acquisitions and construction of investment properties		103,188	3,221
Acquisition of property, plant and equipment		600	8,326
Total cash used		103,788	11,547
Net cash from investing activities		(100,433)	26,590
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received			
Borrowings		40,000	-
Total cash received		40,000	-
Cash used			
Principal repayment on leased assets		306,358	288,611
Principal repayment of borrowings		-	185,000
Dividend payment		78,194	47,130
Total cash used		384,552	520,741
Net cash (used by) financing activities		(344,552)	(520,741)
Net (decrease)/increase in cash and cash equivalents		(85,457)	(16,297)
Cash held at the beginning of the financial year		182,988	199,285
Cash and cash equivalents at end of financial year	12	97,531	182,988

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

Notes to the Financial Statements

1. Overview Accounting Policy	127
2. Revenue from contracts with customers	128
3. Housing services lease rentals	132
4. Interest received	133
5. Gains from disposal of investment properties	133
6. Employee benefits	134
7. Rates, repairs and maintenance	135
8. Depreciation and amortisation	136
9. Finance costs	137
10. Net (reversal of)/write down and impairment of assets	138
11. Taxation	140
12. Cash and cash equivalents	143
13. Trade and other receivables	143
14. Investment properties held for sale	145
15. Inventories	146
16. Investment properties	148
17. Property, plant and equipment	151
18. Current liabilities – trade and other payables	152
19. Borrowings	153
20. Lease liabilities	154
22. Other liabilities	159
23. Cash flow reconciliation	160
24. Financial instruments	161
25. Auditors remuneration	165
Unrecognised Items	
26. Commitments	167
27. Contingent assets and liabilities	168
28. Events occurring after the reporting period	168
Key management personnel and related parties	
29. Key management personnel remuneration	170
30. Related party disclosures	171

1. Overview Accounting Policy

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)* and
- › 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 Rule 2014 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.

The financial statements are prepared on a going concern basis. DHA has net currently liability position of \$201.7m. In order for DHA to meet its short term funding requirements, DHA has a loan facility with the Department of Finance of \$509.6m of which \$469.9m remains undrawn. If required, DHA will drawn down on this in order to meet its short term Liabilities and will continue to remain a going concern.

c. New and amended accounting standards adopted by DHA

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.

Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates was due to be implemented for the reporting period commencing 1 July 2024, DHA adopted AASB 2021–2 for 2022–23. The changes required by AASB 2021–2 require DHA to disclose material accounting policies instead of significant accounting policies. This requirement will change DHA disclosures but not have a financial impact on DHA.

New and revised interpretations and standards applicable to the 2022–23 financial year are:

- › AASB 2021–2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- › Interpretation 132 Intangible Assets – Website Costs.

2. Revenue from contracts with customers

	2023	2022
	\$'000	\$'000
REVENUE FROM DEFENCE		
Allocation services provided	14,571	14,537
Defence property management services	65,511	56,451
Construction services	27,787	35,139
Defence other charges	10,328	11,349
Total revenue from Defence	118,197	117,476
Revenue from other customers		
Sale of inventories	137,752	213,046
Lessor management fee revenue	10,923	6,212
Non-Defence other charges	199	119
Total revenue from other customers	148,874	219,377
Total revenue from contracts with customers	267,071	336,853
Timing of revenue recognition		
Over time	118,991	112,458
At a point in time	148,080	224,395
Total revenue from contracts with customers	267,071	336,853

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 2023

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 Defence Services Agreement (DSA). 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 Agreement with Defence 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 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 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 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 DSA 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; and
- › 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.

Notes to the Financial Statements

for the year ended 30 June 2023

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. 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 the time when it is sold.

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.

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 are 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 is 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 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

	2023	2022
	\$'000	\$'000
Housing services lease rentals		
Defence rent	556,490	520,662
Other rentals	1,268	3,076
Total housing services lease rentals	557,758	523,738

Accounting policy

Defence Rent

Defence Rent represents lease revenue received from Defence for properties provided under the Services Agreement.

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.

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; and
- 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

		2023	2022
	Notes	\$'000	\$'000
Interest received			
Interest on deposits		4,593	346
Total interest received		4,593	346

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

		2023	2022
		\$'000	\$'000
Net gains from disposal			
Proceeds from sale		2,692	27,519
Carrying value of assets sold		(2,452)	(15,473)
Selling expenses		(63)	(115)
Total gains from disposal of investment properties		177	11,931

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

	2023	2022
	\$'000	\$'000
Employee benefits		
Wages and salaries	61,472	56,178
Superannuation		
Defined contribution plans	7,598	6,939
Defined benefit plans	1,991	2,130
Leave and other entitlements	7,057	4,023
Separation and redundancies	195	612
Total employee benefits	78,313	69,882

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. DHA incurred \$3,948,876 Payroll Tax provision for related parties at 30 June 2023 (2022: \$3,877,571)

7. Rates, repairs and maintenance

	2023	2022
	\$'000	\$'000
Rates, repairs and maintenance		
Rates and municipal charges	16,181	17,490
Stamp duty and land tax equivalents	37,580	31,280
Repairs and maintenance	41,915	37,015
Other property charges	57,503	60,586
Total rates, repairs and maintenance	153,179	146,371

Accounting policy

Rates, repairs and maintenance includes expenditure for investment properties of \$55,711,398 (2022: \$45,670,950).

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

	2023	2022
	\$'000	\$'000
Depreciation		
Investment properties ¹	331,589	299,040
Plant and equipment	1,734	1,994
	333,323	301,034
Amortisation		
Software	1,666	1,524
Right of use assets – PPE	4,291	4,887
	5,957	6,411
Total depreciation and amortisation	339,280	307,445

1. Includes \$303,083,082 depreciation of right of use assets which meet the definition of investment properties under *AASB 140 Investment Properties* (2022: \$280,586,389).

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:

	2023	2022
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.

In 2022–23 DHA reassessed the useful life of investment properties and determine that a change in estimate was warranted. The change in useful life from 50 years to 40 years resulted in an extra \$5.7 million in depreciation expense.

9. Finance costs

	2023	2022
	\$'000	\$'000
Finance costs		
Interest on loans	433	6,217
Interest on lease liabilities	42,941	39,018
Total finance costs	43,374	45,235

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.

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.

Interest on lease liability is calculated using the effective interest rate of the lease liability over the period.

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

	2023	2022
	\$'000	\$'000
NON-FINANCIAL ASSETS		
Write downs and impairments		
Investment properties	10,399	14,818
Inventories	8,161	914
	18,560	15,732
Reversal of write downs and impairments		
Investment properties	(44,588)	(49,881)
Inventories	(766)	(11,537)
	(45,354)	(61,418)
Net (reversal of)/write down and impairment¹	(26,794)	(45,686)

1. Includes \$25,436,022 net reversal of impairment on right of use assets which meet the definition of investment properties under AASB 140 *Investment Properties* (2022: \$22,917,846 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 2022. 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 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.

Notes to the Financial Statements

for the year ended 30 June 2023

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*.

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.
- › According to RBA website, average quarterly historical CPI for the last 23 years (Dec 2000 quarter – Dec 2022 quarter) is at 2.8% compared to 2.5% in prior year.
- › 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.

Material 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

	2023	2022
	\$'000	\$'000
Income tax expense		
Current tax expense	38,930	34,003
Adjustments for current tax of prior periods	(572)	118
Deferred tax	3,859	19,827
Adjustments for deferred tax of prior periods	572	(114)
	42,789	53,834
Income tax expense attributable to:		
Profit from continuing operations	143,000	184,158
	143,000	184,158

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

	2023	2022
	\$'000	\$'000
Reconciliation of income tax expense:		
Profit from continuing operations before income tax	143,000	184,158
Tax expense at the Australian tax rate of 30%	42,900	55,247
Tax effect of amounts not deductible/(assessable):		
Tax cost base valuations	(59)	(1,162)
Adjustments relating to prior periods	(2)	4
Other	(50)	(255)
	42,789	53,834

11. Taxation (continued)

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

	2023	2022
	\$'000	\$'000
Net deferred tax assets/(liabilities)		
Employee benefits	4,452	4,060
Revenue in advance	(1,449)	(1,284)
Inventory properties	2,122	(140)
Investment properties	(11,837)	(13,872)
Right of use asset – investment properties	(452,910)	(425,861)
Right of use asset – property, plant and equipment	(9,624)	(9,820)
Lease liabilities	473,149	456,896
Prepayments	10,168	9,018
Make good provisions	23,688	23,738
Provisions – other	6,757	5,797
Property, plant and equipment	1,347	930
Other	(638)	193
Net deferred tax asset	45,225	49,655
Comprising:		
Deferred tax assets	522,164	500,863
Deferred tax liabilities	(476,939)	(451,208)
Net deferred tax asset	45,225	49,655
Movements:		
Opening balance at 1 July	49,655	69,368
Charged to the statement of comprehensive income	(4,430)	(19,713)
Net deferred tax asset	45,225	49,655

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 2023 is \$430,820,724 (2022: \$431,018,053). The tax effect of this temporary difference is \$129,246,217 (2022: \$129,305,416).

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 2023

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); and
- › 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.

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; or
- › 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 related party transaction and accounted for in accordance with *AASB 112 Income Taxes*.

12. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash and cash equivalents		
Cash at bank	87,531	182,988
Term deposits	10,000	-
Total cash and cash equivalents	97,531	182,988

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 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

	2023	2022
	\$'000	\$'000
Current receivables for good and services		
Receivables	45,375	26,627
Allowance – expected credit loss	(57)	(281)
	45,318	26,346
Accrued income	15,153	25,806
Other receivables	211	2,702
	60,682	54,854
Current receivables – Contracts and other sources		
Contracts with Customers	33,739	54,854
Other sources of revenue	26,944	-
	60,682	54,854
Current receivables for goods and services from		
Related entities	59,289	52,739
External parties	1,393	2,115
Total trade and other receivables	60,682	54,854

13. Trade and other receivables (continued)

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

	2023	2022
	\$'000	\$'000
Current receivables (net) expected to be recovered in:		
Less than 12 months	60,682	54,854

c. Receivables are aged as follows

	2023	2022
	\$'000	\$'000
Current receivables (net) expected to be recovered in:		
Not overdue	32,824	28,227
0 to 30 days	27,521	24,741
31 to 60 days	122	1,234
61 to 90 days	34	94
More than 90 days	181	558
Total trade and other receivables	60,682	54,854

d. Reconciliation of the impairment loss allowance

	2023	2022
	\$'000	\$'000
Movement in the impairment loss allowance:		
Impairment loss allowance at 1 July	281	101
Impairment loss increase	-	180
Amounts Written Off	(198)	-
Amounts to be recovered and reversed	(26)	-
Total as at 30 June	57	281

Accounting policy

Credit terms are between 7 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*. Refer to note 24.

14. Investment properties held for sale

	2023	2022
	\$'000	\$'000
Current assets		
Investment properties – at cost	642	1,088
Total investment properties held for sale	642	1,088

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

	2023	2022
	\$'000	\$'000
Total inventories		
Current inventories	62,444	55,396
Non-current inventories	118,835	433,964
Total inventories	181,279	489,360
Completed properties		
At cost	-	243,442
At net realisable value	-	75,686
Land held for sale		
At cost	12,320	7,432
At net realisable value	-	-
Work in progress		
At cost	163,915	160,252
At net realisable value	5,044	2,549
Total inventories	181,279	489,360

Accounting policy

The total fair value of inventory as at 30 June 2023 is \$247,336,323 (2022: \$593,738,242).

For the period 1 July 2022 to 30 June 2023, DHA disposed of 6 completed inventory properties, no properties were sold at a loss (2022: DHA disposed of 176 completed inventory properties; 3 properties were sold at a loss amounting to \$15,037).

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. Inventory is measured at cost base on individual asset.

Inventories are separated into the following categories:

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

Notes to the Financial Statements

for the year ended 30 June 2023

Work in Progress

Development projects are classified as inventory properties whilst in progress where a 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. In accordance with AASB 140 Investment properties, DHA has reclassified 595 completed inventory properties to investment properties as at 1 July 2022.

Accounting Judgement and Estimates

Completed inventory properties

Where held, the net realisable value of completed inventory properties is assessed annually by independent valuers at 31 December and further considered at 30 June. 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

	2023	2022
	\$'000	\$'000
Investment properties		
Investment properties at cost	3,003,148	2,042,099
Less: accumulated depreciation	(731,452)	(459,101)
	2,271,696	1,582,998
Investment properties – impaired		
Investment properties at cost	1,378,211	1,549,223
Less: accumulated depreciation	(501,709)	(482,556)
Less: accumulated impairment	(83,317)	(103,869)
	793,185	962,798
Total investment properties¹	3,064,881	2,545,796

1. Total investment properties includes \$1,509,700,825 (2022: \$1,419,538,180) 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 2023 is \$4,877,498,569 (2022: \$3,887,726,322). The fair value amount disclosed at 30 June 2023 includes \$1,509,700,825 (2022: \$1,419,538,180) of right of use assets measured at cost.

The fair value of DHA's investment properties as at 31 December 2022 and as at 31 December 2021 was on the basis of a valuation carried out on the respective date by external independent valuers. On 30 June 2023, DHA undertook a review of the fair values determined on 31 December 2022 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 2023 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.
- ▶ CPI based on long term RBA data is at 2.8% compared to 2.5% in year 21/22.
- ▶ 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 2023

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.

In accordance with *AASB 140 Investment properties*, DHA has reclassified 595 completed inventory properties to investment properties as at 1 July 2022.

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)

	2023	2022
	\$'000	\$'000
As at 1 July		
Cost or fair value	3,591,322	3,395,849
Less: accumulated depreciation and impairment	(1,045,526)	(824,258)
Net book value at start of period	2,545,796	2,571,591
For the year ended 30 June		
Additions	187,342	55,450
Lease adjustments	308,743	197,192
Transfer from inventory to investment property	339,708	-
Depreciation charge	(331,589)	(299,040)
Impairment write back/(loss)	34,158	35,063
Transfer to assets held for sale	(2,057)	(17,676)
Other disposals or lease expiries	(43,699)	(39,493)
Depreciation/impairment written back on disposal or transfer	26,479	42,709
Movement in net book value for the period	519,085	(25,795)
As at 30 June		
Cost or fair value	4,381,359	3,591,322
Less: accumulated depreciation and impairment	(1,316,478)	(1,045,526)
Total investment properties	3,064,881	2,545,796

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; or
- › 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

	2023	2022
	\$'000	\$'000
Property, plant and equipment		
Property, plant and equipment at cost	20,766	22,528
Less: accumulated depreciation	(11,538)	(12,041)
Net property, plant and equipment	9,228	10,487
Right of use assets		
Motor vehicles and office leases	43,502	42,064
Less: accumulated amortisation	(11,423)	(9,332)
Net motor vehicles and office leases	32,079	32,732
Total property, plant and equipment	41,307	43,219

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).

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

	2023	2022
	\$'000	\$'000
Trade and other payables		
Trade creditors	4,173	6,717
Accrued expenses	11,969	17,804
Stamp duty and land tax payable	21,695	3,878
	37,837	28,399
Trade payables expected to be settled no later than 12 months		
Related entities	21,736	9,107
External parties	16,101	19,292
Total trade and other payables	37,837	28,399

19. Borrowings

	2023	2022
	\$'000	\$'000
Loans from the Commonwealth		
Current borrowings	-	-
Non-current borrowings	40,000	-
	40,000	-
Maturity schedule for borrowings payable		
Within one year	-	-
Between two and five years	40,000	-
Total borrowings	40,000	-

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 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.

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.

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.

20. Lease liabilities

	2023	2022
	\$'000	\$'000
Lease liabilities		
Current lease liabilities	305,582	284,660
Non-current lease liabilities	1,271,391	1,238,151
	1,576,973	1,522,881
Maturity schedule – lease liabilities		
Undiscounted operating lease payments cash flows		
Within one year	353,306	324,943
Between two and five years	1,018,222	950,782
More than five years	424,378	440,606
	1,795,906	1,716,331

Accounting policy

(i) DHA's leasing activities

DHA leases residential and commercial properties, and vehicles. 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; and
- ▶ 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 2023

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; and
- › 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; and
- › restoration costs.

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

(ii) Extension and termination options

Extension and termination options are included in a number of property leases and are used to maximise operational flexibility in terms of managing the assets used in DHA's operations. The majority of extension and termination options held are exercisable only by DHA and not by the respective lessor.

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 2.80% (2022: 2.50%) and a discount rate of 3.78% (2022: 3.44%), being the five year Australian Government bond rate as at 30 June 2023. 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.

DHA's obligation to perform restoration activities at the end of the lease term vary depending on a number of factors including lease term and lease agreement.

21. Provisions

	2023			2022		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Employee benefits						
Annual leave	5,452	-	5,452	5,251	-	5,251
Long service leave	818	8,437	9,255	805	7,479	8,284
Redundancy	130	-	130	-	-	-
	6,400	8,437	14,837	6,056	7,479	13,535
Other provisions						
Make good	12,475	66,485	78,960	10,536	68,591	79,127
Lease capital upgrades	21,692	-	21,692	17,529	-	17,529
Other general	12,915	370	13,285	4,326	1,301	5,627
	47,082	66,855	113,937	32,391	69,892	102,283
Total provisions	53,482	75,292	128,774	38,447	77,371	115,818

Movements in provisions

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

	Make good provision \$'000	Lease capital upgrades \$'000	Other general provision \$'000	Total \$'000
Carrying amount at 1 July 2022	79,127	17,529	5,627	102,283
Additional provisions recognised	9,026	6,601	9,048	24,675
Amounts used/reversed during the year	(9,193)	(2,438)	(1,390)	(13,021)
Carrying amount at 30 June 2023	78,960	21,692	13,285	113,937

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.

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.

22. Other liabilities

	2023	2022
	\$'000	\$'000
Current other liabilities		
Revenue in advance	24,972	25,797
	24,972	25,797
Non-current other liabilities		
Revenue in advance	26,511	26,511
	26,511	26,511

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 2023, 78.94% of revenue in advance was in relation to payments received from Defence (2022: 81.92%).

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

23. Cash flow reconciliation

	2023	2022
	\$'000	\$'000
Reconciliation of operating results to net cash from operating activities		
Profit for the period after tax	100,211	130,324
Depreciation – plant and equipment	1,734	1,994
Depreciation – investment properties	331,589	299,040
Depreciation – right of use assets	4,291	4,887
Amortisation – software	1,666	1,524
Impairment (write back)	(34,189)	(35,063)
Gain on disposal of investment properties	(177)	(11,931)
Increase in other non-operating cash flow expense items	2,404	2,383
Increase in supplier payments	9,438	(6,386)
Increase/(decrease) in provisions	(65,238)	18,166
Increase/(decrease) in other liabilities	(825)	21,359
Increase/(decrease) in tax liabilities	(13,014)	12,548
(Increase) in net receivables	(5,512)	(34,020)
Decrease in net deferred tax assets	4,430	19,713
(Increase)/decrease in inventories	24,848	53,507
(Increase) in prepayments	(2,128)	(191)
Net cash from operating activities	359,528	477,854

24. 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; and
- 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.

24. Financial instruments (continued)

Carrying value

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

	2023	2022
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	97,531	182,988
Trade and other receivables	60,682	54,854
Carrying value of financial assets	158,213	237,842
Financial liabilities		
Borrowings – current	-	-
Borrowings – non-current	40,000	-
Trade and other payables	37,837	28,399
Final dividend	-	78,194
Carrying value of financial liabilities	77,837	106,593

	2023	2022
	\$'000	\$'000
Net income from financial assets		
Interest	4,593	346
Net gain on loans and receivables	4,593	346
Net expenses from financial liabilities		
Interest on borrowings	433	6,217
Net loss on financial liabilities – amortised cost	433	6,217

Notes to the Financial Statements

for the year ended 30 June 2023

Accounting policy

Fair Value

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 Government loans are executed using a floating or variable interest rate, therefore the carrying value is equal to fair value.

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 primarily with the Department of Defence.

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. Refer to Note 19.

Other than Commonwealth loans all financial liabilities will mature within one year. Refer to *Note 19 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 2023

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 2023 and 2022

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 \$'000	Profit & loss and equity \$'000
2023	Interest	1.04	58,736	611
2022	Interest	0.79	125,023	988

Interest rate sensitivity analysis has been calculated on a "reasonable possible" basis. The rate of 104 basis points (2022: 79 basis points) was determined by using the standard parameters issued by the Department of Finance.

25. Auditors remuneration

	2023	2022
	\$	\$
Amount received or due and receivable by auditors		
Australian National Audit Office (ANAO) for the audit of the financial statements	310,000	310,000

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.

26. Commitments

27. Contingent assets and liabilities

28. Events occurring after the reporting period

26. Commitments

	2023	2022
	\$'000	\$'000
Commitments receivable		
Undiscounted operating lease income receivable		
– Within one year	476,895	432,099
– One to two years	449,708	411,232
– Two to three years	424,603	380,249
– Three to four years	389,238	347,925
– Four to five years	345,892	300,854
– More than five years	1,009,856	981,098
	3,096,192	2,853,457
Commitments payable – capital expenditure		
– Within one year	44,932	56,524
– Between two and five years	73,486	52,794
– More than five years	-	-
	118,418	109,318
Total commitments payable	118,418	109,318
Net Commitments Receivable/(Payable)	2,977,774	2,744,139

Commitments are GST inclusive where relevant.

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.

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.

27. Contingent assets and liabilities

	Guarantees		Total	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Contingent assets				
Balance from previous period	-	-	-	-
New	-	-	-	-
Expired	-	-	-	-
	-	-	-	-
Contingent liabilities				
Balance from previous period	19,883	19,271	19,883	19,271
New	4,481	4,864	4,481	4,864
Expired	(3,763)	(4,252)	(3,763)	(4,252)
	20,601	19,883	20,601	19,883
Net contingent liability	(20,601)	(19,883)	(20,601)	(19,883)

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 2023, DHA has no unquantifiable contingencies.

Remote Contingencies

As at 30 June 2023, DHA has no remote contingencies.

28. Events occurring after the reporting period

There are no events post 30 June 2023 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.

- 29. Key management personnel disclosures
- 30. Related party transactions

29. Key management personnel remuneration

a. Director remuneration

The aggregate remuneration of the Directors of DHA, excluding the Managing Director, is set out below:

	2023	2022
	\$	\$
Director remuneration		
Short term employee benefits	562,457	528,691
Post-employment benefits	76,032	72,585
Total director remuneration	638,489	601,276

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:

	2023	2022
	\$	\$
Short-term employee benefits		
Base salary	1,286,302	1,271,323
Performance bonus	-	122,446
Other benefits and allowances	13,032	20,991
	1,299,334	1,414,760
Post-employment benefits		
Superannuation	234,795	229,907
	234,795	229,907
Other long-term employee benefits		
Long service leave	59,668	34,105
	59,668	34,105
Total employment benefits	1,593,797	1,678,772

Accounting policy

KMP remuneration note

The total number of key management personnel that are included in the above table are 4 individuals (2022: 4 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.

Notes to the Financial Statements

for the year ended 30 June 2023

30. 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

Appendix D: Five year financial summary

Appendix E: Advertising and market research

Appendix F: Environmental performance

Office directory

Acronyms and abbreviations

Index of annual report requirements

Alphabetical index

Appendix A: Accountable Authority

This appendix provides details of our Accountable Authority for 2022–23 in accordance with the PGPA Rule.

Table 6.1: Accountable Authority 2022–23

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 2015 Re-appointed February 2018 and February 2021	-	7/8
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 management, 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 2019 Re-appointed 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	-	7/8

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 > Currently the 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	June 2023	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 	February 2016	-	8/8
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 > CEO Coleman Grieg Lawyers > 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 2016	-	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 2016 Re-appointed December 2019	March 2023	4/8
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 2023 and 30 June 2022 for comparison (unless otherwise stated).¹⁷

¹⁷ Workforce statistics include ongoing and non-ongoing staff at their substantive classification as at 30 June 2022 or 30 June 2023. Inoperative staff (those on long-term leave), staff engaged through an employment agency and Board members are excluded.

Staffing profile (by headcount)

Table 6.2: All ongoing employees current reporting period 30 June 2023

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	28	1	29	50	11	61	0	0	0	0	0	0	0	0	0	90
Qld	28	0	28	71	13	84	0	0	0	0	0	0	0	0	0	112
SA	33	2	35	52	6	58	0	0	0	0	0	0	0	0	0	93
Tas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vic	12	0	12	11	1	12	0	0	0	0	0	0	0	0	0	24
WA	4	0	4	10	1	11	0	0	0	0	0	0	0	0	0	15
ACT	55	2	57	93	16	109	0	0	0	0	0	0	0	0	0	166
NT	1	0	0	11	1	12	0	0	0	0	0	0	0	0	0	13
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	161	5	166	298	49	347	0	0	0	0	0	0	0	0	0	513

Table 6.3: All non-ongoing employees current reporting period 30 June 2023

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	4	0	4	7	0	7	0	0	0	0	0	0	0	0	0	11
Qld	1	0	1	10	2	12	0	0	0	0	0	0	0	0	0	13
SA	0	0	0	5	0	5	0	0	0	0	0	0	0	0	0	5
Tas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vic	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0	2
WA	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
ACT	7	1	8	9	1	10	0	0	0	0	0	0	0	0	0	18
NT	0	0	0	2	0	2	0	0	0	0	0	0	0	0	0	2
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	14	1	15	34	3	37	0	0	0	0	0	0	0	0	0	52

Table 6.4: All ongoing employees previous report period 30 June 2022

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	29	1	30	48	12	60	0	0	0	0	0	0	0	0	0	90
Qld	22	0	22	66	12	78	0	0	0	0	0	0	0	0	0	100
SA	26	1	27	33	7	40	0	0	0	0	0	0	0	0	0	67
Tas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vic	12	0	12	10	0	10	0	0	0	0	0	0	0	0	0	22
WA	4	0	4	10	0	10	0	0	0	0	0	0	0	0	0	14
ACT	60	1	61	93	17	110	0	0	0	0	0	0	0	0	0	171
NT	1	0	1	11	0	11	0	0	0	0	0	0	0	0	0	12
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	154	3	157	271	48	319	0	0	0	0	0	0	0	0	0	476

Table 6.5: All non-ongoing employees previous report period 30 June 2022

	Man/Male			Woman/Female			Non-binary			Prefers not to answer			Uses a different term			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
NSW	1	0	1	5	1	6	0	0	0	0	0	0	0	0	0	7
Qld	3	0	3	10	1	11	0	0	0	0	0	0	0	0	0	14
SA	2	0	2	9	0	9	0	0	0	0	0	0	0	0	0	11
Tas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vic	2	0	2	2	0	2	0	0	0	0	0	0	0	0	0	4
WA	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
ACT	6	1	7	11	2	13	0	0	0	0	0	0	0	0	0	20
NT	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	1
External Territories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	15	1	16	38	4	42	0	0	0	0	0	0	0	0	0	58

Table 6.6: Staff by classification and gender 2021–22 and 2022–23

Classification	2021–22		2022–23	
	Female	Male	Female	Male
DHA1	1	0	0	0
DHA2	0	0	0	0
DHA3	40	17	32	11
DHA4	108	22	142	41
DHA5	72	28	76	32
DHA6	70	31	67	34
EL1	50	40	51	35
EL2	17	29	13	22
SES and MD	3	6	3	6
Total	361	173	384	181

Table 6.7: Staff by classification and employment type 2021–22 and 2022–23

Classification	2021–22		2022–23	
	Full-time	Part-time	Full-time	Part-time
DHA1	0	1	0	0
DHA2	0	0	0	0
DHA3	50	7	36	7
DHA4	117	13	162	21
DHA5	84	16	93	15
DHA6	90	11	92	9
EL1	84	6	81	5
EL2	44	2	34	1
SES and MD	9	0	9	0
Total	478	56	507	58

Table 6.8: Ongoing staff by length of service and classification 2021–22 and 2022–23

Length of service	2021–22			2022–23		
	DHA1–4	DHA5–6	EL1–MD	DHA1–4	DHA5–6	EL1–MD
<2 years	94	64	50	128	81	41
2-5 years	43	50	33	24	47	37
6-10 years	25	45	22	31	43	30
≥11years	26	42	40	43	38	22
Total	188	201	145	226	209	130

Table 6.9: Staff by office type 2021–22 and 2022–23

Office type	2021–22	2022–23
	Total	Total
Head office	191	184
Regional office	254	270
In Contact centre	89	111
Total	534	565

Table 6.10: Staff by location 2021–22 and 2022–23

State	Office Type	2021–22	2022–23
ACT	Head Office	191	184
NSW	Hunter regional office	35	36
	Nowra regional office	5	6
	Sydney regional office	55	56
	Wagga Wagga regional office	2	3
NT	Darwin regional office	11	13
	Tindal regional office	2	2
QLD	Brisbane regional office	56	58
	Cairns regional office	1	1
	Canungra regional office	1	0
	Toowoomba regional office	1	1
	Townsville regional office	55	65
SA	Adelaide regional office	78	98
VIC	Cerberus regional office	1	1
	Melbourne regional office	20	19
	Puckapunyal regional office ¹	1	2
	Sale regional office	1	1
	Wodonga regional office	3	3
WA	Perth regional office	15	16

Note

1. Defence personnel only.

Table 6.11: Staff by employment instrument 2021–22 and 2022–23

	2021–22	2022–23
Employment instrument	Number	Number
Enterprise Agreement (EA)	492	526
EA with individual flexibility agreement ¹	33	30
Common law contract	0	0
Public Service Act Section 24(1) determination ²	8	8
Remuneration Tribunal determination	1	1
Total	534	565

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 Senior Executive Service (SES) staff in DHA are determined in this way.

Table 6.12: Staff gross salary ranges by classification 2021–22 and 2022–23

	2021–22	2022–23
Classification	Salary range ¹	Salary range
DHA1	\$51,598 - \$60,031	\$53,146 - \$61,832
DHA2	\$58,700 - \$65,986	\$60,461 - \$67,966
DHA3	\$64,752 - \$74,547	\$66,695 - \$76,784
DHA4	\$72,748 - \$81,840	\$74,931 - \$84,296
DHA5	\$79,662 - \$90,061	\$82,052 - \$92,763
DHA6	\$87,564 - \$104,732	\$90,191 - \$107,874
EL1	\$106,293 - \$134,962	\$109,482 - \$139,011
EL2	\$131,722 - \$168,624	\$135,674 - \$173,683
SES and MD	\$162,076 - \$442,382	\$173,683 - \$457,361

Note

1. Under DHA's enterprise agreement, employees received a four per cent increase effective from 22 January 2022 as part of the buyout of performance pay. 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.

Executive remuneration

Information about remuneration for Key Management Personnel (KMP)

During the reporting period ended 30 June 2023, 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 2023, DHA disclosed the following KMP expenses.

Table 6.13 Key management personnel remuneration for the reporting period 2022–23

Key management personnel remuneration for the reporting period	\$
Director remuneration	
Short-term employee benefits	\$562,457
Post-employment benefits	\$76,032
Total	\$638,488
Key management personnel remuneration	
Base Salary	\$1,286,302
Bonus	\$0
Other benefits and allowances	\$13,032
Total short-term benefits	\$1,299,334
Superannuation	\$234,795
Total post-employment benefits	\$234,795
Other long-term benefits	\$0
Long service leave	\$59,668
Total long-term benefits	\$59,668
Termination benefits	\$0
Total key management personnel remuneration	\$1,593,797

In accordance with the PGPA Rule, Tables 6.14 to 6.17 comply with GBE remuneration disclosure requirements specified in Resource Management Guide No. 138 Commonwealth entities *Executive Remuneration Reporting Guide for Annual Reports*.

Table 6.14: 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	1 July 2022 – 20 March 2023
Simon Lewis	Board Member	Full term
Kate Louis	Board Member	1 July 2022 – 20 June 2023
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 6.15.

Table 6.15: Details of executive remuneration for key management personnel 30 June 2023

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	122,538.20	0.00	0.00	12,858.30	0.00	0.00	0.00	135,396.50
Robert Fisher ²	Board Member	61,269.22	0.00	0.00	7,289.98	0.00	0.00	0.00	68,559.20
Andrea Galloway	Board Member	61,269.22	0.00	8,357.88	10,533.17	0.00	0.00	0.00	80,160.27
Ewen Jones ²	Board Member	43,193.63	0.00	0.00	7,783.60	0.00	0.00	0.00	50,977.23
Simon Lewis	Board Member	61,269.22	0.00	16,706.09	11,727.26	0.00	0.00	0.00	89,702.57
Kate Louis	Board Member	57,278.51	0.00	8,036.21	12,980.70	0.00	0.00	0.00	78,295.42
Gai Brodtmann	Board Member	61,269.22	0.00	0.00	6,429.28	0.00	0.00	0.00	67,698.50
Leigh Wilton	Board Member	61,269.22	0.00	0.00	6,429.28	0.00	0.00	0.00	67,698.50
Barry Jackson	Managing Director	437,392.40	0.00	5,260.38	77,639.52	23,375.47	0.00	0.00	543,667.77
Paul Groenewegen	Chief Financial Officer	325,671.90	0.00	3,551.20	57,711.97	9,930.88	0.00	0.00	396,865.95
Brett Jorgensen	GM Service Delivery	289,815.12	0.00	3,321.49	55,668.08	21,296.46	0.00	0.00	370,101.15
Lisa Barlin	Chief General Counsel	233,422.21	0.00	898.54	43,775.85	5,065.65	0.00	0.00	283,162.25

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 2021–22 due to overpayments made to Robert Fisher and Ewen Jones. DHA has recovered the amounts in 2022–23. These figures reflect the remuneration benefits for the 2022–23 year.

Information about remuneration for senior executives

During the reporting period ended 30 June 2023, DHA had seven senior executives who are not key management personnel.

Table 6.16: Details of remuneration for seven senior executive members who are not key management personnel 30 June 2023

Total remuneration bands	Number of senior executives	Short term benefits			Post-employment benefits	Other long term benefits		Termination benefits	Total remuneration ¹
		Average base salary	Average bonuses	Average other benefits and allowances		Average long service leave	Average other long term benefits		
\$0 - \$220,000	3	\$86,261.31	\$0	\$2,565.91	\$18,091.61	\$932.76	\$0	\$107,851.59	
\$220,001 - \$245,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$245,001 - \$270,000	4	\$221,347.61	\$0	\$1,805.84	\$37,901.85	\$3,518.94	\$0	\$264,574.25	
\$270,001 - \$295,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$295,001 - \$320,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$320,001 - \$345,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$345,001 - \$370,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$370,001 - \$395,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$395,001 - \$420,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$420,001 - \$445,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$445,001 - \$470,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$470,001 - \$495,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$495,001 +	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Notes

1. The sum of benefits may not equal the total remuneration for reach 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 2023, DHA had six other highly paid staff.

Table 6.17: Details of remuneration for six other highly paid staff 30 June 2023

Total remuneration bands	Number of other highly paid staff	Short term benefits			Post-employment benefits	Other long term benefits		Termination benefits	Total remuneration ^{1, 2}
		Average base salary	Average bonuses ³	Average other benefits and allowances		Average long service leave	Average other long term benefits		
\$240,000 - \$245,000	0	\$0	\$0	\$0	Average superannuation contributions	\$0	\$0	\$0	Average total remuneration
\$245,001 - \$270,000	3	\$170,531.20	\$16,666.67	\$25,001.63	\$34,929.15	\$4,648.37	\$0	\$0	\$251,777.03
\$270,001 - \$295,000	2	\$168,631.63	\$15,000.00	\$23,676.42	\$32,537.34	\$4,622.83	\$0	\$27,467.43	\$271,935.65
\$295,001 - \$320,000	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$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	1	\$170,962.19	\$50,000.00	\$103,976.24	\$41,716.40	\$4,648.37	\$0	\$0	\$371,303.20
\$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. The sum of benefits may not equal the total remuneration for each remuneration band due to total remuneration being calculated using unrounded numbers.
2. 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.
3. Bonuses listed in this column are retention bonuses provisioned for in Individual Flexibility Agreements (IFAs). IFAs are only used in select circumstances where DHA requires specialist skills from the employment market and where demand for those skills warrant varying the terms and conditions listed in the EA beyond the existing salary ranges.

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 workplaces, whether it is in an office, a construction site or one of the properties in our portfolio. Table 6.18 compares our WHS performance in 2021–22 and 2022–23.

Table 6.18: Work health and safety performance, 2021–22 and 2022–23

Indicator	2021–22	2022–23
Incident reporting ¹		
Total incidents reported	270	448
WHS incidents	135	150
Staff	77	67
Contractors	37	24
Others ²	21	59
Recordable injury rate		
Total recordable injury frequency rate	9	11
Lost time rate		
Lost time injury frequency rate	4	3
Audits and office inspections		
Contractor and internal audits conducted	224	309
Desktop	215	293
Onsite	9	16
Safety interaction	304	53
Office inspections conducted	14	20
Workers' compensation		
Workers' compensation claims (accepted in financial year)	0	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 and hazards

Total WHS incidents and hazards increased from 135 (2021–22) to 150 (2022–23). While there was a decline in incidents and hazards related to staff and contractors, there was an increase in the number of incidents and hazards reported by other persons (i.e., tenants or visitors), see Figure 6.1. Increased awareness of reporting requirements and greater awareness of potential hazards is the likely cause of this increase.

Notifiable incidents

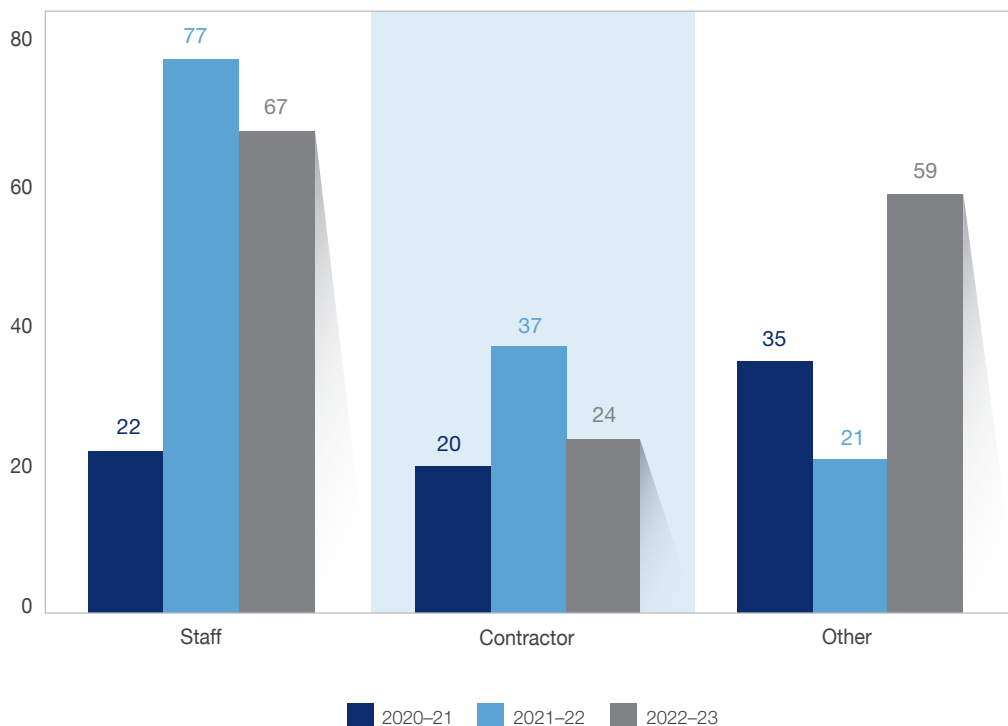
In 2022–23, we notified Comcare of seven incidents as required by the WHS Act. In each case, Comcare closed its investigation with no further action required by DHA. All internal investigations of notifiable incidents have been completed, with corrective actions within DHA's control undertaken to mitigate reoccurrence of incidents.

Investigations

There were no WHS investigations into our business or undertakings during 2022–23 (excluding those related to notifiable incidents as mentioned above). There were no notices given to DHA under Part 10 of the WHS Act.

Figure 6.1

Work health and safety incidents and hazards by person involved 2020–21 to 2022–23



Work health and safety initiatives

We foster a positive health and safety culture, embedding better practice policies to enhance our workers' wellbeing. Our WHS Statement of Commitment provides the overarching direction we follow to ensure, so far as is reasonably practicable, there is no harm to workers or others while working for DHA. The mitigation of work, health and safety hazards, and identification of potential WHS risks, is of high importance. All staff are encouraged to raise any WHS concerns they may have with their manager and/or local Health and Safety Representative.

The WHS team leads the development and implementation of programs and projects to provide ongoing skill development to support staff and contractors. Employees are made aware of their WHS responsibilities through induction training, specific role descriptors, the WHS Statement of Commitment and regular communications. Our contractual processes and regular reviews keep contractors informed of their WHS responsibilities. All WHS activities are regularly reviewed to ensure they align with WHS Quality Standards and related legislation.

In 2022–23, we undertook a range of initiatives to improve WHS outcomes, including:

- ▶ Recertification and transition to the new Australia/New Zealand WHS Quality Standards (ISO:45001), confirming that we maintain appropriate WHS systems that support compliance with applicable laws governing our operations. Alignment of our WHS processes with these standards assures good governance practices by DHA and authorised persons.
- ▶ Implementation of a hazardous materials management system to enable DHA to properly understand the risk of a whole range of hazardous materials in our housing stock and share that information with our contractors, lessors and Defence occupants through our online environments. This change greatly enhances our regulatory compliance and our ability to keep our contractors informed and safe in relation to hazardous materials.
- ▶ Introduction of a new two-way communication safety device to ensure the safety and security of staff who work in the field. The device allows our staff to declare emergencies, alert of slips, trips and falls and other workplace hazards. If an event occurs, live location streaming provides responders with an accurate metric to support and protect our people.

- ▶ Continued WHS communication to foster a more open and transparent workplace and contribute to a positive culture – including newsletters for staff and contractors and the introduction of 'Take 5 for Safety' guidance materials providing employees with guidance and techniques to identify potential hazards and implement preventive measures.

Work health and safety outcomes

The Health and Safety Committee (HSC) in accordance with the WHS Act in 2021–22. 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). The HSC meets quarterly with a focus on reviewing DHA's WHS risk profile in consultation with its workforce.

Safety newsletters have been published in 2022–23 with each newsletter containing topical safety information and inviting contributions from employee and contractor cohorts in the spirit of consultation and collaboration. 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.

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 6.19: Financial performance 2018–19 to 2022–23

	2018–19	2019–20	2020–21	2021–22	2022–23
Financial performance					
Net profit after tax (\$m)	\$40.9	\$42.7	\$78.5	\$130.3	\$100.2
Annual dividend (\$m)	\$24.5	\$25.6	\$47.1	\$78.2	\$0.0
Return on equity	2.4%	2.7%	5.3%	8.5%	6.2%
Property investment revenue (\$m) ¹	\$156.6	\$167.2	\$155.9	\$88.2	\$2.7
Disposal program revenue (\$m)	\$35.4	\$10.8	\$18.4	\$10.8	\$2.1
Development land and property sales revenue (\$m)	\$140.1	\$204.5	\$156.6	\$164.9	\$139.7
Business efficiency					
Return on capital employed	3.8%	6.3%	11.0%	16.0%	12.2%
Leverage/solvency					
Gearing ratio	24.5%	25.7%	11.0%	46.3%	47.9%
Interest times cover	4.7	8.5	7.0	10.9	11.4
Current ratio	7.5	2.3	1.4	1.1	0.4
Liquidity ratio ²	2.1	1.0	0.5	0.5	0.4
Portfolio management					
Value of portfolio under management (\$b)	\$11.2	\$11.0	\$10.95	\$12.56	\$12.90
Total properties under management ³	18,112	17,925	17,503	16,955	16,929
New constructions and acquisitions	641	450	152	59	226

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. This program was paused from August 2022.
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 \$15,200 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 2022–23.

Table 6.20: Advertising expenditure 2022–23

Organisation	Purpose of services	Expenditure (\$ inc GST)
Simple	Creative and account management for Northwest Quarter, Angle Park development	\$19,754.91
Heard Agency	Creative and account management for Akuna Vista, Nirimba Fields development	\$49,995.00
Kellaborate	Creative and account management for Lee Point, Darwin development	\$33,744.48

Table 6.21: Direct mail expenditure 2022–23

Organisation	Purpose of creative services	Expenditure (\$ inc GST)
Not applicable	Not applicable	\$0

Table 6.22: Media advertising expenditure 2022–23

Organisation	Purpose of services	Expenditure (\$ inc GST)
UM	Media advertising placement & booking to promote DHA's Direct Leasing Program from September 2022 – June 2023	\$619,536.25
Urban Land Housing	Media advertising placement to promote land sales for Akuna Vista, Nirimba Fields development	\$45,680.43
Simple	Media advertising placement to promote land sales for Northwest Quarter, Angle Park development	\$74,673.28
Kellaborate	Media advertising placement to promote land sales for Lee Point, Darwin development	\$52,004.94

Table 6.23: Market research expenditure 2022–23

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 development 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 2022–23.

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, NSW site for submission to the Heritage Council of Australia.

Maintenance and works expenditure on properties with heritage values

In 2022–23, we invested \$695,331 on maintenance and management of properties with heritage values (refer Table 6.24), compared to \$2,012,492 in 2021–22. Expenditure reduced in comparison to last financial year due to planning approvals being underway for the sites and work being limited to maintenance, rather than developing or documenting the works.

Referrals made under the EPBC Act

The EPBC Act referral for the Lawson North development site was lodged for adequacy review on 22 December 2021. This is an informal process whereby the Department of Climate Change, Energy, the Environment and Water (DCCEEW) can review and provide feedback on the proposed

referral content in advance of formal lodgement. The EPBC Act referral was formally lodged on 1 July 2022 and advice was provided on 7 October 2022 that the proposed action is a 'controlled action' and that the project would require assessment and approval under the EPBC Act, via environmental impact statement before it can proceed.

The draft EPBC Act referral for the Stockton Fort Wallace, NSW development site is being reviewed, with changes being made to accommodate future use and ongoing management responsibilities.

Disposal or acquisition of property with heritage values

There were no disposals of properties with heritage values in 2022–23.

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 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.

Table 6.24: Maintenance work expenditure 2022–23

Project/Site	Maintenance expenditure	Management Plans expenditure	Conservation / Refurbishment expenditure
Mount Lofty, QLD	\$0	\$0	\$0
Stockton Rifle Range, Fern Bay, NSW	\$14,633	\$35,593	\$0
Stockton Fort Wallace, NSW	\$74,435	\$2,041	\$0
Lawson North, ACT	\$430,414	\$31,422	\$21,104
Nirimba Fields Schofield, NSW	\$0	\$85,690	\$0
Total	\$519,481	\$154,745	\$21,104

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 seek to occupy a premises that achieves a 5 Star NABERS rating and 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 enhanced 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.

Resource efficiency and waste

All offices are encouraged to reuse, recycle and reduce the amount of waste that ends up in landfill. We reduce waste by providing amenities that support the separation and collection of recyclable and landfill materials.

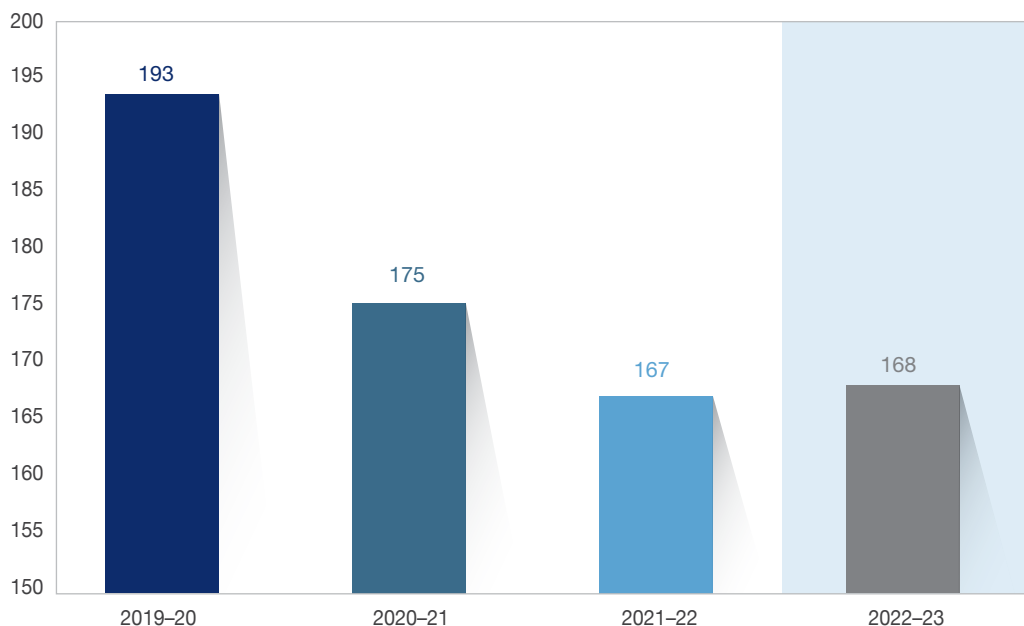
Travel and transport

DHA's travel volume has increased for this Financial Year following on from minimal bookings witnessed during COVID-19 impacted years. However, this year's total is still less than half of the volume seen in the pre-covid year (2018–19).

DHA's fleet size was maintained at 168 vehicles as at 30 June 2023 (refer Figure 6.2). We are continuing to investigate optimal fleet composition to ensure value for money and the most efficient use of DHA resources. Further to this we are undertaking ongoing fleet replacement activities and for the Financial Year a 25% replacement rate was achieved. DHA has largely maintained a standard Toyota Camry hybrid fleet which was not always fit-for-purpose in all our geographical locations and the replacement activities seek to remedy this. Replacement vehicles continue to be new hybrid models to ensure best environmental outcomes.

Figure 6.2

Number of DHA leased vehicles¹



Note

1. Reflects number of leased vehicles as at 30 June for each financial year.

APS Net Zero 2030

APS Net Zero 2030 is the Australian Government's policy for the Australian Public Service (APS) to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on emissions. Tables 6.25 and 6.26 show DHA's emissions for 2022–23.

Table 6.25: DHA emissions report 2022–23 (location-based method)

Emission Source	Scope 1 kg CO2-e	Scope 2 kg CO2-e	Scope 3 kg CO2-e	Total kg CO2-e
Electricity (location-based method)	-	619,576	79,124	698,700
Natural gas	-	-	-	-
Fleet vehicles	252,383	-	64,191	316,574
Domestic flights	-	-	342,880	342,880
Other energy	-	-	-	-
Total kg CO2-e	252,383	619,576	486,195	1,358,154

Table 6.26: DHA emissions report 2022–23 (market-based method)

Emission Source	Scope 1 kg CO2-e	Scope 2 kg CO2-e	Scope 3 kg CO2-e	Total kg CO2-e
Electricity (market-based method)	-	449,121	59,442	508,563
Natural gas	-	-	-	-
Fleet vehicles	252,383	-	64,191	316,574
Domestic flights	-	-	342,880	342,880
Other energy	-	-	-	-
Total kg CO2-e	252,383	449,121	466,514	1,168,017

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

Nowra regional office

1/19 Nowra Lane
Nowra NSW 2541

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 Dependants
MWD(U)	Member with Dependants (Unaccompanied)
MWOD	Member without Dependants
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
17BE	Contents of annual report			
17BE(a)	Our purpose Legislative framework	12 82–86	Details of the legislation establishing the body	Mandatory
17BE(b)(i)	Legislative framework	82–86	A summary of the objects and functions of the entity as set out in legislation	Mandatory
17BE(b)(ii)	Our purpose	12	The purposes of the entity as included in the entity's corporate plan for the reporting period	Mandatory
17BE(c)	Shareholder Ministers	87	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	87	Directions given to the entity by the Minister under an Act or instrument during the reporting period	If applicable, mandatory
17BE(e)	Shareholder Ministers	87	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"> a. a direction given to the entity by the Minister under an Act or instrument during the reporting period; or b. a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act 	If applicable, mandatory
17BE(g)	Annual Performance Statement	38–63	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	83	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	88–90 174–177	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	Mandatory
17BE(k)	Organisational structure	24–29	Outline of the organisational structure of the entity (including any subsidiaries of the entity)	Mandatory

PGPA Rule Reference	Part of Report	Pages	Description	Requirement
17BE(ka)	Appendix B: Workforce statistics	178–191	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: a. statistics on full-time employees; b. statistics on part-time employees; c. statistics on gender; d. statistics on staff location	Mandatory
17BE(l)	Our office network Office directory	28 201	Outline of the location (whether or not in Australia) of major activities or facilities of the entity	Mandatory
17BE(m)	Corporate governance structure	87–97	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 2022–23	92	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): a. 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 b. 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
17BE(p)	Annual Performance Statement	38–63	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

PGPA Rule Reference	Part of Report	Pages	Description	Requirement
17BE(r)	External scrutiny	101–104	Particulars of any reports on the entity given by: <ul style="list-style-type: none"> a. the Auditor-General (other than a report under section 43 of the Act); or b. a Parliamentary Committee; or c. the Commonwealth Ombudsman; or d. 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 and legislated committees	90–94	The following information about the audit committee for the entity: <ul style="list-style-type: none"> a. a direct electronic address of the charter determining the functions of the audit committee; b. the name of each member of the audit committee; c. the qualifications, knowledge, skills or experience of each member of the audit committee; d. information about each member's attendance at meetings of the audit committee; e. the remuneration of each member of the audit committee 	Mandatory
17BE(ta)	Executive remuneration	187–191	Information about executive remuneration	Mandatory

PGPA Rule Reference	Part of Report	Pages	Description	Requirement
17BF	Disclosure requirements for government business enterprises			
17BF (1)(a)(i)	Financial structure Financial performance	31 62–63	An assessment of significant changes in the entity's overall financial structure and financial conditions	If applicable, mandatory
17BF (1)(a)(ii)	Financial performance	62–63	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	62	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

Alphabetical index

A

Aboriginal and Torres Strait Islander employees 105, 106, 107
accountable authority 98, 174–7
acronyms and abbreviations 202–4
address and contact details, *inside front cover*
ADF Employment Offer Modernisation Program 5, 40, 48, 49, 50
ADF members 40
 DHA supporting a modern ADF 48
 housing related services 14, 15, 17
 housing solution eligibility 14, 15, 16
 provision of housing services to and their families 13, 36, 41, 53–5
 services to see Defence Services Agreement; property portfolio
advertising and market research 196
Annual Performance Statement 35, 38–63
 Key activity 1 – Provide and manage a portfolio of housing 36, 41, 43–8
 Key activity 2 – Partner with Defence to shape and administer housing policy 36, 41, 49–51
 Key activity 3 – Provide housing services to ADF members and their families 36, 41, 53–5
 Key activity 4 – Operate effectively, efficiently and sustainably as a better practice Commonwealth entity 36, 41, 57–63
 relationship with Corporate Plan 38
 results against KPIs 41
 results summary 40
 statement of preparation 39
 see also performance
annuity properties 23
apprenticeships 105, 107
APS Change Management Capability 58
APS Employee Census 57, 61
APS Net Zero 2030 200
Archives Act 1983 58
asset management 62
assistance dogs 112
Assistant Minister for Climate Change and Energy 101
Assistant Minister for Defence i, 2, 12, 34, 87, 101

auditors remuneration 165

audits

 by Compliance Australia Certification Services 58
 financial statements 119–20
 internal 99
 performance audit by ANAO 103
 see also Board Audit and Risk Committee

AusTender 100

Australasian Reporting Awards (ARA) 8

Australian Capital Territory and Riverina region 72–3

Australian Cyber Security Centre's Essential Eight cyber security strategies 4, 40, 59

Australian Defence Force see ADF

Australian Government, support of the 2

Australian National Audit Office

 financial statements audit 119–20

Management of Defence Housing Australia report 5, 51, 103

 performance audit 103

Australian Network on Disability 61

awards and achievements 8

B

Barlin, Lisa 188, 189

Barnard House, Duntroon 47

Belconnen Naval Transmitting Station at Lawson, ACT 46

Board Audit and Risk Committee (BARC) 91, 92, 93–4, 103

Board of Directors 24, 88–92, 107

 accountable authority 98, 174–7

 appointments 3

 Chairman see Chairman of the Board

 committees 90–1, 92, 110

 meeting attendance 92

 members 3, 88–90, 188

 related party transactions 92, 171

 remuneration 174, 188

 role 98

Board Investment Committee (BIC) 91, 92

booking and allocation system (BAS) for Living in

 Accommodation 14, 15, 52, 55

Briarcliffe (heritage property), Glenbrook, NSW 42, 47

broader community, support of 3
Brodthmann, Gai 90, 91, 92, 107, 177, 188, 189
business continuity 99
Business Solutions and Technology Group 26, 55

C

Capital Inclusion Charge, removal 50
capital strength 62
case studies 42, 52, 107, 112
Chairman of the Board 88, 121, 188, 189
 review by 2–3
change management 26, 58
Change Network 61
charitable donations 113
Chief Financial Officer 96, 121, 188, 189
Chief Financial Officer's Group 26
Chief General Counsel 188, 189
climate change 98
Comcare 84, 193
Command Activation Team 97
committees
 Board 90–1, 92, 110
 executive and national 97
Commonwealth Awards for Excellence in Risk Management 2022 8
Commonwealth Competitive Neutrality Policy Statement 31
Commonwealth Fraud Control Framework 98
Commonwealth Government Business Enterprise – Governance and Oversight Guidelines i, 31, 34, 38
Commonwealth Heritage Listed properties 17, 42, 46–7, 197
Commonwealth heritage values, protecting 42, 47
Commonwealth Ombudsman 104
Commonwealth Procurement Rules 100, 107
Commonwealth Risk Management Policy 98
communication safety devices 194
Community of Communicators 61
community contribution 112–13
complaints handling 104
 see also customer satisfaction
Compliance Australia Certification Services 58
Compliance Framework 98
Conservation Management Plans 197
consultancies 100
contact details (DHA), *inside front cover*
contamination management and rectification 198

contracts 86, 100
contributing to community (staff) 112–13
corporate governance structure 87–97
 see also Board of Directors; Leadership Team
Corporate Plan 2022–23 to 2025–26 i, 24, 34, 35, 36, 38, 88
 relationship with Annual Performance Statement 38
Corporate Plan 2023–24 to 2026–27, development 3
Corporate Solution Program 59
corruption control 98–9
COVID-19 pandemic 42, 199
credit rating 31
crisis management 17, 99
Culture and Wellbeing Strategy 2022–25 5, 40, 60–1, 108
customer experience framework 4, 55
customer satisfaction 43, 54
 see also complaints handling
customer service 54
cyber security 4, 40, 59, 115

D

Data Breach Response Plan and Team 85
Data Champions Network 61
Data Governance Framework and Data Principles 59
data literacy program 59
Defence community, support of 2–3, 113
Defence Housing Australia (DHA)
 accountable authority 174–7
 Advisory Committee 90, 92
 Board see Board of Directors
 Corporate Plan i, 24, 34, 35, 36, 38, 88
 establishment 12
 financial structure 31
 functions and powers 82
 governance structure 87–97
 as a Government Business Enterprise 12, 31, 34, 84
 legislative framework 82–6
 objectives 127
 operating environment 2
 organisational structure 24–9
 outcomes and objectives 13, 34
 priorities for the year ahead 5
 purposes 12–13
 Statement of Corporate Intent i, 24, 34, 35, 36, 88
 strategic framework 13, 36–7

- Defence Housing Australia Act 1987* 12, 14, 24, 34, 82, 87, 88
 amendments 5, 51, 90
Defence Housing Authority Act 1987 82
Defence Housing Authority Amendment Act 2006 82
 Defence Housing Forecast 16, 43
 Defence Housing Support Review 2, 5
 Defence Omnibus Bill 2023 51
 Defence-owned properties 14, 23, 47, 50
 Defence Services Agreement 4, 14, 16, 38, 40, 48, 49, 50,
 53, 63, 171
 initiatives delivered in 2022–23 50
 major review 51
 Defence Strategic Review (DSR) 2, 5
 Department of Climate Change, Energy, the Environment and
 Water (DCCEEW) 198
 Department of Defence 12
 Categorisation and Location Frameworks 49, 50
 DHA services to 2, 4, 12, 13, 14–17
 partnership with 5, 13, 41, 49–51, 99
 Portfolio Budget Statements 12, 34, 35, 38
see also Defence Services Agreement
 Department of Finance 2, 31, 38, 127
 development projects 197
 DHA Advisory Committee 90, 92
 DHA CommUNITY 113
 DHA Heritage Register 197
 DHA Heritage Strategy 47, 197
 DHA owned properties 23
 digital platforms 115
 Directors *see* Board of Directors
 Disability Affinity Group 61
 disability employment 61, 106
 Disengagement Plan 51
 diversity and inclusion 60, 63, 106, 108
 Diversity Council of Australia – Inclusive Employer status 8, 61
 dividend payments to shareholders 62
- E**
- emissions report 200
 employees *see* staff
 energy use 199
 enterprise agreements 109, 186
 Enterprise Change Management 26, 58
 enterprise systems 115
- Environment Protection and Biodiversity Conservation Act*
 1999 17, 46, 47, 197, 198
 environmental performance 197–200
 executive and national committees 97
 external scrutiny 101–4
- F**
- Fair Work Act 2009* 186
 Family and Domestic Violence (FDV) policy 60, 108
 finance law compliance 83
 financial performance 31, 62–3, 195
 capital strength 62
 credit rating 31
 five year summary 195
 management of DHA's loans 31, 62
 net profit after tax (NPAT) 62
 sustaining financial capability 63
 taxation 62, 140–2
 financial statements 117–71
 independent auditor's report 119–20
 notes to 126–71
 primary financial statements 122–5
 financial structure 31
 credit rating 31
 funding 31
 Fintech Program 59, 115
 Fisher, Robert 89, 91, 92, 176, 188, 189
 five-year financial summary 195
 Flexible Housing Trial 4, 50
 flexible work culture 108, 110
 foreign exchange and visiting military personnel 51, 103
 Fort Wallace at Stockton, NSW site 46, 197, 198
 fraud control 98–9
Freedom of Information Act 1982 84, 104–5
 freedom of information requests 105
 function of DHA 82
 funding of DHA 31
- G**
- Gallagher, Senator the Hon Katy i, 2, 87
 Galloway, Andrea 3, 90, 91, 92, 94, 176, 188
 General Manager, Service Delivery 97, 188
 Governance and Communication Group 26
 governance framework 87–97
Governance in the Stewardship of Public Resources report
 101–2

governance maturity and capability 58
Government Business Enterprise 12, 31, 34, 84
greenhouse gas emissions 200
Groenewegen, Paul 96, 121, 188, 189
Gungahlin premises 199

H

hazardous materials management 194
Health and Safety Committee (HSC) 194
health and wellbeing 40, 60, 61, 108
 see also work health and safety
Heritage Management Plans 197
heritage properties 17, 42, 46–7, 197–8
HMAS Creswell, Jervis Bay 47
Hosking House, Duntroon 47
housing management 14, 15, 17, 50
housing plans *see* provisioning schedule/plans
housing policy administration 13, 15, 41, 49–51
housing portfolio *see* property portfolio
housing related services 14, 15, 17
housing services
 provision to ADF members and their families 13, 41, 53–5
 see also Member Choice Accommodation (MCA);
 Members with Dependents (MWD) housing; property
 portfolio
housing solution eligibility 14, 15, 16
Human Resources Group 26

I

incidents and hazards reported (WHS) 193
index of annual report requirements 205–8
Indigenous Apprenticeship Program 105, 107
Indigenous Procurement Policy 105, 106, 107
Individual Flexibility Agreements 110
information management 115
Information Publication Scheme 84, 104
information technology 115
 cyber security 40, 59, 115
 data literacy program 59
 energy efficiency 199
 Fintech Program 59, 115
 governance 115
 M365 and SharePoint 59
 online services 40
 Technology Refresh Program 26, 57, 59, 63, 115

Integra Service Dogs Australia, partnership with 2, 112, 113
internal audit 99
investment properties 133, 145, 148–50

J

Jackson, Barry 3, 39, 88, 92, 96, 112, 121, 174, 188, 189
 Managing Director's review 4–5
 see also Managing Director
Jawun Australian Public Service Secondment Program 105,
 107
Joint Committee of Public Accounts and Audit 101–2
Jones, Ewen 3, 91, 92, 177, 188, 189
Jorgensen, Brett 97, 188, 189

K

Key activity 1 – Provide and manage a portfolio of housing 13,
 36, 41, 43–8
Key activity 2 – Partner with Defence to shape and administer
 housing policy 13, 36, 41, 49–51
Key activity 3 – Provide housing services to ADF members
 and their families 13, 36, 41, 53–5
Key activity 4 – Operate effectively, efficiently and sustainably
 as a better practice Commonwealth entity 13, 36, 41,
 57–63
key management personnel
 nominated positions 24
 position and length of term 188
 remuneration 170, 186–9
Knuckey, Geoff 91, 92, 95

L

landlords, services to 19
Lawson North development site 198
Leadership Development Program 111
Leadership Team 3, 24, 95–6, 97, 98, 105
 see also Board of Directors
learning and development (staff) 60, 111
Learning and Development Community of Practice 61, 111
leased properties 4, 19, 23
leased vehicles 199
Legacy Australia
 Centenary Torch Relay 2, 113
 Sydney Legacy Remembrance Day Lunch 3
Legal Services Group 26
legislative framework 82–6

letter of transmittal i

Lewis, Simon 89, 91, 92, 94, 175, 188, 189

Living in Accommodation (LIA) 4, 15, 17

Booking and Allocation System 4, 14, 15, 52, 55

Loan Agreement with the Commonwealth 31, 62, 127, 137, 153

Logan, Paul 91, 92, 95

Louis, Kate 3, 91, 92, 94, 176, 188, 189

M

Macdonald, J.A.L. (Sandy) i, 39, 88, 91, 92, 121, 174, 188, 189

Chair's review 2–3

see also Chairman of the Board

maintenance and repairs 53

by region 64–79

heritage properties 47, 198

Management of Defence Housing Australia (ANAO report no. 31) 5, 51, 103

Managing Director 3, 24, 88, 96, 97, 121

remuneration 109

review by 4–5

role 24, 95, 96, 98, 105, 110

market research 196

Marles, the Hon Richard 2

McAllister, Senator the Hon Jenny 101

media advertising 196

Member Choice Accommodation (MCA) 15, 22, 44

by region 64–79

ownership type 23

performance results 44, 45

portfolio (property type and amenity) 22

provisioning schedule 45

Members with Dependants (MWD) housing 15

by region 64–79

ownership type 23

portfolio (property type, amenity and location) 21

mental health-related illnesses 2

Military Wives Choir 3, 113

Minister for Defence 2, 24

Minister for Finance i, 2, 12, 87, 171

ministerial directions and policy orders 87

Modern Slavery Act 2018 86

N

NAIDOC Week 105

National Anti-Corruption Commission 99

National Reconciliation Week 105

net profit after tax (NPAT) 62

New South Wales region 70–1

Nomination and Remuneration Committee (NRC) 91, 92, 110

North Queensland region 66–7

Northern Territory Officer's Ball 3

Northern Territory region 64–5

Notifiable Data Breaches Scheme 85

O

Occupant Handbook 50

Office of the Australian Information Commissioner 84, 104

offices of DHA

head office 199, 201

locations 28, 201

staff by location 185

staff by office type 29, 185

Ombudsman Act 1976 104

Online Enquiries project 55

Online Services Roadmap 52

operating effectively, efficiently and sustainably as a better practice Commonwealth entity 13, 41, 57–63

operating environment 2

organisational culture 105–8

organisational structure 24–9

outcomes and objectives 13, 34

overview of DHA 11–31

ownership types (property portfolio) 23

P

parliamentary committees 101–3

Parliamentary Standing Committee on Public Works 103

People and Culture Committee (PCC) 91, 92, 107

People Strategy 2022–25 60, 61

see also staff

performance

Annual Reporting Statement 35, 38–63

environmental 197–200

financial 62–3, 195

highlights 4–5

planning and reporting framework 34–7

regional operational performance 64–79

- returns to Australian Government 62
- work health and safety 192
- year in summary (statistics) 6–7
- performance audit by ANAO 103
- performance pay 186
- Personal Information Holdings Register 84
- philanthropic organisations, housing for 51, 103
- planning and reporting framework 34–7
 - see also Corporate Plan 2022–23 to 2025–26; Statement of Corporate Intent
- policy advice and guidance (to ADF members) 17
- post-traumatic stress disorder (PTSD) 2, 112
- priorities for the year ahead 5
- privacy 85
- Privacy Act 1988* 85
- procurement (corporate) 100
- Property Function 24
- property management 15, 17, 53–5
 - demand/provision/allocations 43–7, 53
 - heritage properties 17, 42, 46–7, 197–8
 - inspections 53
 - maintenance see maintenance and repairs
- property portfolio 4, 12, 13, 16, 20–3, 41, 43–7, 63
 - annuity properties 23
 - by region 64–79
 - Defence-owned properties 23
 - development projects 197
 - DHA owned 23
 - disposals 133, 198
 - investment properties 133, 145, 148–50
 - leased properties 4, 19, 23
 - locations and statistics 20
 - ownership type 23
 - performance results 40, 43
 - property type, amenity and location 21–2
 - property upgrades 17, 46
 - provisioning schedule/plans 4, 14, 16, 43, 44–6
 - rationalising 63
 - Rent Band Choice Housing 21, 44, 50
 - Service Residences 21
 - services to landlords 19
 - statistics 6–7, 43
 - value 195
 - see also Member Choice Accommodation (MCA); Members with Dependants (MWD) housing

- provisioning schedule/plans 4, 14, 16, 43, 44–6
- Public Governance, Performance and Accountability Act 2013* i, 12, 24, 34, 39, 83, 98, 121
- Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 83
- Public Governance, Performance and Accountability Rule 2014 i, 34, 83
- Public Interest Disclosure Act 2013* 86
- Public Service Act 1999* 84, 109
 - 24(1) determinations 188
- purposes of DHA 12–13

Q

- Quality Management Standard (ISO9001) 5, 58
- Queensland regions 66–9

R

- reconciliation 105, 107
- Reconciliation Action Plan 105, 107
- records management 58
- recruitment 111
- regions
 - housing portfolio map and statistics 20
 - operational performance 64–79
- related party transactions 92, 171
- relocation costs 50
- remuneration 109
 - allowances 100, 109
 - auditors 165
 - Board 174, 188
 - Board Audit and Risk Committee 93–4
 - key management personnel and senior executives 109, 170, 187–90
 - other highly paid staff 191
 - performance pay 186
 - salary packaging 110
 - staff salary ranges by classification 186
- Rent Allowance 15, 17, 53, 55
 - review process 4, 55
- Rent Band Choice Housing 15, 21, 44, 50
- rental floor lease incentives, phasing out 63
- resilience 99
- resource efficiency 199
- responsible minister 24, 83, 87
- see also Shareholder Ministers
- return on equity 57

returns to Australian Government 62
rewards and recognition 110
risk management 58, 98
Riverina region 72–3

S

safety *see* work health and safety
safety newsletters 194
salary packaging 110
Senate Order on Entity Contracts 100
Senate Standing Committee on Foreign Affairs, Defence and Trade 101
senior executives, remuneration 109, 110, 190
Service Delivery Group 24, 55
Service Delivery Support Group 26
Service Operations 24
Service Residences 15, 21, 44
services
 for ADF members 14–17
 satisfaction with 43, 54
 to landlords 19
 see also Member Choice Accommodation (MCA);
 Members with Dependants (MWD) housing
Shared Benefits Scheme 113
Shareholder Ministers 2, 12, 24, 34, 35, 87, 91, 96, 171
shareholder returns 62
South Australia region 76–7
South Queensland region 68–9
sponsorship and corporate giving program 112, 113
staff 3
 capability development 5, 60, 111
 by classification 29, 183, 184
 contributing to community 112–13
 Culture and Wellbeing Strategy 5, 40, 60–1, 108
 diversity and inclusion 60, 61, 106, 108
 Employee Value Proposition 40, 57, 60
 employment conditions 109–10, 186
 by employment type 29, 183
 engagement 57
 flexible work culture 108, 110
 by gender 29, 183
 learning and development 60, 61, 111
 by length of service 184
 location 185
 by office type 29, 184

onboarding 60
organisational culture 105–8
profile 179–82
reconciliation 105, 107
recruitment 111
remuneration *see* remuneration
retention and turnover 57
rewards and recognition 110
sponsorship and corporate giving programs 112, 113
statistics 29, 106, 178–85
succession planning 60, 111
work health and safety 57, 192–4
workforce management 105–13
 see also Leadership Team
standards compliance and certification 5, 58
statement of cash flows 125
statement of changes in equity 124
statement of comprehensive income 122
Statement of Corporate Intent 2022–23 i, 24, 34, 35, 36, 88
statement of financial position 123
Stockton Rifle Range, NSW 46
strategic framework 13, 36–7
 see also Key Activities 1–4
study assistance 111
succession planning 60, 111
Supply Nation 105, 107
Sydney Legacy Remembrance Day Lunch 3

T

Tasmania region 74–5
taxation 31, 62, 140–2
Technical, Heritage, Upgrades and Defects (THUD) team 42
Technology Refresh Program 2, 3, 5, 26, 57, 59, 63, 115
TechnologyOne cloud transition 59
tenancy management 15, 17, 53
The Oasis Townsville, partnership with 3, 113
Thistlethwaite, the Hon Matt i, 2, 87
total recordable injury frequency rate 57
training (staff) 60, 111
travel and related allowances 109
travel and transport 199

U

utility reimbursements 55

V

vehicle fleet 199
Victoria and Tasmania region 74–5
visiting military personnel 51
volunteering 113

W

Waringarri Media Aboriginal Corporation 107
waste minimisation 199
Western Australia region 78–9
Wilton, Brigadier Leigh 3, 89, 91, 92, 175, 188, 189
work health and safety 57, 192–4
Work Health and Safety Act 2011 (Cth) 84, 192
Work Health and Safety Regulations 2011 (Cth) 84
Work Health and Safety Standard, transition from ISO4801 to
ISO45001 5, 58
workforce
 capability 5, 60, 111
 investment in 60
 management 105–13
 planning 60, 111
 statistics 178–85
 see also staff
workplace bullying and harassment 60, 108
Workplace Giving Program 113

Y

year in summary (statistics) 6–7