



**Defence Housing Authority**  
Annual Report 2001-2002



**Defence Housing Authority**  
Annual Report 2001-2002

**Defence Housing Authority annual report 2001–2002**

Published by the Defence Housing Authority

Publication Manager:	Sue Boyton
Research Assistant:	Nadine Gubbins
Communications Project Manager:	Natalie Cooper
Photographic Coordinator:	Angela Newton
Design:	ZOO
Editing:	Morris Walker Canberra
Printing:	National Capital Printing

With thanks to the Navy Imagery Unit for its cooperation in supplying photographs.

To obtain further information about the contents of this report please contact:

Sue Boyton  
Corporate Coordinator  
Defence Housing Authority  
26 Brisbane Avenue  
BARTON ACT 2600

Tel: (02) 6217 8555

Email: [sue.boyton@dha.gov.au](mailto:sue.boyton@dha.gov.au)

This report can be found online at [www.dha.gov.au](http://www.dha.gov.au)

ISSN 1032–6197

# Contents

About this report.....	2
Chairman and Managing Director's overview.....	3
Report of operations.....	5
Functions of the Defence Housing Authority .....	6
Strategic themes and key achievements.....	8
Our financial year in summary.....	9
Our clients, agreements and relationships.....	15
Our services.....	19
Our houses.....	27
Our people and systems.....	33
Our offices.....	45
Corporate governance.....	57
— Board of Directors.....	58
— Corporate documents.....	63
Financial statements.....	65
Other information.....	94
Glossary.....	97
Index.....	99

## About this report

The annual report of the Defence Housing Authority (DHA) documents the organisation's performance for the financial year ending 30 June 2002.

The report is presented in six main parts:

1. a review by the Chairman and Managing Director including a summary of significant developments
2. an overview of DHA including its legislative basis and structure
3. an outline of highlights and outcomes for the organisation over the past 12 months
4. details on the Board of Directors as well as the background and roles of members
5. an overview of the organisation's corporate governance arrangements, and
6. a report on performance that is structured around the organisation's key outcomes and outputs including agreements, people and systems, offices, services, houses, clients and relationships

Financial statements can be found on page 65. A glossary of terms and abbreviations can be found on page 97.

## Our readers

This report is presented for tabling in both the Houses of the Parliament of the Commonwealth of Australia. It is also produced to meet the information needs of DHA's other stakeholders and customers including:

- members of the Australian Defence Force and their families
- Members of Parliament, political parties, candidates and interest groups
- other government agencies (Federal, State and Local)
- community members
- the media, and
- DHA staff.

## Chairman and Managing Director's overview

The past year has presented many challenges and many significant milestones have been achieved.

It was the first year in which DHA managed the relocation of Australian Defence Force members. Systems delays coupled with human error caused unexpected problems, despite enormous remedial effort by all our staff.

It was also the year in which DHA introduced a web-based system to allow Defence members and their families to pre-select their house and move door-to-door. This worked quite well and during the peak posting period, 69 per cent of members pre-selected their house and 63 per cent moved door-to-door.

DHA directly provided some 18,000 houses for married members or members with dependants. In doing so, we guarantee that a suitable house will be available when needed. Rental assistance is also provided according to need. Overall DHA currently provides 88 per cent of the total stock required. Tenant satisfaction with DHA housing continued to be high and there was a significant improvement in the satisfaction with maintenance services due to improved contractor management.

Over the last two financial years increases in rental charges to Defence have been minimal and have been less than the rental increases experienced in the general market. For 2002-03 the rental increase to be passed on to Defence is only 1.86 per cent.

During the year DHA introduced 383 newly purchased or constructed houses and disposed of 582 older houses. Also, 195 houses were newly leased and 722 houses were returned to their owners. This and our maintenance and other services provided \$95.2m work in regional centres and was an important source of activity in remote, rural and smaller Australian cities.

Our initial management of the relocation function was not satisfactory during the peak-posting period.

Allowances were not paid on time and itineraries were also not provided to Defence members in accordance with the required time scales. DHA has re-engineered its approach and is introducing new IT applications to overcome those difficulties. Processing is to be decentralised for short notice and emergency postings, and local case managers are being introduced to liaise directly with, and to assist Defence members and families. We are confident that this will result in the successful management of postings in next year's peak period. Outside of the peak period, postings have been successfully managed with increasing levels of satisfaction. Removals of furniture and household effects, which are critical to a successful relocation experience, are still managed by the Department of Defence.

DHA met its commercial targets for 2001-02 with the value of our property portfolio growing by more than \$100 million and the overall shareholder value-added return generated at 13.7 per cent or \$203 million (pre-tax). Profit (earnings before interest and tax) was \$85.6 million representing a 5.9 per cent return on assets.

During the year DHA made annual dividend payments to the Commonwealth of \$88.6 million in relation to the 2000-01 financial year, and has made provision for annual dividend payments of \$66.5 million for the 2001-02 financial year. In addition, special dividend payments and capital returns were made to the government

of \$250 million. This is in addition to a capital return payment of \$400 million that was paid in 2000-01 and further special dividend payments that are planned for 2002-03. In short, we have returned the entire investment in DHA made by government some 15 years ago.

From a strategic viewpoint, the Board reviewed its capital program considering both the reliance that can be placed on private investors and the need to maintain flexibility. Over the next three years, DHA's property ownership levels will continue to reduce with increased reliance on the Sale and Leaseback Program. We regard lessors key stakeholders and measure their satisfaction, which currently is encouragingly high.



Peter E J Jollie  
Chairman



Keith T Lyon  
Managing Director

The government has also announced in the Budget that the Department of Finance and Administration will undertake a scoping study into the sale of DHA assets.

We have been working closely with the Public Works Committee and are grateful for timely approval for DHA's Duntroon and Enoggera construction projects.

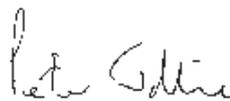
The Sale and Leaseback Program and disposal program resulted in the sale of 1331 houses and generated a combined \$328.5 million.

The Board has demonstrated a rigorous approach to its governance responsibilities. It has a charter governing its operations and for the operations of the Board Audit Committee; a code of conduct for Directors, and an assessment process for determining Director and Board performance. The Board also has a Board Nomination & Remuneration Committee. In last year's report, it was advised that a number of changes to the Defence Housing Authority Act had been recommended to Ministers. These are aimed at providing DHA with increased flexibility to allow a more commercial approach to its support of the operations of the Australian Defence Force. Progress was not made during the last year but it is hoped that it will receive priority consideration.

DHA has continued to strengthen its management in its regional Housing Management Centres. Where appropriate a presence is being created on major military

bases and a number of offices were relocated to be more accessible. With the growth in staff numbers and an increasing focus on customer service, people management has become particularly important and our human resource manager has been elevated to the DHA executive team. Considerable investment is expected in the area of IT infrastructure and applications to better support the business, however progress in this area was hampered by the external IT provider not delivering enhanced operational IT systems as contracted.

On behalf of the Board and executive, we wish to acknowledge the strong relationship with the Australian Defence Force at literally every level. We must also thank the staff of DHA for their tremendous effort and commitment in a difficult year. We are grateful for the strong interest and support of our Shareholder Ministers. This is vital as we continue to develop and expand DHA's service to Defence.



Peter E J Jollie  
Chairman



K T Lyon  
Managing Director

## Report of operations

The Directors of the Defence Housing Authority are pleased to present their annual report for the financial year ending 30 June 2002.

The Directors are responsible under Section 9 of the Commonwealth Authorities and Companies Act for the preparation and content of this report, in accordance with the Finance Minister's Orders. This report is made in accordance with a resolution of the Directors.



Peter E J Jollie AM  
Chairman

Canberra  
5 September 2002

## Functions of the Defence Housing Authority

The Defence Housing Authority (DHA) is established under the *Defence Housing Authority Act 1987*. It commenced operations on 1 January 1988.

Its statutory function is to provide adequate and suitable housing for members of the Australian Defence Force and their families, Defence civilians and other persons, in order to meet the operational needs of the Australian Defence Force, and the requirements of the Department of Defence.

DHA provides tenancy management and relocation services to Defence and administers the Defence HomeOwner Scheme.

## Structure

DHA comprises 12 members who are referred to as Directors and operate as a Board:

- five Directors (including the Chairman) are appointed by the Governor-General for their expertise in housing, management or finance
- one Director, also appointed by the Governor-General, is the spouse of a full-time Australian Defence Force member
- five Directors are ex officio and consist of the Head Defence Personnel Executive, the Deputy Chief of Air Force, the Deputy Chief of Army, the Deputy Chief of Navy and the First Assistant Secretary Capability Investment and Resources, and

- the Managing Director (who is also chief executive officer), appointed by the Board of Directors and is the only executive Director.

The Board of Directors:

- formulates strategic directions for DHA
- appoints and regularly reviews the performance of the Managing Director and ensures that succession plans for senior management are in place
- approves and periodically reviews overall corporate strategies and significant policies such as the corporate plan, operational plans and budgets
- identifies business risks as well as potential opportunities
- determines and develops appropriate performance measures and other performance information as well as appropriate internal and external reporting mechanisms
- provides guidance and oversight to senior management, and
- meets regularly as a Board.

## Responsible Ministers

DHA is, within the Defence portfolio, responsible to Senator The Hon. Robert Hill, the Minister for Defence, through The Hon. Danna Vale MP, Minister for Veterans' Affairs and Minister Assisting the Minister for Defence.

Senator The Hon. Nick Minchin, the Minister for Finance and Administration is a Joint Shareholder Minister, and has delegated the responsibility to Senator The Hon. Eric Abetz, Special Minister of State.

## **Our Vision**

To be recognised as trusted experts and leaders in Defence housing and relocation services.

## **Our Mission**

To deliver total housing and relocation services that meet Defence operational and client needs through a strong customer and business focus.



## Strategic themes and key achievements

Strategic themes	Objectives
<p>Customer Delight</p>	<p>To provide housing and relocation services that anticipate customers' expectations and meet Defence operational requirements</p> <p>To provide value for money to Defence in terms of competitive and cost effective products and services</p> <p>To provide well managed property investment options that encourage repeat and referral business</p>
<p>Operate on a commercial Basis</p>	<p>To meet shareholder expectations through a reasonable rate of return on the Commonwealth's investment</p> <p>To implement a more commercial and cost effective capital structure</p>
<p>Achieve Operational Excellence</p>	<p>To implement best practice processes for acquisitions, sales, disposals, maintenance, allocations and relocations</p> <p>To attract and retain competent and motivated people who are team players and committed to customer service</p>

## Key performance indicators

## Key strategies and activities

## Key achievements

ADF member satisfaction

Achievement against dead rent  
Defence Housing Forecast (DHF)  
Rent bill change vs market

Investor satisfaction

Increase flexibility and choice of housing options (page 28)

Quality, planned and responsive maintenance (page 23)

New replacement houses and major refurbishments (page 11, 28-32)

Amenities upgrade program (page 24)

Improve relocations service (page 21-22)

Administration of rent allowance for singles (page 18)

Manage growth in rent bill (page 16)

Effective stock management (page 16)

Heritage house conservation (page 12)

Investor desirable properties (page 30)

Professional property management services (page 18,30)

- Assisted in redefining the Defence community house
- Introduced provision of apartments, townhouses and well located houses
- Implemented new processes to ensure DHA houses are ready for occupation
- Improved security in DHA houses and commenced implementation of improvements to heating, cooling and outdoor living arrangements
- Launched web-based housing selection tool
- Established 1800 emergency relocations hotline
- Administer revised rent allowance arrangements for single members
- Overall customer satisfaction for housing 74%, maintenance 78%, relocations 72% during a year of high impact change

- Dead rent minimised through increased short-term leases with private investors and early settlement of unwanted leases
- Improved reporting to Defence of vacant houses
- Established conservation management plans
- DHF Target met

- Launched new residential investment website
- Achieved 63% repeat and referral business
- Achieved 94% customer satisfaction levels

Select capital projects for maximum capital return (page 10)

Effective management of revenue and costs (page 10)  
Sale and Leaseback program (page 30)

Shareholder value added  
Return on asset  
Dividend payments  
Debt/equity  
Return of capital  
Percentage reliance on private investment

Increase in pre-allocation of housing  
Increase in door to door removals

Staff satisfaction  
Customer service

Consolidate business processes (page 20-24)

Improve contractor management (page 23)

Enhance turnaround of maintenance for vacancies (page 23)

Review service delivery model (Page 21)

Enhance IT and telephony infrastructure (page 43)

Performance management (page 38)

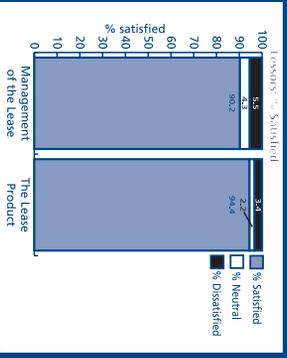
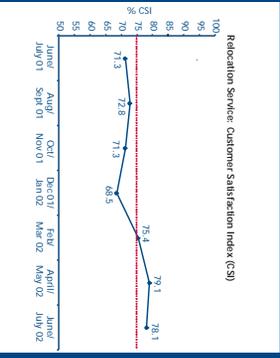
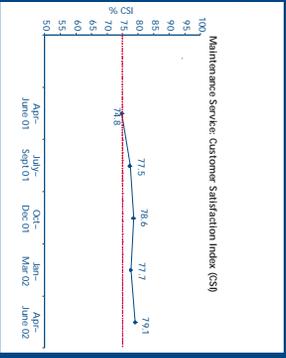
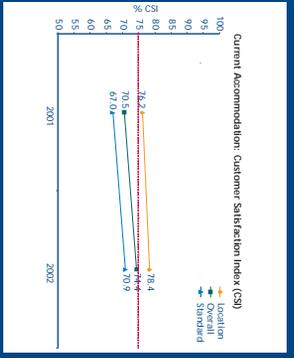
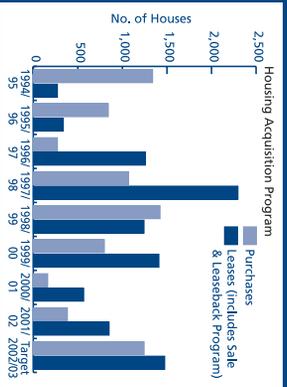
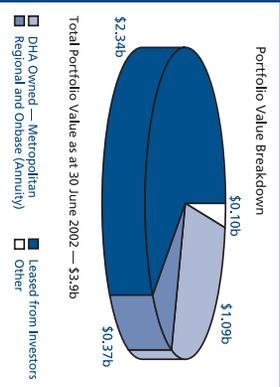
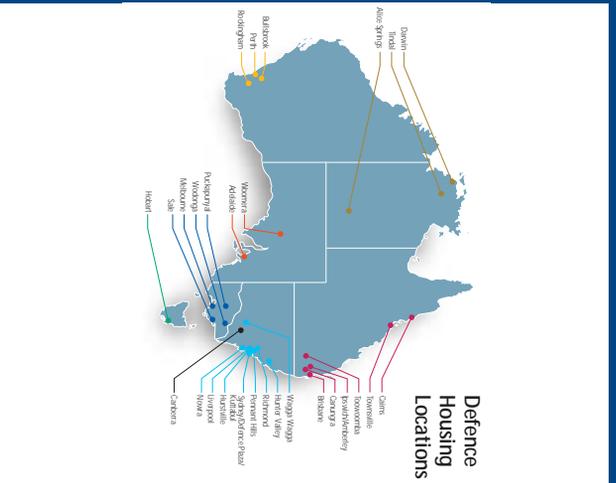
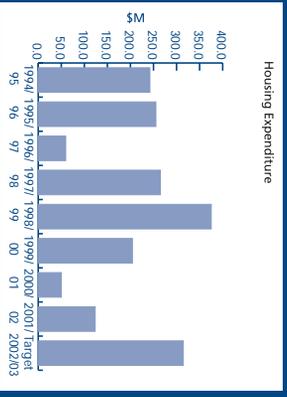
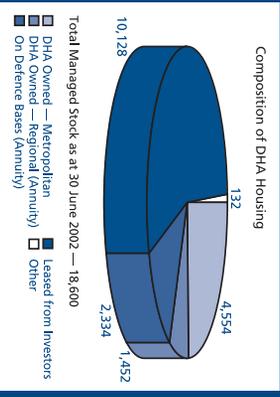
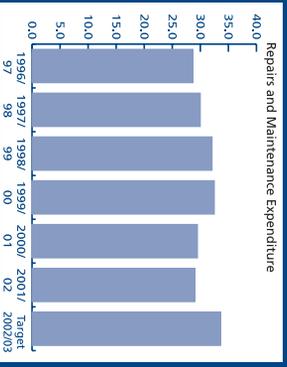
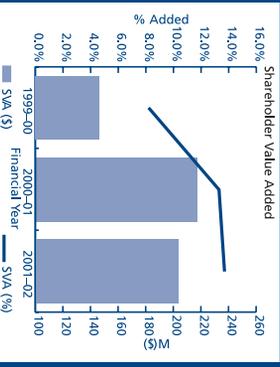
Staff development (page 38)

Team development (page 38)

- Shareholder value added 13.7% against target of 10%
- ROA 5.9% against a target of 6%
- Capital returns and special dividends of \$250 million
- Annual dividend of \$66.5 million
- Sale of surplus houses generated \$108.3 million against target of \$106.3 million
- Reduced equity invested by government
- Increased reliance on private investment and introduced debt
- Sale and Leaseback Program revenue generated \$220 million against original target of \$213 million

- Enhanced policy guidelines, standard operating procedures, monitoring and reporting
- Established rigorous contractor assessment processes
- Achieved 69% pre-allocation rate over the peak posting cycle (Nov 01 to Jan 02)
- Achieved 63% door to door removals over 12 month period
- Implemented regionally based case management service delivery model for relocations
- Improved IT, telephony and introduced customer relationship management tool
- Established flexible work arrangements
- Implemented improved performance review process
- Established staff consultative group
- Conducted comprehensive induction programme
- Conducted extensive in house training in core business and customer service
- Increased number of cross functional project teams
- Enhanced collective understanding of strategic direction

Year Ended 30 June 2002	2000	2001	2002
Shareholder Value Added (%)	8.2	13.3	13.7
Shareholder Value Added (\$mll)	146.1	216.9	203.0
Return on Asset (%)	2.0	6.2	5.9
Earnings Before Income Tax (\$mll)	36.6	101.9	85.6
Annual Dividends (\$mll)	24.0	88.6	68.5
Special Dividends/Capital Returns (\$mll)	0.0	400.0	250.0
Total managed stock	20,542	19,538	18,600
Constructions	482	93	263
Purchases	316	69	120
Leased or re-leased stock	65	93	101
Sale of surplus stock	1254	756	582
Revenue generated from sale of surplus stock (\$mll)	184.1	102.8	108.3
Sale and Leaseback program	1,345	469	749
Revenue generated from Sale & Leaseback program (\$mll)	291.8	104.6	220
Contracted maintenance to DHA houses (\$mll)	32	29.5	29
Number of relocations	NA	NA	31,146
Peak Posting Cycle pre-allocation rate (%)	NA	48	69
Full time DHA staff positions	290	459	658





*Our Financial Year In Summary*

## Financial Results

Year Ended 30 June	2000	2001	2002
Shareholder Value Added (SVA) (%) <sup>1</sup>	8.2%	13.3%	13.7%
Shareholder Value Added (SVA) (\$) <sup>1</sup>	\$146.1m	\$216.9m	\$203.0m
Return on Assets (ROA)	2.0%	6.2%	5.9%
Earnings Before Interest and Taxes (EBIT) <sup>2</sup>	\$36.6m	\$101.9m	\$85.6m
Annual Dividends <sup>3</sup>	\$24.0m	\$88.6m	\$66.5m
Special Dividends/ Capital Returns	\$0.0m	\$400.0m	\$250.0m

Notes: 1. Shareholder Value Added includes unrealised capital growth

2. EBIT is net of interest income and expense

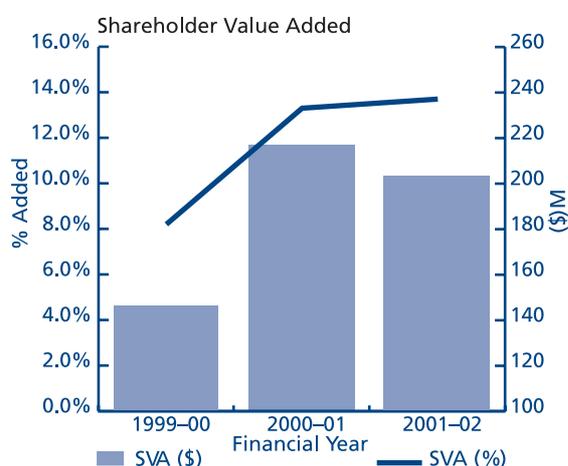
3. The annual dividend for 01/02 comprises \$36.7 for profit distribution and \$28.9 for tax equivalents

### Overview — Year ending 30 June 2002

The overall Shareholder Value Added return of 13.7% is significantly in excess of the target level of 10% over the business cycle. Principally due to the strength of the property market in major metropolitan areas (particularly Sydney) and the resulting capital growth of DHA owned stock. The average capital growth of DHA owned properties was about 10%.

Operating Profit before interest and tax was greater than expectations due to greater profits on the sale of non-current assets, offset by a decrease in rental revenue and higher operating expenses associated with additional staff for the new Relocations function. However, it was \$16m less than the previous year largely due to fewer houses being required by Defence and being owned by DHA. Return on assets employed reduced a little from the previous year due to lower rental yields.

The annual dividend of \$66.5m is \$5.6m more than planned.



### Tax status

In-line with the Commonwealth's competitive neutrality policy, DHA made proposals through the Shareholder Ministers to be subjected to Federal income tax and a range of State taxes from 1 July 2000. However, governing legislation must be amended to clarify DHA's tax paying status. As an interim measure, DHA has included tax equivalent payments in dividends to be paid for the 2001-02 year.

### Standard and Poors Credit Rating

As at 30 June 2002, DHA's credit rating with Standard and Poors is AA+. This rating reflects DHA's very strong ability to repay borrowings. This credit rating has assisted DHA in obtaining competitive cost of funds on any borrowing requirements.

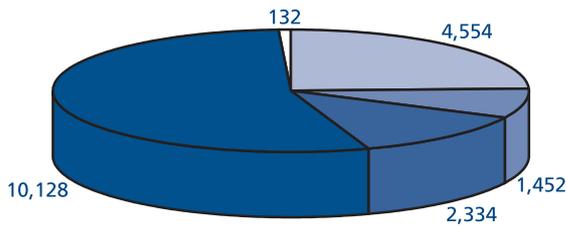
### Assets under management

DHA manages a portfolio of more than 18,000 properties in all States and Territories. The total value of these assets is \$3.9 billion of which \$1.6 billion is owned by DHA and the remainder is leased to DHA by private investors.

### Capital restructuring

A more commercial and cost effective capital structure is proposed in DHA's 2002-03 to 2004-05 corporate plan. The organisation is continuing to reduce the amount of equity invested by the government and is increasing reliance on other forms of capital funding such as debt and sales and leaseback arrangements. This will reduce the overall cost of capital employed in the business. To that end, it is proposed to make further special dividend payments of \$307 million in 2002-03 and further amounts

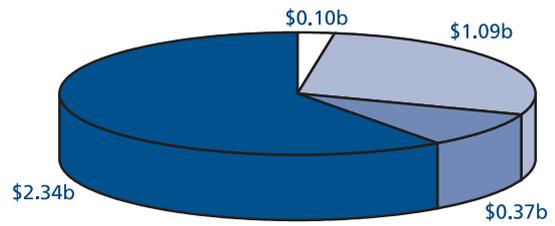
Composition of DHA Housing



Total Managed Stock as at 30 June 2002 — 18,600



Portfolio Value Breakdown



Total Portfolio Value as at 30 June 2002 — \$3.9b



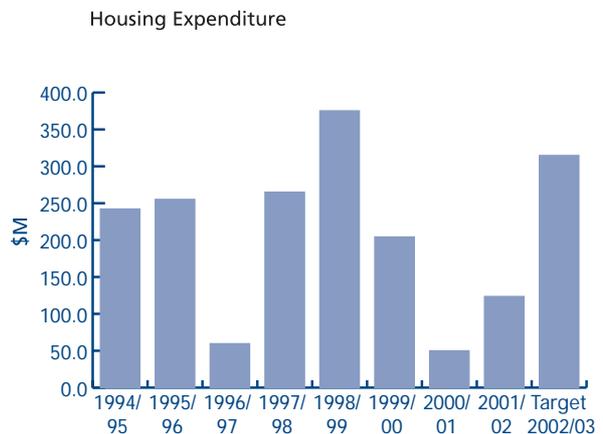
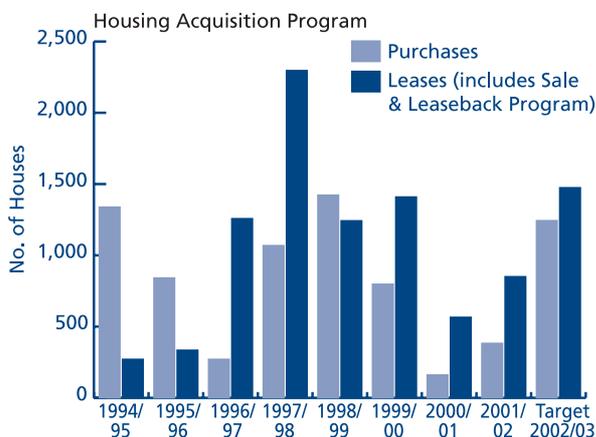
in future years. On 1 June 2002, DHA drew down \$100 million under a Loan Agreement with the Minister for Finance and Administration. The drawdown is a fixed interest loan with maturities ranging from three to seven years and interest rates from 5.4 per cent to 6.1 per cent. The Loan Agreement will provide DHA with debt and hedging facilities and a total facility limit of \$425 million. Out of this, DHA has entered into forward rate arrangements for a further drawdown under this agreement of \$100 million in June 2003. The interest rates for this loan have been fixed between 6.1 per cent to 6.6 per cent.

### Acquisitions

In meeting the Defence housing requirement, DHA constructed 263 new houses, purchased 120 houses from the market and directly leased 101 houses. To provide a choice of housing, the acquisition program also included apartments and town houses. Older housing stock that no longer represents community standard, was disposed of.

Two submissions made to the Joint Standing Committee on Public Works on major projects in Canberra (Duntroon) and Brisbane (Enoggera) were approved. A project at Stirling in the ACT was also completed, consisting of the construction of 55 townhouses. DHA has the following major projects planned or in progress:

- construction of a three tower 95-apartment complex at Carey Street in Darwin by Multiplex, expected to be completed in time for the 2002–03 posting cycle
- construction of 66 houses at Brisbane adjacent to the Enoggera army base
- a 122 house redevelopment at Duntroon in the ACT. This project started during the year and will be completed next financial year
- a major redevelopment of housing at Puckapunyal
- refurbishment and upgrade of housing at RAAF Base Tindal and in Katherine in the Northern Territory, and
- a redevelopment program at the RAAF Base Darwin to replace old houses that are no longer suitable.



### Land development

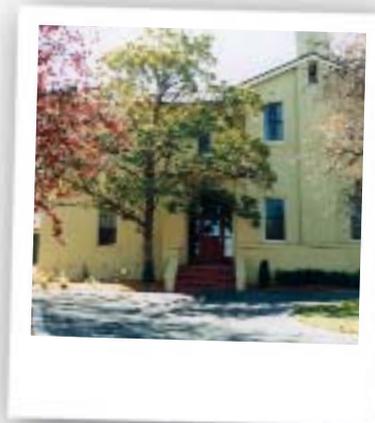
A joint venture land development with the Delfin Group in southwest Sydney is continuing to perform well.

DHA also negotiated to purchase from Defence the redundant East Hills Barracks site in Sydney and surplus Defence land in Newcastle at Adamstown.

### Heritage housing

Since its inception in 1988, DHA has restored more than 100 heritage properties around Australia. During the year, conservation management plans were completed for each of the 80 heritage listed properties currently within DHA's portfolio as the basis for their ongoing management.

Two historical heritage houses located within the grounds of Duntroon in Canberra, were recently restored to their original glory. Built between 1911 and 1913, Gwynn House and MacLagan House have been refurbished into residences for the Vice Chief of the Defence Force and the Commandant of the Australian Defence Force Academy. Significant restoration and improvement projects have also been completed at Victoria Barracks in Sydney and Bridges House at Duntroon.



---

## Our Highlights

---

### 10,000th lessor

In July 2001, DHA celebrated the milestone of 10,000 leased properties. While this was not our 10,000th lease, as we've managed many leases over the years, it brought our current stock to 10,000 leased properties.

The then Minister for Finance and Administration, The Hon. John Fahey, celebrated with DHA and marked the occasion by presenting a certificate to Terence and Christine Cuzner, who bought the property in Botany, Sydney as part of DHA's successful Sale and Leaseback Program. Over its life, this program has generated \$1 billion in capital which has been used to improve the quality of accommodation for Defence members and their families.

'Freeing up \$1 billion benefits the taxpayers of Australia', Mr Fahey said. 'Just as importantly, the quality of housing stock held by DHA around Australia is far better than ever before.'

As an indication of the significance of the program, as at 12 July 2001, DHA managed 10,023 leased properties. Of these 8,243 are owned by individual lessors, with the remaining 1,780 owned by approximately 650 lessors. Almost 580 lessors own two to three properties, and 70 lessors own four properties or more.

*Picture (Terence and Christine Cuzner with DHA's Board Chairman Peter Jollie)*



---

## Our Highlights

---

### Launch of property investment website

Another significant milestone was marked on 12 March 2002 with the launch of the new Defence Housing Australia website at [invest.dha.gov.au](http://invest.dha.gov.au)

The website provides easy access to information on the Sale and Leaseback Program including marketing materials. Prospective purchasers can search for a suitable property by selecting a price, location and house-type. They can also view pictures of the property and even conduct a virtual tour within the house.

A sophisticated customer relationship tool enables DHA sales staff to track inquiries and follow sales leads, increasing the level of service to customers. The site showcases all available housing stock throughout Australia and property consultants will follow-up any inquiries.

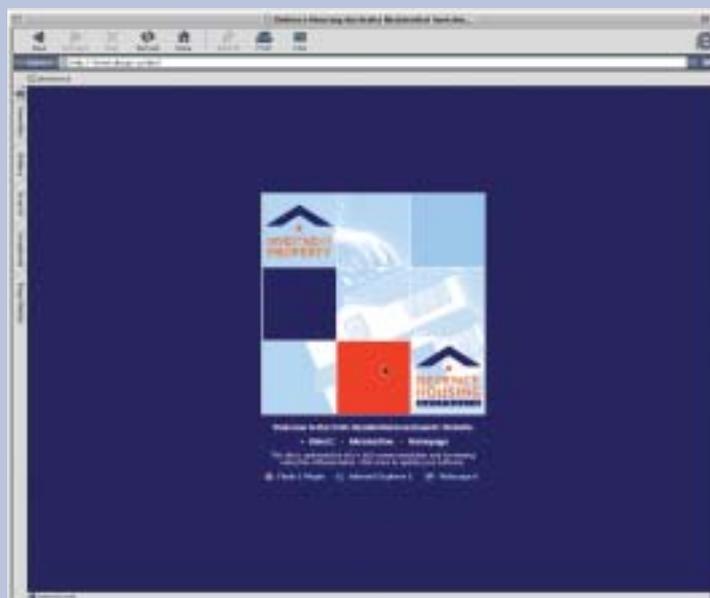
DHA developed a comprehensive electronic marketing strategy to complement the new

website's state-of-the-art communication features. Potential clients can register online and will automatically be emailed when a property becomes available that meets their search criteria.

One of the benefits of electronic marketing is that it removes the need for expensive advertising in major newspapers and trade publications.

Despite the value of Internet technology, personal contact with new and existing clients will remain an essential service feature of the program. DHA has a strong team of property consultants across Australia, and while the website will draw in the leads, sales will continue to be concluded in the traditional manner.

The new website is a further demonstration of DHA's capacity to put its customers first and deliver on its motto as *'the home of service'*.





*Our Clients, Agreements  
and Relationships*



## Department of Defence

DHA has played a significant role in assisting Defence retention of personnel by providing accommodation that meets the needs of its members. Housing should not be a factor influencing people to leave the Defence Force. Indeed good quality housing has the potential to be a positive retention factor. The joint interest of DHA and Defence is to ensure the supply of good quality housing.

### Meeting the Defence Housing Forecast

Close management of our housing stock and subsequent minimization of dead rent is fundamental to achieving value for money for Defence. The Defence Housing Forecast is formulated by the Department of Defence and is based on estimated accommodation needs for members with accompanying families (referred to as members with dependents) in each location around Australia. DHA successfully assisted in the formulation of this forecast, which achieved an accurate view of the total housing requirement for 2001/02.

### Rental Assistance

Another means by which dead rent can be minimised is the use of rental assistance whereby members are provided with a cash subsidy and find their own accommodation in the private market where a suitable DHA house is unavailable. DHA research has revealed however, that rental assistance is more expensive than service residences by about \$500 a member a year, because houses cannot be pre-allocated (which leads to increased costs associated with temporary accommodation allowances and furniture storage costs), and because the lack of secure tenure often leads to further relocations during the period of a posting. Accordingly, whilst rental assistance remains a part of the provisioning portfolio, DHA managed to control the expenditure by increasing the use of short-term leases with private investors. Meeting the Defence housing requirement is therefore a balance between the risk of vacancy in over-providing DHA housing and use of the more expensive private rental solution. During the year rent assistance accounted for 13% of the total housing requirement.

### Client Relations

DHA is committed to improving and enhancing services provided to Defence members and their families and recognises the importance of maintaining a close relationship with our principal customer, Defence. A dedicated Client Accounts management team has been established to develop and monitor Defence/DHA contract parameters and to work with Defence on policy initiatives or changes. At the regional level, HMC managers forge close working relationships with the newly established Defence Client Services Managers — Relocations. Managers also liaise on a regular basis with Base Commanders and key Defence personnel in the regions.

### Services Agreement

The Services Agreement with the Department of Defence covers the provision of accommodation for ADF members with dependants. The agreement establishes the commercial framework necessary for DHA to transparently price housing and related maintenance services, and for Defence to benchmark them. Committee structures have been established to manage the agreement and optimise the benefits of the agreement for Defence, DHA and the government.

An independent review of the Services Agreement was carried out during the reporting period which concluded that while operations conducted in accordance with the agreement met the day-to-day housing requirements of Defence, a more comprehensive suite of service levels could be jointly developed and reported on.

### Relocations Agreement

On 1 July 2001, DHA assumed responsibility for relocation services previously undertaken by Defence including:

- tenancy management, encompassing allocation of housing, cleaning and inspection services
- administering rent allowance for both married and single members, and
- removals services including calculating entitlements and allowances, itinerary management and coordinating the removal of furniture and effects (which is still managed by Defence).

A formal Relocations Agreement for relocations is currently being negotiated with Defence.

## Defence members and their families

The ADF is made up of three Services, the Royal Australian Navy (RAN), the Australian Army, and the Royal Australian Air Force (RAAF), and consists of approximately 51,000 permanent (full-time) military staff.

DHA supports families and single members when they are posted by helping with arrangements for their relocation and housing in the new locality. DHA also supports families and relations during the highly stressful period while members are deployed overseas. Since the events of September 11, the numbers of members deployed overseas has increased, even with reductions in the numbers redeployed to Timor.

Defence personnel live a highly mobile lifestyle moving frequently during their careers, on average every three to four years, to meet Defence operational requirements. The increasing number of overseas deployments in combination with the availability of the First HomeOwners Scheme has resulted in increasing numbers of members purchasing their own homes during 2001-02, with approximately 7 per cent of relocations involving a move to a member's own home.

Approximately eight to 10 per cent of relocations relate to members discharging from the Defence forces. Therefore, to maintain operational numbers and to increase ADF membership, an increased number of recruits attend the various training establishments.

As a customer focused organisation, DHA provides a complete housing and relocation solution to meet the needs, and alleviate the stresses, of ADF personnel relocating.



## A house to call a home

### — continual improvement

DHA has been providing homes to Defence members and their families for almost 15 years and strives to increase the standard of housing to meet or exceed community standards.

The design, size and fit out of housing should meet special needs of families such as storage, security, livability and even colour schemes that blend with furnishings taken from house to house.

Continuous consultation with tenants has greatly assisted DHA in its efforts to re-evaluate its house designs and to provide modern and comfortable living.

## National Consultative Group of

### Service Families

DHA has formed a strong relationship with the National Consultative Group of Service Families (NCGSF) to ensure DHA maintains a sound understanding of the needs of Defence families and members.

During the past year, the NCGSF has played a major role by working with DHA to improve the relocation process. Regular meetings were also conducted with local delegates on planning and research for particular reviews such as the need for air conditioning and security systems in service residences.

The NCGSF's National Convenor works closely with DHA to help improve systems and processes and to provide feedback and opinions on various issues.

The current National Convenor is also a member of DHA's Board of Directors having been appointed to the position reserved for the spouse of a full time ADF member.

### Singles

Services provided by DHA for members without dependents (commonly referred to as MWOD or singles) include all aspects of relocations, and the booking of on-base accommodation.

DHA submitted a proposal to Defence during the year to provide accommodation for single Defence members. Defence did not accept the proposal, preferring instead to grant rent allowance to single ADF members with five or more years of service, or partial rent allowance to single members with less than five years of service. In October 2001, DHA assumed responsibility for administration of this policy and have successfully administered applications for 2,000 members. The take up rate was lower than anticipated, but was still increasing at 30 June 2002. DHA is ready to assist Defence with future improvements to accommodation arrangements for single ADF members.

## Our lessors

DHA provides housing for Defence personnel in locations throughout Australia by leasing suitable properties from private investors. Our leases provide a tenancy agreement and a management and maintenance service in one package, relieving lessors from the day-to-day worries normally associated with residential tenancies.

In evaluating property, DHA considers a range of factors such as neighbourhood amenities, the property's location in relation to transport and essential services, and whether the property will meet the housing requirements of the families that will live there.

DHA leases range from short terms to 12 years, and generally include an option for renewal which means that a flexible leasing package can be offered to suit the needs of most investors. The combined maintenance and management service ensures that the one fee covers most of the property management costs so lessors can plan their cash flow. Landlords recognise the importance of having a lease which provides a constant income stream with reliable tenants and no rental gaps. Information on the success of DHA's Sale and Leaseback program can be found on page 30 (refer to Our houses section).

DHA values its lessors and the contribution they make in providing quality housing solutions for the Defence community. Lessors are kept involved and informed with a regular newsletter.



*Our Services*



## National Service and Support Centre

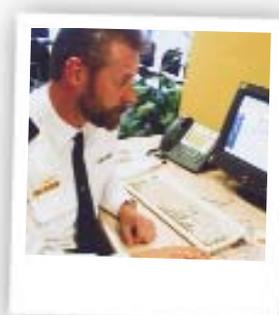
To support the services provided to Defence members and their families through its regional offices, DHA has established a National Service and Support Centre (NSSC) in Canberra.

The centre was set-up within head office in Barton in early 2001 and expanded rapidly after DHA took on the responsibility for delivery of the relocations function. It was moved to leased premises in Marcus Clarke Street at the beginning of the reporting year, and was relocated in October to newly renovated premises in Braddon together with the Canberra HMC and DHA's human resources functions. The building is designed to accommodate the centre's 120 staff who provide the following services:

- posting coordination
- relocation itinerary management
- relocation entitlement calculations and payments
- relocation processing support and backup for HMCs
- lessor and supplier payments processing
- customer support line
- Defence HomeOwner services, and
- IT helpdesk support for DHA staff.

A key objective is to provide a full relocation process to reduce stress and disruption on Defence members and their families during their posting. The centre's establishment supports DHA's expanded role in providing a total housing service to Defence, either directly or through DHA's national network of HMCs.

A call centre within the NSSC services a 1800 national customer service line that provides Defence members and their families with access to DHA from 8.00am to 8.00pm Monday to Friday. During these hours the centre also services a 24-hour 1800 emergency relocations hotline to provide immediate support to Defence members and their families whilst in transit. The service is managed by an external provider during non-business hours.



## Services to Defence members

DHA assumed full responsibility for relocation services to Defence members on 1 July 2001 and is now the single point of contact for all housing and relocation needs for both single and married members and their families.

To support this new function, a service delivery model was introduced in September called the relocation and accommodation cycle. This model is designed to improve:

- customer service protocols
- the readiness of houses for incoming residents
- availability of timely and accurate information on accommodation choices, and
- application of consistent standards across these areas.

An implementation team was established to supervise the model's rollout across all DHA offices.

The new relocations service experienced transitional problems, and was serviced from a centralised model rather than a decentralised one as previously used by Defence. The delivery model did not meet expectations over the peak posting cycle and a task force was set-up to review current procedures and initiate a new model which would encompass a case management approach from the regions with the NSSC

as the back-room processing centre. The new model has been developed, tested, and agreed by Defence in readiness for implementation on 1 July 2002.

To meet Defence members' service requirements from an operational perspective, organisational structures were re-assessed to support the more decentralised model, and training provided in the new processes with the focus

on client relations. As part of the HMC business plans, managers were required to include service delivery methods based on a balanced scorecard approach, including key performance indicators. The HMCs will be monitored on their performance in meeting both regional and corporate targets.

## Relocations — how we performed

Since DHA assumed responsibility for the housing and relocation of Service families in July 2001, the organisation has embarked on a period of significant change and has operated in an increasingly challenging environment.

The relocation of personnel was not managed as well as it might have been, leaving a number of dissatisfied personnel and commands. In some instances, Service families were not properly accommodated and did not receive their money allocations before travelling.

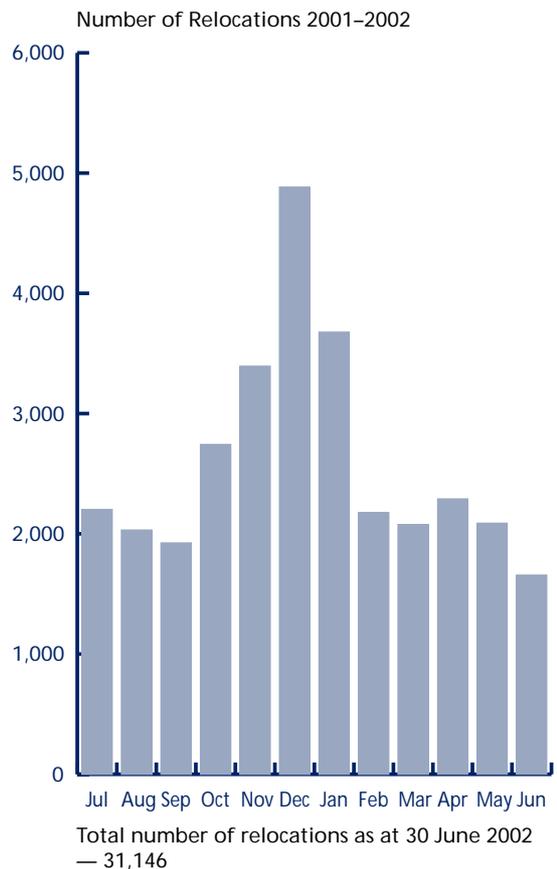
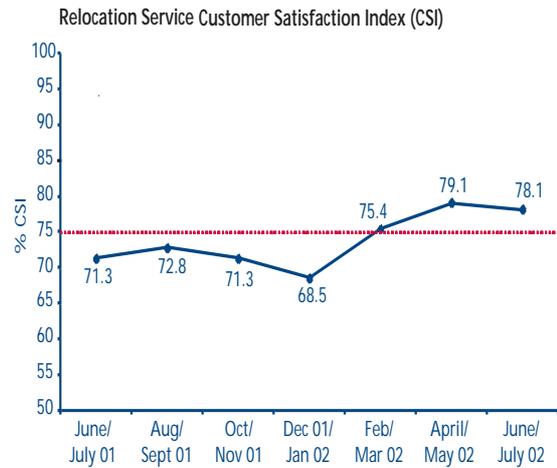
The relocation of more than 300 personnel a day during the peak posting period from November to January placed considerable strain on internal resources and consequently resulted in the breakdown of processes and procedures.

Effecting in excess of 30,000 uplifts a year, DHA's internal resources struggled to cope with the increased pressures in satisfying higher than anticipated numbers of relocating families, and was forced to call upon inadequately trained staff to assist in managing various aspects of the process. Despite this, some pleasing results were achieved. DHA's web-based housing selection tool, HomeFind helped 69 per cent of ADF members and their families to pre-select their house before relocating during the peak posting period from November to January, with 62 per cent benefiting from a door-to-door removal.

Given this period of pressure, DHA recognises it is time to refocus on key stakeholders, uncover existing and potential issues, and strategically plan actions to restore and repair internal and external relationships.

Despite the challenges of the 2001–02 peak posting cycle, an upward trend in customer satisfaction has been evident over this reporting period. During the second half of this year, customer satisfaction has increased from 68 per cent to 78 per cent.

The Customer Satisfaction Index for relocations assesses five aspects of the relocation process — moving into and out of a DHA house, removals administration, itinerary management, and finding a new home.



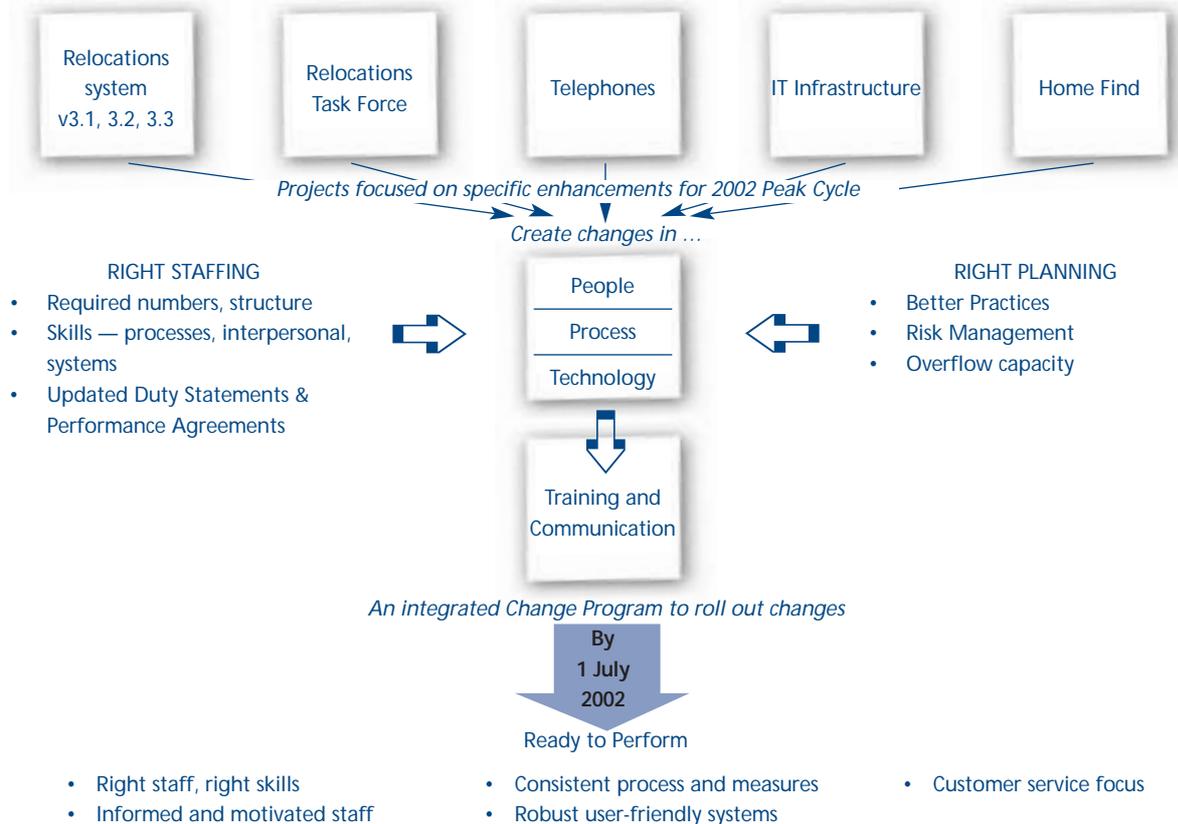
## Relocations — the way forward

Relocating in excess of 30,000 Defence members, spouses and families during each year is an enormous challenge, and one DHA is preparing to meet. A significant change program is underway, combining the efforts of HMC, NSSC and head office staff. The aim is to prepare for the 2002 relocations peak cycle with initiatives including a new service delivery model focused on providing the highest standards of customer service through case management and shared processing between the front-office (HMC) and back-office (NSSC). In consultation with Defence, the NCGSF and DHA, it was identified that case management in the local area was required due to the complex nature of Defence's requirements whilst meeting the needs of ADF members and their families.

Preparations include improvements to key systems and infrastructure such as telephones, servers and technology platforms, and new standard operating procedures to share better practice across the business.



These changes will be introduced through a coordinated change program (see below) which involves intensive training for all staff affected by changes. In addition, a continuous program of communication will ensure everyone in DHA is kept up-to-date with progress, is consulted where required, and understands the reasons and impacts of changes.



## Residential maintenance service

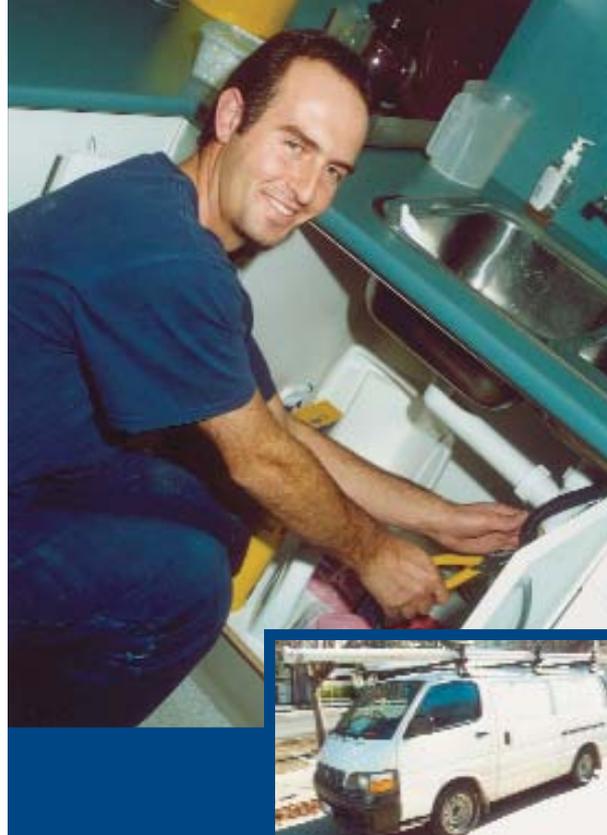
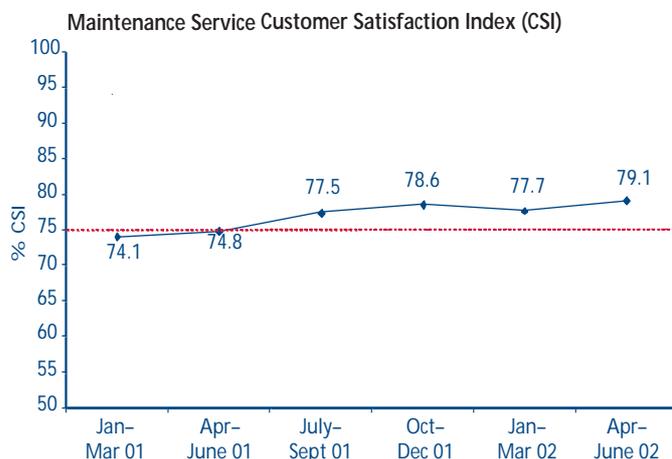
DHA provides a comprehensive property management and maintenance service comprising a 24 hour telephone maintenance service for health, safety and security matters and a comprehensive responsive and general maintenance service during normal business hours. To help the Australian Customs Service manage its property portfolio, DHA also provides limited maintenance services to 60 houses in remote locations.

A private contractor provides the service together with a range of technical, manual and professional services associated with the maintenance of DHA houses. While price is an important factor in the selection of contractors, capacity and performance are also important considerations. Regional staff supervise standards of maintenance work to ensure it is completed to trade standards.

This year a contractor assessment template was introduced to help gauge performance. Regional offices periodically discuss both positive and negative performance aspects with their contractors and agreements are reached by both parties to improve performance through the next evaluation period.

Maintenance works are undertaken on the basis of time and materials and quotations and tenders, depending on the time and value of work. This approach provides flexibility and caters for the wide range of maintenance activities.

The Customer Satisfaction Index for maintenance combines aspects of customer service and contractor performance. Overall, DHA has demonstrated a steady rise in customer satisfaction with maintenance services in the past 12 months, increasing from 75 per cent to 79 per cent.



## Maintenance in Service residences — at your service

A request for maintenance is easy to make. Members and their families are welcome to call their local DHA office to log a request, or to call the maintenance request line on 1300 366 615.

DHA contractors attend to routine maintenance requests within 28 days and DHA will stay in touch with you to advise of any delay. Our contractors are professional trades people and will attend to your request promptly and courteously.

Emergency maintenance requests can be logged after hours by calling the same number.

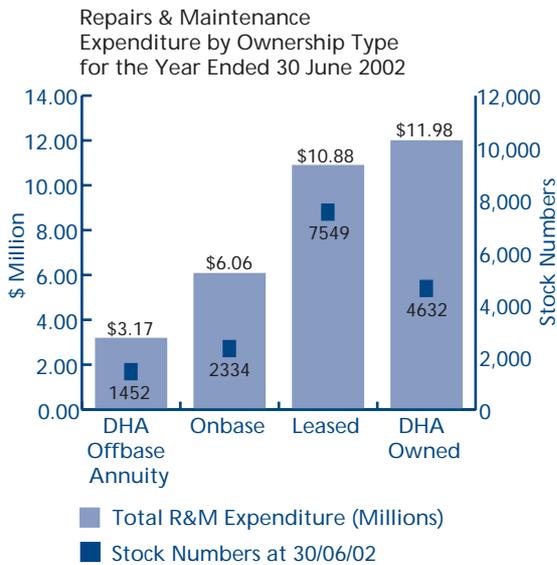
The National Property Manager aims to improve procedures and monitoring of expenditure to ensure that as much property improvement as possible can be undertaken within available budgets. The group has started to identify solutions to overcome difficulties associated with managing a specialised portfolio. An example is the on-base and some off-base housing which require much more maintenance expenditure than leased properties. Work has commenced to develop an asset model which will allow a national approach when assessing the appropriate action for a property or group of properties.

Improving the visibility of vacant properties to Defence was achieved through regular operational and strategic reports to the joint committee level. DHA is committed to continuous improvement of reporting against significant business measures and operational indicators across housing and relocations business.

Additional funding was made available by Defence for an Amenities Upgrade Program to address DHA tenant concerns about security, heating, cooling and outdoor living areas. Work has commenced on addressing the security issues, with an expected completion date of October 2002. A national tender process has also begun to identify suitable organisations to supply, install and project manage the installation of heating and cooling. HMCs are examining the issue of outdoor living areas locally.

Key priorities are:

- maintaining equity and consistency of property standards and solutions
- achieving optimum performance from the property assets
- ensuring that the portfolio is suitable to the housing needs of service clients, and
- providing effective and practical leadership on property issues.



## Defence HomeOwner

Defence HomeOwner is a subsidised home loan scheme that provides assistance to serving and former Defence members under the *Defence Force (Home Loans Assistance) Act 1990*.

The scheme operates through a 15-year exclusive franchise agreement between the Commonwealth Bank and the National Australia Bank. The Commonwealth Bank provides an interest subsidy to eligible personnel on a home loan financed by the National Australia Bank.

DHA manages the scheme on behalf of the Department of Defence, handles inquiries about its benefits, assesses eligibility and entitlement and manages the subsidy arrangements.

Accessing benefits involves a two-stage process: applicants first apply for an entitlement certificate which certifies their general eligibility for benefit, and at the stage that they wish to take up the loan, they apply for the subsidy payment.

During the year, 2,453 applications for entitlement certificates were received and 2,341 certificates were issued. There were 1,648 applications for payment of subsidy received, 1,613 of which were approved. There were on average just over 5,000 subsidy recipients each month and at 30 June 2002, a total of \$6.5 million in subsidy payments.

The number of entitlement certificates issued was slightly lower than the previous year's all time high. The large number of certificates issued and subsidies approved is attributed to a majority of members becoming eligible due to service in East Timor and Afghanistan. Service in warlike areas waives the five year qualifying period and made the majority of personnel eligible much earlier than would normally be the case. Additionally, the allowances that they received while serving in these areas meant that most members returned with a substantial amount of savings. Many personnel were also eligible for the federal first homebuyers grant and the home purchase assistance scheme, adding to the attractiveness of buying their own property.

There were no complaints regarding the administration of the scheme. A client satisfaction survey has been conducted and found an overall satisfaction level of 88 per cent.



## Surveys

— what do members think?

One of the best ways to find out how we are performing is through our survey program.

The annual tenant survey is sent to a random sample of tenants who have been in their home longer than 12 months. The rent allowance survey is sent to a sample of members with dependents receiving rent allowance, while the lessor survey is sent to the owners of our leased homes to determine if they are happy with the lease and our leasing services.

The maintenance survey assesses DHA's performance on responding to the maintenance needs of tenants, and is sent out weekly to a random sample. The relocations survey is sent to all tenants approximately four weeks after their move to gauge satisfaction with all aspects of their relocation.





*Our Houses*

DHA provides about 18,000 houses in all States and Territories. Of these, approximately 2,000 are located on Defence bases, and the remainder in the community. Private investors own 62 per cent of the 16,000 houses under leasing arrangements. DHA owns the remaining 38 per cent.

DHA strives to provide homes that anticipate and meet tenant expectations with a housing stock that includes a range of townhouses, apartments and courtyard housing options that suit different family profiles and lifestyles.

## Customer Satisfaction Index

**House Location** The Customer Satisfaction Index for house location is comprised of six aspects relating to the location of the property. Tenants' perceptions of location are determined by features such as proximity to schools, shops and work.

**House Standard** The Customer Satisfaction Index for house standard is calculated from 10 questions that considers both the importance and satisfaction with various aspects of the home (eg number and size of bedrooms). The largest gaps between importance and satisfaction were for security features, heating and cooling and storage.

There are slight increases in customer satisfaction for both House Location and House Standard. It is expected both these indicators will see a further upward trend once the Amenities Upgrade program and initiatives such as Defence Choice Housing have been implemented over the next planning period.



## Housing policy review

Following a DHA sponsored consultancy in October 2001, to identify viable improvements to housing classification policy and service delivery arrangements, a tripartite working group was formed consisting of Defence, DHA and external stakeholders (National Consultative Group of Service Families and the Armed Forces Federation of Australia). The working group has been assessing:

- The provision of choice in housing;
- The current housing classification system, including redefining entry level housing to better align Defence housing with community standards; and
- Removing anomalies within the current system.

In addressing these issues, two major projects emerged: The introduction of Defence Choice Housing and, in line with the review of the housing classification system, a concept of the new entry-level house known as the Defence Standard House. Both concepts have been endorsed by the Defence Domiciliary Group.

### Defence Choice Housing

Designed to provide increased choice and flexibility in housing options for Defence members, Defence Choice Housing is an attractive alternative to traditional housing for members without children or pets, particularly in larger cities.

The success of earlier trials of inner-city apartment and townhouse style accommodation in Sydney will be extended to other localities. From October 2002, a small



number of properties will be available in some regions and will be accessible through DHA's web-based facility, HomeFind.

### Defence Standard House

To improve the quality of service to members, and to remove anomalies, the working group is also progressing a review of the housing classification system based on the Defence Standard House.

## Housing types

With the changing demographics of the Defence population, DHA no longer builds only traditional family homes. The construction program is designed to meet its customers' needs and includes a range of townhouses, apartments and courtyard housing options that suit different family profiles and lifestyles.

Townhouses come in a variety of styles. Those that have been constructed during the past year include terrace townhouses with traditional lane access, and two-storey townhouses in small clusters with shared drive access. Both of these options provide family accommodation with minimal garden and lawn maintenance.

Apartments are being constructed in Darwin to take advantage of harbour views and sea breezes. The apartments are being built as a three-tower complex with a variety of one, two and three bedroom apartments, undercover parking and shared recreational amenities.

Courtyard housing is generally provided for inner-suburban areas where the land allotment size is reduced. These houses have a traditional house design including a double garage with private courtyard and minimal garden maintenance.

Traditional housing has all of the features that have historically been provided in DHA houses, including covered outdoor entertainment areas, storage space and a more traditional land allotment size. These houses are generally provided in outer-suburban locations or in regional areas.

## Sale of surplus houses

Houses are identified for sale on the basis that they are:

- no longer required by the Department of Defence due to changes in operational requirements
- no longer considered to be in a suitable location or of adequate standard, or
- are at the end of their economic life.



## Relocation

### — the one-stop-shop

DHA now provides a one-stop-shop for Defence members and their families when it comes to relocation. All aspects of relocation are managed by DHA including arranging house hunting trips, booking travel, booking temporary accommodation and coordinating the uplift, removal and storage of furniture and effects.

Every Defence member who receives a posting is allocated a case manager who is responsible for assisting and facilitating the members' relocation. Case managers come from the HMC at the members' losing location and their name and contact details are provided on correspondence sent to the member. The case manager facilitates authorising and processing of removal entitlements and allowances.

Disposal of DHA properties is carefully managed and consideration is given to the effect on local housing markets in areas where large numbers of disposals are likely. During the reporting year, DHA sold 582 surplus properties generating \$108.34 million in revenue against a target of \$106.34 million. By comparison, in the previous year, 756 surplus properties were sold which generated \$102.8 million in revenue.

## Sale and Leaseback Program

The Sale and Leaseback Program plays an integral part in DHA's financial strategy. It is designed to ensure properties are regularly turned over so that houses provided to Defence families are suitably located and of a high standard. Properties are bought by DHA and in turn sold to investors with whom a leaseback arrangement has been agreed for a period of three, six, nine or 12 years. The program does not affect the availability of properties to Defence families as the lease term is for a fixed period.

The program has operated in extremely buoyant market conditions, particularly in Canberra, Sydney, Darwin and Brisbane. Rising property vacancy rates have provided a strong incentive for investors to purchase DHA investment properties with no vacancy periods and secure rental income for the term of the lease.

A new residential investment website was successfully launched during the year. Access to DHA properties online has significantly increased brand awareness and decreased the need for costly advertising. Since the website launch in March, there have been more than 52,000 registrations.

During the reporting period, the program generated \$220 million in revenue from 749 sales against a target of \$212.55 million and 721 sales.

## Leasing

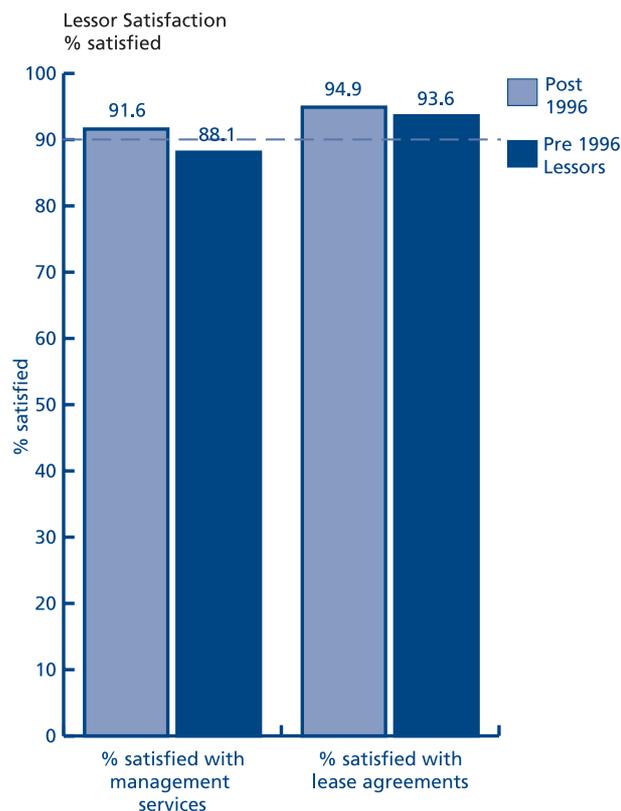
A direct leasing program is maintained, but the majority of new leases are acquired by investors through DHA's Sale and Leaseback Program.

In November DHA undertook a survey of existing lessors to measure satisfaction with the lease agreements and lease management services. Eighty-eight per cent of lessors with DHA's older style pre 96 leases and 91.6 per

cent with post 96 leases indicated they were satisfied with the management of their property. The proportion of lessors satisfied with the DHA lease on their property was higher still at 93.6 per cent of pre 96 lessors and 94.9 per cent of post 96 lessors. These results demonstrate very high levels of satisfaction and exceed those obtained in the previous March 2000 satisfaction survey.

Existing lessors are a major source of referral for the Sale and Leaseback Program, and survey results indicate that 70.3 per cent of pre 96 lessors and 84.6 per cent of post 96 lessors are likely to recommend investing in a DHA property, while 44.6 per cent of pre 96 and 41.9 per cent of post 96 lessors would be likely to purchase another property under the program.

In recognition of the importance of this customer base, DHA is continuing efforts to improve customer service and communication to lessors. DHA also seeks feedback from lessors via email, the DHA website and direct consultation. These efforts have helped us achieve 63 per cent repeat or referred business during the reporting year.



Approximately 4,700 DHA leases will expire over the next three years, or close to 25 per cent of DHA's housing stock. The majority are located in Sydney, Hunter, Melbourne and Brisbane. Of these, more than 2,500 are pre 96 leases which have above-market rent and restrictive lease conditions that no longer meet DHA's requirements. A major exercise is in progress to identify pre 96 leased properties suitable for conversion to lease 96, with a target of 30 per cent lease conversions. Experience has shown however that even where properties are identified as suitable by DHA, lessors may be reluctant to re-negotiate.

The remainder of the expiring leases are held under lease 96 and most of these include an option for DHA to renew. In some cases, DHA standards have changed and properties will require improvements at the lessor's expense to be suitable for a lease extension.

Of the 722 leases which expired during the year, 94 (13.02 per cent) were converted to new leases under the current lease 96 agreement. This conversion rate is influenced by a number of factors. While DHA standards have changed, some of these properties are in locations no longer required by DHA. Where properties would be acceptable to DHA, lessors may be receiving above-market rents and paying low management fees under their old lease agreement and may not find a current lease 96 at market rent and a higher combined management and maintenance fee attractive. In addition, these properties may require additional work at lessor expense before they can be accepted by DHA.

Properties that DHA does not wish to retain will be handed back to the owners at the end of the current lease term. These, and properties where owners are unwilling to re-negotiate pre 96 leases, must be replaced with stock that meets DHA's current requirements.

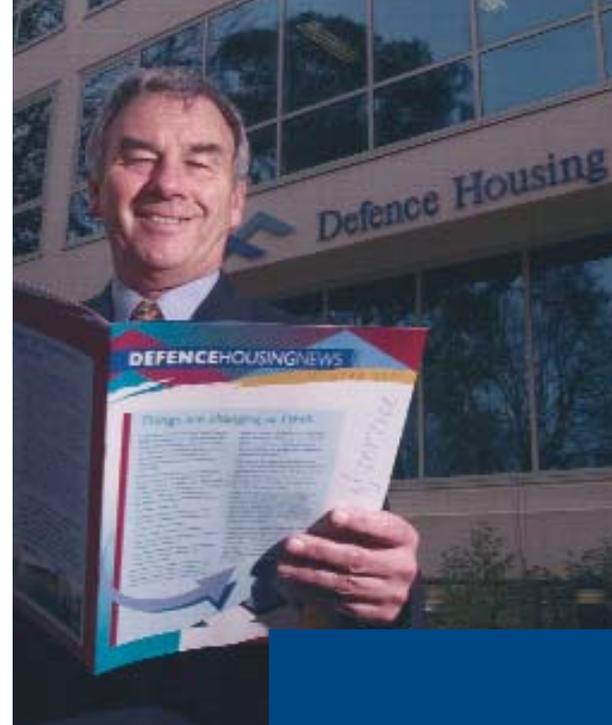
## Constructions

Construction continues to be the most preferred method of acquisition as houses can be tailored to meet DHA standards of quality and amenity, and be well located for Defence members and their families.

DHA is committed to adopting practices that recognise and accord with good environmental management, and ensures that all new constructions are designed and built to achieve at least four star energy rating.

During the past year, DHA has constructed 259 houses, including 50 townhouses in Stirling in Canberra, and 22 medium density houses on the grounds of Royal Military College Duntroon in Canberra. Work continues on a 95-apartment complex in Darwin which is on schedule for allocation during the 2002–03 posting cycle.

DHA concluded two submissions to the Joint Standing Committee on Public Works in relation to major projects during the year. The first was for a further 100 houses to be built in stages at Duntroon, with completion scheduled for March 2003. The committee considered



## Defence Housing News

— communicating with you

*Defence Housing News* is produced three times a year and distributed to all Defence members living in DHA houses and those under the rent allowance scheme. Approximately 18,000 copies were mailed directly to households last year, with the remaining 7,000 distributed to 30 locations around Australia, various Defence organisations and key stakeholders including our Shareholder Ministers.

The aim is to provide all members with quality and timely communication on DHA activities and to seek feedback from members on our standard of service. Members are encouraged to contribute to the publication and to comment on DHA's service provision through letters to the editor.

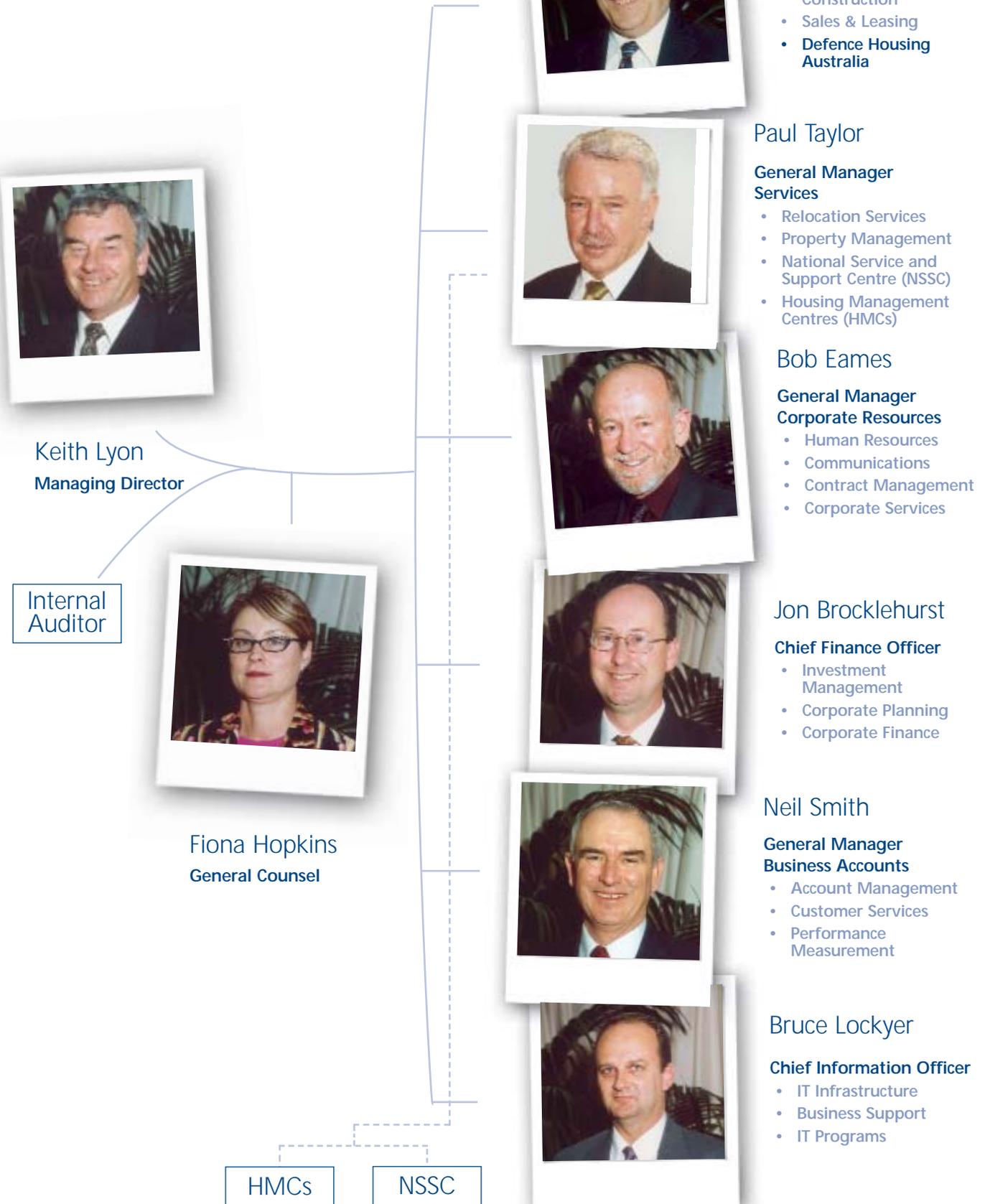
the proposal at a public hearing on 6 August and in its report dated 25 September recommended the project proceed at a cost of \$23 million. The second project was for the redevelopment of land at Enoggera in Brisbane, where a submission was lodged with the committee in August to build a development of 66 houses. The committee considered the proposal at a public hearing on 21 September and its report tabled in Parliament on 27 September, recommended that the redevelopment proceed at a cost of \$15.5 million.





*Our People & Systems*

## Executive organisational structure



There were three significant changes to the executive during the year. Ed David, General Manager Services, left DHA and responsibility for this area went to Paul Taylor in November 2001.

Paul Taylor resigned in June 2002 and Bob Eames transferred from Corporate Resources to temporarily take over the role. The business line was then renamed Operations to better reflect its function.

Kathryn Brown, Manager of Strategic Human Resources, was promoted to the executive with Human Resources assuming its own business group.



## Our business groups

### General Counsel

Responsible for coordinating and managing both the DHA Board processes and delivery of legal services to the business.

### Development and Sales

Manages planning, development and construction of residential projects to satisfy DHA's housing needs. Also handles policy development and monitors DHA's residential property acquisition and disposal programs, which are marketed under the **Defence Housing Australia** brand.

### Services (re-titled Operations mid June 2002)

Responsible for managing day-to-day activities of the Housing Management Centres (HMCs) and the National Service and Support Centre (NSSC), as well as all activities relating to relocation, tenancy management and property management. The division provides a full range of housing and relocation services to meet Defence operational and client needs.

### Corporate Resources

Provides corporate advice and support to enable DHA to achieve operational excellence.

### Finance

Responsible for financial and investment analysis, developing the corporate plan and budget, tax management and maintenance of DHA property and asset databases.

### Business Accounts

Responsible for managing DHA's account clients (currently Defence and the Australian Customs Service), research and customer service.

### Information Technology Services

Delivers effective and efficient IT services to the organisation.

### Human Resources

Provides human resources services, management and development.

## People management

With its new responsibility for Defence relocations, DHA entered a period of unprecedented change with the need to substantially increase its staffing numbers, particularly in the customer service and itinerary management areas. Recruitment activity was high throughout the year and subsequent new starter induction and business system training was given priority. Many staff demonstrated a very strong commitment to the organisation.

Flexible employment arrangements were introduced under DHA's June 2001 certified agreement. This enabled staffing to be maximised during the peak cycle through such provisions as a school holiday childcare subsidy, flexible working hours and increased use of job sharing part-time staff. DHA employs many Defence spouses and guarantees three months employment in new locations for permanent staff spouses whose partners have been posted. This transitional period of employment also applies to non-Defence spouses where their partner has been transferred to another locality within the same organisation.

DHA is committed to providing a safe, healthy, discrimination and harassment free workplace and reports monthly to the DHA Board on these issues. It also recognises individual contributions with local work team recognition committees and through the Managing Director's quarterly awards which recognise innovation and modeling of the DHA characteristics. During this year, a performance review process was also established which incorporates goal setting and professional development planning.



These initiatives were in direct response to staff feedback from an opinion survey in the previous year. A more recent staff survey conducted early this year produced mixed results and indicated significant issues especially with DHA's management of change. With an 85 per cent response rate, DHA is able to plan further people management improvements and address the needs of staff as individuals as well as employees. Specific areas where action has been initiated include improving IT systems, better change management and staff communications and management coordination.

A staff consultative group was established to further workplace relations. It consists of elected representatives from all offices and work units and negotiates the certified agreement, monitors its implementation, represents staff issues to management and acts as a consultative group for organisational initiatives such as development of the customer service charter. The certified agreement provides for working conditions that support DHA's operations including an extended span of hours of duty, which enables the national service and support centre to meet the needs of clients throughout Australia. DHA intends to negotiate a new certified agreement with staff members later next year.

The conditions of service for all senior executives and executive level officers are set out in Australian Workplace Agreements approved by the Employment Advocate. In addition, agreements have been offered to all staff employed at the DHA level 6 classification, and to other staff where appropriate. Agreements contain as standard features base salary, superannuation, performance pay and certain non-salary benefits.

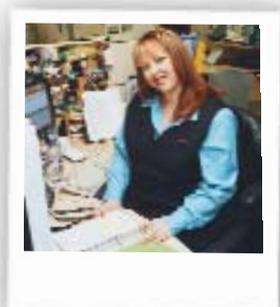
## Occupational Health and Safety (OH&S)

DHA's OH&S policy sets out the responsibilities of managers and staff to maintain a safe workplace, together with strategies to achieve the objective. During the year a number of staff members received accredited training as health and safety representatives to ensure that all offices had a qualified representative. First aid officers are also available at each office location.

OH&S service providers undertook workplace assessments following fit-outs or refurbishments at a number of DHA offices, as well as to meet the OH&S needs of individual employees.

There were 19 claims for compensation arising from work-related injuries, of which Comcare accepted liability for 17. There were a further 23 OH&S-related incidents reported that did not result in a compensation claim. None of these incidents were classified as a dangerous occurrence as defined in the *Occupational Health and Safety (Commonwealth Employees) Act 1991*.

No directions or notices under the Act were given to DHA, and no OH&S audits or investigations were undertaken.



## Itinerary management

— getting you from A to B

We recognise that moving can be a stressful and sometimes difficult experience. There is the change in environment, new schools for children, new spouse employment and the fact you have most likely moved a long way from your extended family and friends. There is an enormous amount to think about.

To alleviate some of this stress, we are committed to improving and enhancing the range of services we provide to members and their families. Itinerary management is just one aspect of our service. Once your application for relocation is received at DHA, we start the ball rolling to get you from your losing locality to your new home by arranging transport and temporary accommodation for you and your family. We'll even provide you with a full itinerary so that you know all the details involved in getting from A to B.

## Training and development

Training and development is an important part of DHA's growth into new business roles, and the organisation is committed to providing staff with the necessary skills to meet the new business needs.

A leadership and management development framework was launched, based on nationally recognised and accepted standards of leadership. It encompasses six key themes:

- achieving operational excellence
- cultivating productive working relationships
- shaping strategic thinking
- communicating with influence
- exemplifying personal drive and integrity, and
- operating on a commercial basis.

The team leader development program, which is based on the framework, is now part of the annual human resource development calendar. Staff in management roles participate in a 12 month development program.

Along with regular team development activities, DHA has increased the number of cross-functional project teams to ensure that major business initiatives provide opportunities for diverse input as well as knowledge development and sharing. Team development has occurred by providing a clear picture of DHA's corporate intent. Enhanced business planning processes have been

developed using a balanced scorecard approach, and business plans have been cascaded to ensure operational activity aligns with corporate direction. Individuals will in turn develop performance agreements that align with their group business plan. The development of this process will enhance the collective understanding of DHA's strategic direction and how teams and individuals contribute to overall organisation performance.

Induction of all new staff within the first three months of employment continues to be a priority to give individuals an understanding of the organisation, its business and customer focus and their role within it, and to enable them to become an effective team member. Induction is delivered in two stages: all staff participate in a locally conducted on-the-job induction program, which is specific to the business group and their own job skills. A centrally conducted corporate induction program is conducted every few months, covering operational issues, customer service and the corporate ethos.

DHA has restructured its business processes throughout the year to improve service to Defence families, and a major focus of in-house programs during the last 12 months has been the

processes associated with these changes including relocations, allocations, removals, entitlements and customer service.

All staff are encouraged to commit to their own development through an individual development plan. This not only helps with learning and development, but also in career planning.

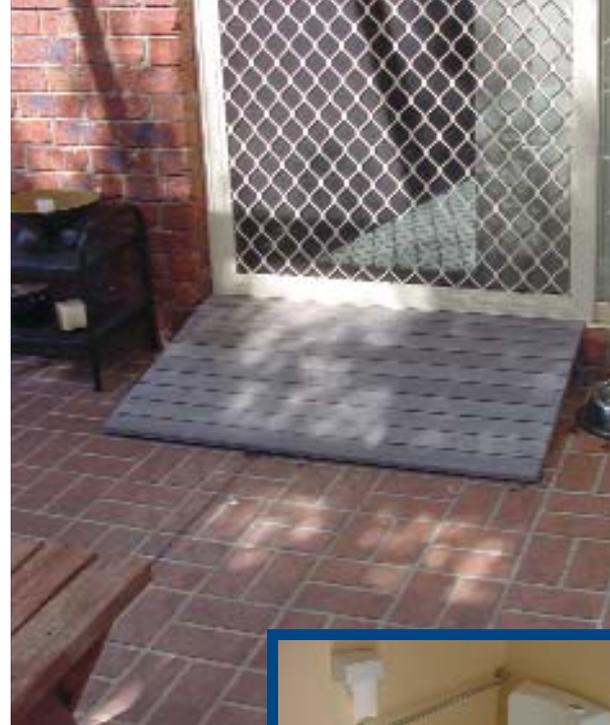
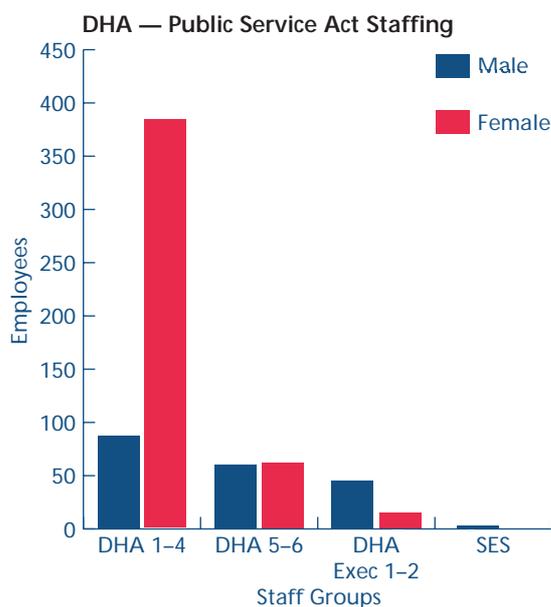


## Staffing profile and related issues

A growth phase in 2001–02 consistent with DHA’s new responsibilities in managing Defence relocations meant the number of staff peaked in January, coinciding with the busiest period in the relocations cycle for Service personnel. The organisation is staffed primarily by ongoing employees, with temporary employees engaged to provide flexibility and to help meet varying workflows.

Overall, the number of staff employed under the Public Service Act increased from 459 to 658 on 30 June 2002. There were 206 engagements or inwards transfers of ongoing employees, including 130 women, and 71 separations of ongoing employees. Fifty-one staff members were promoted, including 39 women. DHA employs a number of non-ongoing employees under the Act, as well as specialist or relief personnel employed under contract. Full-time equivalent staff, comprising staff employed under the Act and specialist and relief staff, totalled 697 on 30 June 2002.

DHA’s recruitment practices are based on merit, with due regard to the principles and objectives of workplace diversity consistent with its responsibilities under the Act. A review of DHA’s staffing structures was completed, incorporating knowledge gained during the first year of operations managing Defence relocations. DHA is addressing succession planning issues and strengthening its management structure by providing development opportunities to selected staff members. The gender balance at management level is also being addressed.



## Special needs housing

— we’re here to help

Some families have special needs, and to ensure a fair and equitable process for modifying our homes, Defence and DHA have developed an approval process to be followed before any work is carried out.

You can request special facilities by contacting the Defence Community Organisation who will assess the request and notify your local HMC of their recommendation. For approved cases, DHA will then arrange the necessary contractors to carry out the work.

Members who have a dependant with special needs can also contact the Defence special needs support group on 1800 037 674. This group provides support, information, assistance and advocacy.

## Remuneration

Remuneration is set primarily through the Defence Housing Authority Certified Agreement 2001, which at 30 June 2002 covered 556 staff members. A significant number of staff (three SES officers and 99 non-SES) are covered by Australian Workplace Agreements.

The table below sets out the normal salary ranges applicable to each classification group, noting that salary may be negotiated on an individual basis when a workplace agreement is entered into:

<b>Classification</b>	<b>Applicable salary range</b>
DHA level 1	\$22,350 – \$31,470
DHA level 2	\$32,150 – \$35,330
DHA level 3	\$36,210 – \$38,840
DHA level 4	\$40,010 – \$43,190
DHA level 5	\$44,420 – \$46,910
DHA level 6	\$47,720 – \$54,350
DHA Executive level 1	\$60,672 – \$65,281
DHA Executive level 2	\$69,379 – \$80,809

Remuneration for employees covered by the Certified Agreement comprises salary payments, employer superannuation contributions and access to a bonus based on corporate performances. Staff members covered by an Australian Workplace Agreement also have access to our individuals performance payment and certain non-salary benefits. All staff members have access to salary sacrifice arrangements.

## Performance pay

The availability of performance pay for all classifications was a feature of the DHA's remuneration strategy. The following table summarises performance payments made to staff employed under the Public Service Act during 2001–02 in respect of the 2000–01 appraisal year.

Classification	Recipients of perf. pay	Aggregate of perf. bonuses	Average perf. bonus	Range of perf. bonuses
DHA 1	0	\$0		
DHA 2	4	\$3,200	\$800	\$800 – \$800
DHA 3	44	\$35,200	\$800	\$800 – \$800
DHA 4	25	\$20,000	\$800	\$800 – \$800
DHA 5	26	\$22,682	\$872	\$800 – \$1,693
DHA 6	33	\$53,939	\$1,635	\$245 – \$4,300
DHA Exec 1	26	\$74,757	\$2,875	\$631 – \$10,700
DHA Exec 2 & above	32	\$136,708	\$4,272	\$1,441 – \$15,795
	<b>Total:</b>	<b>\$346,486</b>		



## HomeFind

— the convenient way to choose a home

HomeFind is DHA's online housing selection service, officially launched by the former Minister Assisting the Minister for Defence, Bruce Scott, on 24 September.

The service is designed to help posted Defence members and their families choose a new home before leaving their current one. It helps members and families to identify a suitable house in the new posting location and, if they wish, reserve the property online.

Members and their families can view houses that match their group rental entitlement, as well as maps and helpful information about schools, shopping, transport, gyms and other community facilities.

HomeFind is located within the DHA website at [www.dha.gov.au](http://www.dha.gov.au)

---

## Our special people

---

DHA's Customer Service Manager, Sue Stevens, was awarded the Public Service Medal on the Queen's Birthday Honour List this year for her outstanding commitment to Defence families. Each year only 100 Public Service Medals are awarded.

Sue has been with DHA for nearly eight years and has worked in four regional offices, including Darwin and Townsville. She has been a Defence spouse for 19 years and was an Army daughter before then.

Like many of our staff, Sue is living the service life and has particular insight into what it's like to be constantly on the move.

*Picture — Sue Stevens receiving her Public Service Medal from Governor-General Dr Peter Hollingworth*



*Picture — L to R. Northern Territory Chief Minister, Clair Martin, DHA's Fallon Hintz and Chairperson for Australia Day Awards, Carole Miller*

DHA's Fallon Hintz was the recipient of the Australian Student Citizen of the Year award announced as part of the Australia Day Awards this year.

Fallon started working with DHA in Darwin when she was only 16 and has gone from strength to strength within the organisation. She is a committed, dedicated staff member who sets out to delight customers and help her colleagues get the job done. Shortly after the presentation of her award, she accepted a 12 month administration traineeship with DHA in Darwin.

## Information technology

Activities undertaken by the information technology services area encompassed a range of technological solutions including infrastructure and software applications to meet business needs.

Implementation of the voice and data network telephony project commenced in early August to meet DHA's rapid growth and changing business requirements. The Cisco technology is leading edge and provides voice over a data network service. Improved telephony services also include mobile services in partnership with Optus.

A major review of IT infrastructure was undertaken to identify current and future requirements to meet the growing demand as a result of the new relocations business. A full infrastructure upgrade to all sites commenced in May 2002 and is to be completed by September 2002.

Contractual arrangements with Compaq were terminated in May 2002. We are now looking to acquire a commercial, off the shelf package for the duration of the HOME system to replace the current property management system. System improvements have been workshopped extensively with all levels of business and user groups.

To support DHA's new relocations function, a customer relationship management system was introduced to facilitate customer case management.

HomeFind was officially launched on 24 September, an initiative that allows Defence families to view and select a home in their new location before they move. This online housing solution is the first technology of its type to allow Defence members to interact directly with DHA's information systems. Usability is currently being refined to better meet customer expectations.



## Welcome to your new home

### — the welcome visit

To help Defence members and their families settle into their new home, a member of DHA staff meets each family at their home to welcome them. This provides members with an opportunity to discuss the amenities and features of the house including details of any outstanding maintenance issues.

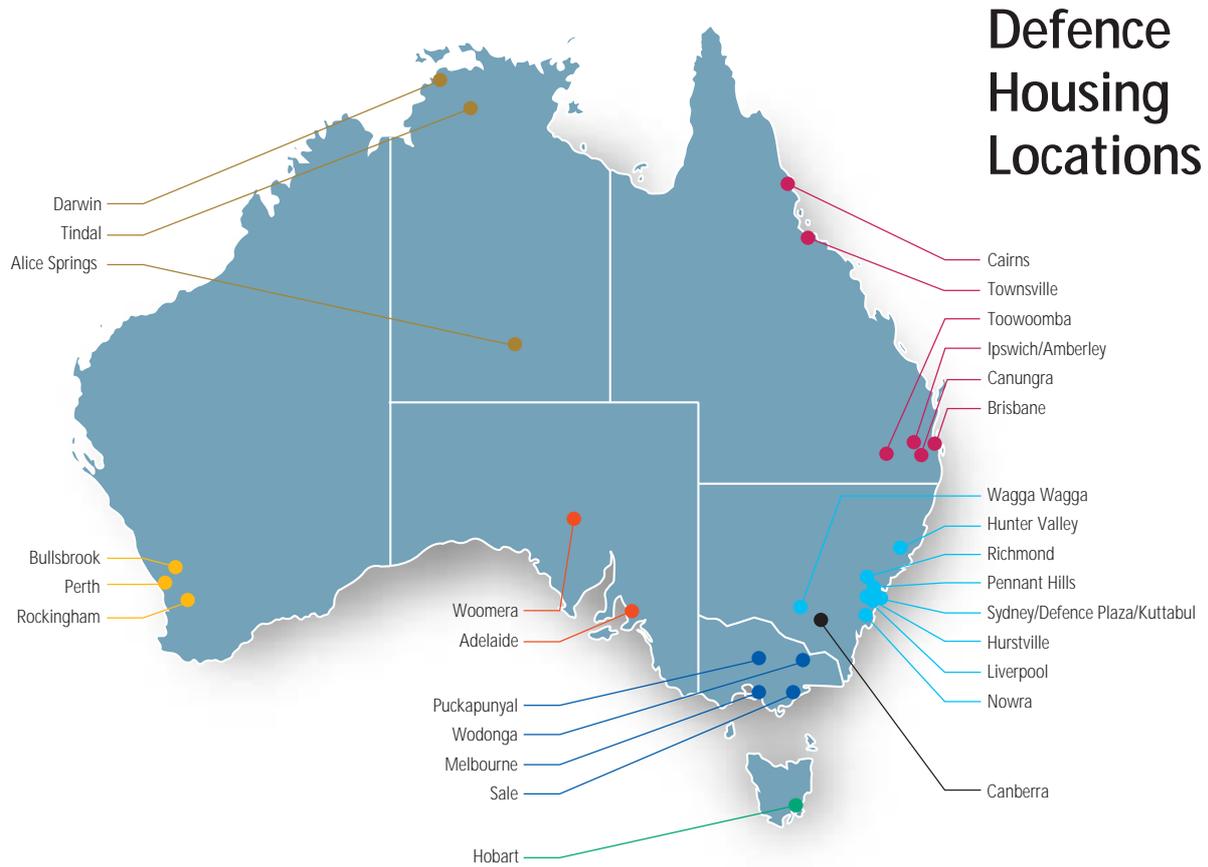
At this visit, the family is given the keys to the home and the opportunity to sign the necessary paperwork to formally accept the residence. This not only gives the family an opportunity to meet a local DHA staff member, but it also alleviates a trip into the HMC to finalise details.





*Our Offices*





## Defence Housing Locations

### Portfolio summary

Regional and out posted offices, which are located close to the main concentrations of Defence housing, provide the local interface between DHA, local Defence representatives and Defence families.

In many locations, DHA and the Defence Community Organisation are collocated, or located nearby, to provide

a more effective interface at the regional level and to deliver a more seamless housing service to families.

### Regional activity

Details of DHA's housing activity in regional areas are shown in the following tables. These tables do not include leases that expired during the financial year.

## Australian Capital Territory

Canberra



### Highlights

- The Housing Management Centre (HMC) relocated to larger centrally located premises in Mort Street, Braddon allowing a stronger focus on customer service. Located at the same site is the National Service and Support Centre (NSSC) and the human resource functions.
- The Defence Community Organisation (DCO) was provided with an area within the HMC during the peak cycle, providing members with improved access to information.
- The HMC developed a sound working relationship with the Defence Client Services Manager — Relocations, enabling improved and cohesive customer service for members.
- Housing quality was improved by the construction of 116 new houses. Of these, 55 homes were built at Stirling providing properties close to the Australian Staff College, and 22 at Duntroon. Both projects were officially opened by the Minister for Veterans' Affairs and Minister Assisting the Minister for Defence, The Hon. Danna Vale MP.

### Activities

#### Acquisition and construction — \$25.95m

#### Purchases

Existing houses	4
Newly constructed houses	116

#### Sales

Sold and leased back	182
Other sales	10

#### Leases

New leases	19
------------	----

#### Housing stock managed as at 30 June 2002

DHA owned	362
Leased from private investors	961
On-base	136
Other managed stock	0

## New South Wales

### Hunter Valley

#### Highlights

- Case management and end to end processing of relocations for courses, postings and locally initiated moves reverted from the NSSC to the HMC in December.
- Additional housing was provided in Tamworth for families posted to the Flying Training School.
- Fully furnished apartments were provided in Newcastle for the Navy's Minehunter project to house the ship's company during sea trials and commissioning.



Matt Chambers

#### Activities

##### Acquisition and construction — \$8.36m

##### Purchases

Existing houses	4
Newly constructed houses	13

##### Sales

Sold and leased back	14
Other sales	21

##### Leases

New leases	3
------------	---

##### Housing stock managed

##### as at 30 June 2002 **963**

DHA owned	167
Leased from private investors	785
On-base	10
Other managed stock	1

### Nowra

#### Highlights

- The New Zealand Air Force based at HMAS Albatross returned to New Zealand.
- 28 "A" entitlement houses were sold.
- Nowra office now a one-stop-shop.
- All DHA and on-base housing was fitted with security doors to all external doors.



Peter Renwick

#### Activities

##### Acquisition and construction — \$0.28m

##### Purchases

Existing houses	1
Newly constructed houses	0

##### Sales

Sold and leased back	17
Other sales	30

##### Leases

New leases	4
------------	---

##### Housing stock managed

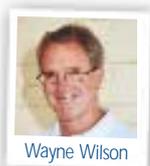
##### as at 30 June 2002 **466**

DHA owned	164
Leased from private investors	236
On-base	64
Other managed stock	2

## Sydney

### Highlights

- A new office with a shopfront service was opened at Liverpool by The Hon. Danna Vale MP. The office services the Holsworthy Army base and the 1,100 DHA managed houses in the Liverpool area.
- Shopfronts offering the complete range of DHA services now operate at RAAF Base Richmond. Smaller offices providing basic support and information have been established in Pennant Hills and Hurstville.
- Shopfront facilities have been provided at HMAS Kuttabul and Defence Plaza providing services to the bases located east of Sydney.



Wayne Wilson

### Activities

#### Acquisition and construction — \$21.03m

##### Purchases

Existing houses	29
Newly constructed houses	0

##### Sales

Sold and leased back	193
Other sales	155

##### Leases

New leases	16
------------	----

#### Housing stock managed

##### as at 30 June 2002 **4396**

DHA owned	1,671
Leased from private investors	2,590
On-base	59
Other managed stock	76

## Wagga Wagga

### Highlights

- Increases to the Defence housing requirement with 30 land purchases.
- High satisfaction was achieved from the maintenance and housing surveys.
- Removals processing was taken over for courses.



Jeff Davy

Regional Manager for Riverina (Wagga Wagga and Wodonga)

### Activities

#### Acquisition and construction — \$1.58m

##### Purchases

Existing houses	0
Newly constructed houses	0

##### Sales

Sold and leased back	15
Other sales	26

##### Leases

New leases	1
------------	---

#### Housing stock managed

##### as at 30 June 2002 **369**

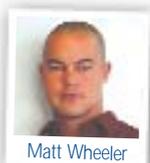
DHA owned	237
Leased from private investors	121
On-base	11
Other managed stock	0

## Northern Territory

### Darwin

#### Highlights

- Carey Street housing development commenced.
- New regional manager, Mr Matt Wheeler, appointed.
- HMC located to a new office within walking distance of the centre of Darwin and the majority of serviced apartments.
- Shopfront teams established on Robertson Barracks, RAAF Base Darwin and Larrakeyah Barracks to improve customer accessibility.



Matt Wheeler

#### Activities

##### Acquisition and construction — \$15.51m

#### Purchases

Existing houses	2
Newly constructed houses	35

#### Sales

Sold and leased back	94
Other sales	35

#### Leases

New leases	9
------------	---

#### Housing stock managed as at 30 June 2002

DHA owned	427	<b>1,864</b>
Leased from private investors	691	
On-base	743	
Other managed stock	3	

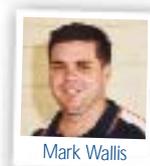
### Tindal

#### Highlights

- A new regional manager, Mr Cameron Yin, appointed replacing Mr Mark Wallis.
- Extension to the HMC office opened to cater for increased services, particularly relocations.
- DHA representative established in Alice Springs.
- Major upgrade of A category houses in Katherine and at RAAF Base Tindal approved.



Cameron Yin



Mark Wallis

#### Activities

##### Acquisition and construction — \$0.01m

#### Purchases

Existing houses	0
Newly constructed houses	0

#### Sales

Sold and leased back	0
Other sales	5

#### Leases

New leases	1
------------	---

#### Housing stock managed as at 30 June 2002

DHA owned	129	<b>550</b>
Leased from private investors	228	
On-base	193	
Other managed stock	0	

## Queensland

### Brisbane

#### Highlights

- Construction commenced on 66 new service residences in Enoggera within walking distance to the Gallipoli Barracks.
- Land acquired at Mitchelton for the future construction of 70 new service residences.
- Several city fringe upmarket apartments acquired to offer Defence customers an alternative city lifestyle.



Bronwyn Kennedy

#### Activities

#### Acquisition and construction — \$24.36m

##### Purchases

Existing houses	45
Newly constructed houses	35

##### Sales

Sold and leased back	51
Other sales	41

##### Leases

New leases	26
------------	----

#### Housing stock managed

**as at 30 June 2002** **1,143**

DHA owned	200
Leased from private investors	830
On-base	113
Other managed stock	0

### Cairns

#### Highlights

- HMC established as a one-stop-shop.
- Acquired new modern property for members on Thursday Island.



Mark Kelly

#### Activities

#### Acquisition and construction — \$1.16m

##### Purchases

Existing houses	0
Newly constructed houses	0

##### Sales

Sold and leased back	1
Other sales	15

##### Leases

New leases	2
------------	---

#### Housing stock managed

**as at 30 June 2002** **263**

DHA owned	88
Leased from private investors	162
On-base	3
Other managed stock	10

## Ipswich

### Highlights

- Ipswich activities centralised through Toowoomba office.
- Leichhardt urban renewal program completed (successful disposal of 320 older housing stock over five years, while simultaneously helping to upgrade standard of suburb).



John Fergusson

(Toowoomba and Ipswich)

### Activities

#### Acquisition and construction — \$4.74m

##### Purchases

Existing houses	0
Newly constructed houses	11

##### Sales

Sold and leased back	21
Other sales	6

##### Leases

New leases	0
------------	---

#### Housing stock managed as at 30 June 2002

DHA owned	440
Leased from private investors	287
On-base	0
Other managed stock	0
<b>Total</b>	<b>727</b>

## Toowoomba

### Highlights

- HMC relocated to new and more suitable commercial premises in the Toowoomba CBD.
- A presence was established at RAAF Base Amberley in response to a request by Defence for improved access to DHA for base staff.

### Activities

#### Acquisition and construction — \$4.26m

##### Purchases

Existing houses	1
Newly constructed houses	25

##### Sales

Sold and leased back	9
Other sales	32

##### Leases

New leases	0
------------	---

#### Housing stock managed as at 30 June 2002

DHA owned	150
Leased from private investors	305
On-base	7
Other managed stock	0
<b>Total</b>	<b>462</b>

## Townsville

### Highlights

- Disposed of 75 older homes as part of upgrade to the Townsville housing portfolio.
- Successful management of the increased number of removal entitlements due to the deployment of Townsville troops to Timor.
- Large program of external repainting to highset houses undertaken.



Bob Haylett

### Activities

#### Acquisition and construction — \$5.03m

##### Purchases

Existing houses	3
Newly constructed houses	25

##### Sales

Sold and leased back	53
Other sales	75

##### Leases

New leases	12
------------	----

#### Housing stock managed

**as at 30 June 2002** **1,688**

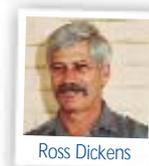
DHA owned	907
Leased from private investors	775
On-base	6
Other managed stock	0

## South Australia

### Adelaide

### Highlights

- The HMC relocated into larger premises to provide improved working conditions and to facilitate customer interface.
- An on-base presence established at RAAF Base Edinburgh.



Ross Dickens

### Activities

#### Acquisition and construction — \$1.53m

##### Purchases

Existing houses	1
Newly constructed houses	0

##### Sales

Sold and leased back	36
Other sales	16

##### Leases

New leases	3
------------	---

#### Housing stock managed

**as at 30 June 2002** **957**

DHA owned	102
Leased from private investors	456
On-base	395
Other managed stock	4

## Tasmania

### Hobart

#### Highlights

- Tasmania activities centralised through Melbourne office during this financial period.

#### Activities

##### Acquisition and construction — \$0.00m

#### Purchases

Existing houses	0
Newly constructed houses	0

#### Sales

Sold and leased back	0
Other sales	3

#### Leases

New leases	0
------------	---

#### Housing stock managed as at 30 June 2002

DHA owned	53
Leased from private investors	1
On-base	5
Other managed stock	0

## Victoria

### Melbourne

#### Highlights

- Twenty-one houses under construction in Puckapunyal.
- The HMC accepted responsibility for processing relocation requirements for all courses in Victoria, including the large numbers involved with initial entry training.
- Position of assistant regional manager established and Ms Justine Stocks appointed.



#### Activities

##### Acquisition and construction — \$3.80m

#### Purchases

Existing houses	1
Newly constructed houses	0

#### Sales

Sold and leased back	26
Other sales	45

#### Leases

New leases	0
------------	---

#### Housing stock managed as at 30 June 2002

DHA owned	425
Leased from private investors	859
On-base	529
Other managed stock	0
<b>Total</b>	<b>1,813</b>

## Sale

### Highlights

- Sale activities centralised through Melbourne office during this financial period.

### Activities

#### Acquisition and construction — \$0.54m

##### Purchases

Existing houses	2
Newly constructed houses	0

##### Sales

Sold and leased back	0
Other sales	4

##### Leases

New leases	0
------------	---

#### Housing stock managed as at 30 June 2002 **160**

DHA owned	56
Leased from private investors	99
On-base	5
Other managed stock	0

## Wodonga

### Highlights

- Successful Sale and Leaseback Program.
- Achieved high satisfaction from maintenance and housing surveys.

### Activities

#### Acquisition and construction — \$0.42m

##### Purchases

Existing houses	1
Newly constructed houses	0

##### Sales

Sold and leased back	8
Other sales	2

##### Leases

New leases	4
------------	---

#### Housing stock managed as at 30 June 2002 **284**

DHA owned	87
Leased from private investors	162
On-base	35
Other managed stock	0

## Western Australia

### Perth

#### Highlights

- Provision of three homes at RAAF Base Learmonth.
- Re-establishment of shop fronts in Rockingham and at RAAF Base Pearce.
- Assumed responsibility for service residences in Broome and at RAAF Base Curtin as well as for 10 Australian Customs Service homes in Broome.



#### Activities

##### Acquisition and construction — \$5.05m

---

#### Purchases

Existing houses	27
Newly constructed houses	3

---

#### Sales

Sold and leased back	39
Other sales	62

---

#### Leases

New leases	5
------------	---

---

#### Housing stock managed

**as at 30 June 2002** **977**

---

DHA owned	341
Leased from private investors	580
On-base	20
Other managed stock	36

# Corporate governance

## Board of Directors

There were 10 regular monthly Board meetings, and five special Board meetings throughout the year. Meetings are generally held in Canberra but this year three meetings were held interstate in the Hunter Valley, Melbourne and Townsville to allow Directors to review local DHA operations.

The Board is required to observe high ethical and accountability standards and to maintain a strong sense of commitment to Defence personnel and their families.

It reviews its performance through a formal corporate governance review and has adopted a Board charter. The Board supports the need for its Act to reflect a more commercial approach.

Responsibility for day-to-day operations and administration rests with the Managing Director who, under the Act, is empowered to conduct DHA's affairs in accordance with its policies and directions. The Board is required to provide a quarterly report of its operations to Shareholder Ministers.

### Profiles

The following members held office during the year:



**Mr Peter Jollie AM**  
FCA, FCPA, FAICD, Chairman

Mr Jollie is currently the Chairman of Heggies Bulkhaul Ltd, Accountants Superannuation Fund, CEO Syndicate, and the Judging Panel for the ICA-Zurich Business Leader of the Year Awards. He was also Chairman of Australian Water Services Ltd from 1991 to 1997 and Chairman and CEO of P&O Containers (Australia) from 1988 to 1996. He is a Director of Consolidated Broken Hill Limited, Travel.com.au Limited and has been the Director of Medical Research and the Compensation Foundation and AMACA Ltd since 2001. He was also the Director of Bovis Australia from 1995 to 2000, P&O Australia Ltd from 1987 to 1997 and P&O Containers Ltd (UK) from 1992 to 1996.

Mr Jollie is a past President of the Institute of Chartered Accountants. He is active in trade promotion and has a long involvement in multilateral committees. He is a Founding Governor of the Australian Naval Aviation Museum and Honorary Treasurer of the Heart Research Institute.



**Mr Keith Lyon**  
BCom (Hons) NSW, FCPA, FAIM, Managing Director

Mr Lyon was appointed Managing Director in September 1999 for three years. Previously he was the Deputy President of the Repatriation Commission and has a strong background in public administration.

Since joining DHA Mr Lyon has been responsible for the organisation's growth and for operating DHA on a fully commercial basis. He developed an Agreement with Defence for the provision of housing and negotiated arrangements for DHA to become responsible for tenancy management and relocations.

Mr Lyon has introduced business line management and balanced scorecard arrangements governing DHA's operations. In the last two financial years, DHA has generated an increase in shareholder value of 13.3% and 13.7% and returned to the government \$650m in special dividends. He has also been responsible for the continuing development of the Sale and Leaseback Program under the name of Defence Housing Australia.

Mr Lyon has a very strong interest in providing customer service and managing substantial change.



**Ms Helen Ryan**  
LLB (Hons)

Ms Ryan has been a partner in international law firm Deacons for 16 years. She is a specialist in banking and finance law and is head of Deacons' banking and finance division (Qld).

She acts for a number of major banks, both domestic and international, and advises on the structuring and documenting of financing transactions. While her practice is focused particularly on the financing of large-scale property projects, she is also on retainer to the Australian leasing subsidiary of one of Japan's largest banks and provides advice to that client on a regular basis on a wide range of corporate and commercial matters.

She was formerly a Director of the Banking Law Association and is also a former Director of the Queensland Surf Life Saving Foundation, the Queensland Community Foundation, the Queensland Harness Racing Board and the Queensland Liquor Licensing Advisory Board.



**Mr Thomas JR  
O'Brien AM**

**BEcon, BCom (Hons), FCA,  
FCPA, FAICD**

Mr O'Brien was the Chief Executive Officer of Ernst & Young in Melbourne for 12 years and was the National Chairman of Ernst & Young Australia in 1995 and 1996.

Since retiring from the partnership he has pursued a career as a company director and currently serves on a number of Boards including Advent Limited, Australian Hearing, Fiduciary Trust International Australia Ltd, Mercy Health and Aged Care Inc and Virtual Communities Ltd.

He is Chairman of Church Resources, CCI Investment Management Ltd, Healthpoint Technologies Limited and Safe Effect Technologies Limited.

In January, Mr O'Brien was appointed a Member of the Order of Australia.



**Mr John O'Grady**  
**LLB, FAICD, FAPI**

Mr O'Grady is a Special Counsel at the Sydney office of international law firm, Blake Dawson Waldron. Prior to joining Blake Dawson Waldron in April 2000, John was a partner of Fisher Jeffries, an Adelaide commercial law firm, for 20 years serving the last 5 years as Chairman of Partners. He is an experienced legal practitioner in the areas of property, government tendering and contracting and corporate governance.

He is a past President of the Property Council of Australia (South Australian Division) and served on the National Council for 2 years. He is currently a member of the Commercial Office Committee of the Property Council (NSW Division).

Mr O'Grady has served on a number of Commonwealth and State Government boards and committees, including the Commonwealth Property Committee and the Adelaide Entertainment Centre. He was also Chairman of the South Australian Government Office Accommodation Committee.

In 1998 he was appointed as a Fellow of the Australian Property Institute under the property leaders program. He is also a Governor of the American Chamber of Commerce in Australia.



**Mrs Judy Swann**  
**FAICD, Defence spouse  
representative director**

Mrs Swann was appointed as Convenor of the National Consultative Group of Service Families (NCGSF) in April 2000 and has been a Service spouse for 12 years. She has been a member of the NCGSF since 1995 and has represented the views of Australian Defence Force families in a variety of forums, including tenant consultative groups and Defence committees.

She has previously worked as a financial counsellor with the Australian Red Cross and a regional office manager for the Department of Consumer Affairs.

She is currently studying for a bachelor degree in business administration.



**Dr Ralph Neumann**  
**PhD, FAICD,  
Defence ex-officio Director**

Dr Neumann is a long-serving Commonwealth public servant who has spent his career in the Department of Defence. Currently he is First Assistant Secretary, Capability, Investment and Resources.

He joined the Defence Department in 1978. He was appointed to the Senior Executive Service in 1993 and since then has worked in policy areas relating to Defence capability, resources and the major capital equipment plan.

He was a member of the Defence Source Selection Board for over two years, is currently the secretary to the Defence Capability Investment Committee (the senior capability focussed committee in Defence), and chairs the Defence Materiel Organisation Vehicles and Land Operations Governance Board. He is also a director of a private company.

He was appointed an ex-officio member of the DHA Board in February 2002.



**Rear Admiral Russ Shalders CSC, RAN**  
**Defence ex-officio Director**

Rear Admiral Shalders joined the Navy in 1967. A Seaman Officer, he qualified as a Warfare specialist in 1978 and sub-specialised in Anti Submarine Warfare in 1981.

He has had four commands at sea and has been Commodore Flotillas, a One-Star seagoing appointment where he was responsible for the operational readiness of all fleet units. He assumed responsibility for Defence personnel in August 2001.

His shore postings have included training positions, project management duties, personnel posting functions and staff positions in operational headquarters in both Sydney and Canberra. He spent a period of two years seconded to the Australian Customs Service as the inaugural Director General Coastwatch.

He is a graduate of the USN Staff Course, has been a member of the Directing Staff at the RAN Staff College and is a graduate of the Royal College of Defence Studies in London.

He was appointed as an ex officio member of DHA in August 2001.



**Major General Peter Leahy AM**  
**Defence ex-officio Director**

Major General Leahy graduated from the Royal Military College Duntroon in 1974. His career appointments range from Platoon Commander in 8th/9th Battalion to training appointments at the Officer Cadet School Portsea, the Infantry Centre Singleton and the United States Army Command and General Staff College Leavenworth. He was awarded the United States Army Meritorious Service Medal for his services in the United States.

Major General Leahy is a graduate of the Australian Army Command and Staff College, the United States Army Command and General Staff College, the British Higher Command and Staff Course and is a Fellow of the Australian College of Defence and Strategic Studies.

He was appointed Deputy Chief of Army in May 2000 and was appointed an ex officio Director in May 2000.



**Rear Admiral Brian Adams AM, RAN**  
**Defence ex-officio Director**

Rear Admiral Adams joined the Navy as a junior recruit in 1968 and was commissioned in 1969. He has served in a range of Australian Navy ships and in 1980 and 1981 he undertook exchange service with the Royal Navy. He commanded HMAS Tarakan in 1976 and 1977 and HMAS Tobruk in 1988 and 1989.

Other postings included the Australian Joint Warfare Establishment as the RAN Director and HQ ADF in resource policy and capability development areas. In 1993 and 1994 he commanded HMAS Creswell, the RAN College, and in 1995 and 1996 he was the Director of Naval Warfare in Maritime Headquarters.

In 1997 he graduated from the Australian College of Defence and Strategic Studies. He assumed the position of Commandant Australian Defence Force Academy in January 1998 and was appointed Deputy Chief of Navy in 2000.

Rear Admiral Adams is also a graduate of the Australian Army Command and Staff College and the Joint Services Staff College. He holds degrees in Arts and Business Administration. He is a fellow of both the Australian Institute of Management and the Australian Institute of Company Directors. He is also a Director of the Defence Shipbuilding Governance Board.

In January 1997 he was made a member of the Order of Australia for services to training and warfare capability development.



**Mr Les Wallace**  
**FAICD, Defence ex-officio Director**

Mr Wallace was an ex-officio representative of the Department of Defence, while acting as the First Assistant Secretary Defence Business Strategy.

Mr Wallace has been a senior executive with the Department of Defence for 19 years. From 1997 until recently he was the Director General Navy Business Management, and as such the principal finance adviser to the Chief of Navy. Between 1991 and 1995, he led the new Estate Management Branch at a time of fundamental change in the Defence approach to real estate management. From 1982 to 1987, he was responsible for the coordination of Defence's Five Year Defence Program and annual Budget, and was a member of Dr Allan Hawke's task force which introduced program management and budgeting into Defence in 1989 and 1990.

He has a bachelor of science from the University of Queensland, is a graduate of the Joint Services Staff College (1982) and the Royal College of Defence Studies in London (1996), and was admitted as a Fellow of the Australian Institute of Company Directors in 2001.

Mr Wallace's term on the Board commenced October 2001, and ceased February 2002.



## Ms Bonita Boezeman

### PMD Harvard, FAMI, FAICD

Currently Managing Director of Business Benefits International Pty Ltd, Ms Boezeman was formerly an executive with Time Warner Inc (now known as AOL Time Warner) for more than 22 years and was the Chairperson and Chief Executive Officer of Time Life (Australia) Pty Ltd for more than 12 years. This division was responsible for all the book publishing, music and film/entertainment sales and development.

She has an extensive background in marketing and financial management. Before moving to Australia she was European Director for Subscription Services for Time Inc. (which encompassed 175 locations worldwide), as well as French Area Manager and European Business Manager.

She is a current Board member of the public company Perpetual Trustees, as well as the Deputy Chairman of the NSW State Lottery Corporation and the East Asia Advisory Council for the NSW Government. She is also a member of the Advisory Board of the Catholic Development Fund.

For the past 11 years Ms Boezeman has been involved with the Corporate Olympic Committee as well as chairing the East West Foundation which raises money for the Cochlear Implant Centre for Deaf Children and the Opera Artist Programme.

She has previously been on the Boards of Prudential Insurance and Opera Foundation Australia from 1989 to 2000, AIESEC Australia from 1985 to 1995 and the Australian Record Industry. She was a founding member of Chief Executive Women and an attaché for the Sydney 2000 Olympic Games.

Ms Boezeman was appointed as a member of the DHA Board in October 2001 for a term of three years.



## Air Vice-Marshal Chris Spence

**BSc, FAICD, FAIM, Defence ex-officio Director**

Air Vice-Marshal Spence joined the Royal Australian Air Force Academy in 1969, graduating with a bachelor of science degree. Following pilot training in 1974, he flew a range of aircraft including Iroquois helicopters, Caribou tactical transport aircraft, C130 Hercules aircraft, Macchi jet trainers and Pilatus PC9 training aircraft.

Air Vice-Marshal Spence's staff appointments include Director Logistics Development at the Logistic Systems Agency at Headquarters Logistics Command and Chief of Staff Support Command Australia. His command appointments include Commanding Officer No. 35 Squadron, Officer Commanding No. 86 Wing and Commander Training — Air Force. He was promoted to Air Vice-Marshal and assumed his present appointment as Deputy Chief of Air Force on 18 June 2001.

Air Vice-Marshal Spence was appointed a Member of the Order of Australia on Australia Day 1998. He is a graduate of the RAAF Staff College and the United States Air Force Air University in Montgomery, Alabama. He is a Member of the Australian Institute of Transport, a Fellow of the Australian Institute of Management and a Fellow of the Australian Institute of Company Directors.

## Mr Ken Moore BA

**First Assistant Secretary Business Strategy, Defence ex-officio Director**

Mr Moore completed a Bachelor of Arts with a major in Economics at Macquarie University. He has a long history working in the Defence environment, including for the Department of Defence in various positions for the past 20 years. He began his career at Defence working in the Pay Office for Army in Sydney and also worked as the Deputy Regional Secretary (Navy) and in Resources Planning (Air Force).

In 1992 Mr Moore was posted to the Ministry of Defence in the United Kingdom where he worked on civilian management policy.

As The First Assistant Secretary Business Strategy Mr Moore was an ex-officio member of the Board.

Mr Moore's membership of the Board ceased in October 2001.

## Major General Simon Willis CSC

**Defence ex-officio Director**

Major General Willis graduated from the Royal Military College Duntroon in December 1970 and has served in operational command appointments from South Vietnam in 1971 to Bougainville in 1999. He was a Company Commander in the 5th/7th Battalion (Mechanised) and Commanding Officer of the 3rd Battalion (Parachute). He has extensive experience in training and staff appointments in the Army and tri-Service areas.

Major General Willis became an ex-officio Director in June 2000 following his appointment as Head Defence Personnel Executive.

His appointment to the Board ceased in August 2001.

### Board audit committee

The Board audit committee meets quarterly and reports to the full Board at least twice a year with details of its operation and activities.

The committee comprised the following members for the reporting year:

- Mr Tom O'Brien (Chairman)
- Mr John O'Grady
- Mrs Judy Swann
- Air Vice-Marshal Chris Spence
- Mr Ken Moore, and
- Dr Ralph Neumann

The committee's primary functions are to:

- ensure that appropriate processes are undertaken by the Executive in relation to the system of internal controls, management information systems, and overall risk management practices

- review DHA's accounting policies and disclosures in the annual financial statements and other disclosures in the annual report before release, and
- consider major developments and significant changes in legislation, regulations and government policy and their possible impact on the responsibility and liability of the Board and DHA.

### Board Nomination and Remuneration

#### Committee

The primary role of the Committee is to recommend new Directors to the Government. The Committee also from time to time reviews Directors' fees and the Managing Director's salary, and makes the appropriate submissions to the Remuneration Tribunal.

### Attendance at Board meetings July 2001 to June 2002

Member	Scheduled Board meetings		Special Board meetings		Board audit committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Peter Jollie	10	10	5	5		
Keith Lyon	10	10	5	5		
Tom O'Brien	10	9	5	5	4	4
John O'Grady	10	10	5	5	4	4
Helen Ryan	10	10	5	4		
Judy Swann	10	10	5	4	4	2
Ken Moore	3	2	1	0	2	1
Simon Willis	1	0	0	0		
Brian Adams	10	3	5	2		
Peter Leahy	10	5	5	2		
Chris Spence	10	7	5	1	4	2
Russ Shalders	9	5	5	1		
Bonita Boezeman	7	6	4	4		
Les Wallace	2	2	1	1		
Ralph Neumann	4	4	4	3	1	1

## Corporate documents

DHA is subject to the various requirements of the *Commonwealth Authorities and Companies Act 1997*, which includes preparing a corporate plan and an annual report. Financial statements are subject to audit by the Australian National Audit Office and the Shareholder Ministers are kept informed in relation to its operations.

## Indemnity insurance

DHA maintains insurance cover for Directors' and Officers' liability and company reimbursement, which is to meet any losses or amounts that a Director or officer is obligated to pay personally, or payments against which DHA has lawfully indemnified the Director or officer. The policy has certain exclusions such as for dishonesty or for claims made by DHA against one or more of its Directors or officers.

A total comprehensive insurance policy for Directors and officers is provided for both liability and insurance cover.

## Risk management

As a major property manager and provider of housing services, DHA has a range of risk management strategies to protect its business interests. These strategies include a comprehensive package of insurances covering all facets of DHA's operations.

A comprehensive risk management plan underpins DHA's risk management framework. The plan identifies the key risks, and action plans are developed to ensure that risks are managed and mitigated as appropriate. The completion, update and review of the risk management plan forms part of the Board audit committee charter.

During the year an extensive review of the risk management plan was undertaken and a new plan developed. This was approved by the Board in February and, in accordance with DHA's risk management policy, will be subject to ongoing six-monthly reviews.

## Code of ethics

DHA is committed to fair dealings in all its activities, including its interaction with Defence, Service personnel and their families, building and maintenance contractors, suppliers, lessors and government authorities. High ethical and accountability standards are set and expected of all staff.

DHA's culture also embraces a strong commitment to meeting the needs of Defence personnel and their families. The organisation is committed to providing a safe workplace free of discrimination and harassment, and to recognising the individual contributions of its staff members. It is also committed to high standards in its contractual relationships with maintenance and other contractors and private investors with which DHA has property management responsibilities.



## Contacting DHA is easy

DHA has offices in all States and Territories and members are welcome to visit or telephone their local HMC. A full list can be found at the end of this report.

DHA's head office is located in Canberra as is the National Service and Support Centre (NSSC). The NSSC has its own customer service line for general enquiries. We welcome your phone calls, letters, faxes and emails.

Our website has been revamped to provide an easy to navigate and user friendly information service. It can be visited at [www.dha.gov.au](http://www.dha.gov.au)



## Freedom of Information

The following information is presented according to the requirements of Section 8 of the Freedom of Information Act 1982.

### Enabling legislation

DHA is established under the *Defence Housing Authority Act 1987*.

### Organisation

Information on DHA and its functions can be found earlier in this report.

### Consultative arrangements

DHA liaises with the Department of Defence, the National Consultative Group of Service Families, and tenants. As required, it also consults with State and local government authorities and members of local communities on specific projects.

Individuals or organisations may participate in policy formulation by making written representations to the Managing Director at 26 Brisbane Avenue, Barton, ACT, 2600. DHA also encourages direct contact with its regional offices, and its General Manager Corporate Resources at the above address or by telephone (02) 6217 8424.

### Categories of document

DHA holds no registers or similar documents which are open to the public upon payment of a fee, nor does it hold any documents that are available for purchase. Copies of the *Defence Housing Authority Act 1987* are available from Ausinfo in all States and Territories.

In accordance with the requirements of its Act, DHA produces an annual report which is available free of charge on request. Its corporate plan is classified commercial-in-confidence.

DHA also produces a biannual newsletter and distributes brochures and other promotional material.

### Access to documents

Access to documents under the Freedom of Information Act can be obtained by request in writing, and paying the prescribed fee, to:

Freedom of Information Officer  
Defence Housing Authority  
26 Brisbane Avenue  
BARTON ACT 2600  
Telephone: (02) 6217 8567

# Financial Statements

FOR THE YEAR ENDED 30 June 2002

- Statement by Directors
- Audit Report on the Financial Statements
- Statement of Financial Performance
- Statement of Financial Position
- Statement of Cash Flows
- Schedule of Commitments
- Schedule of Contingencies
- Notes to and forming part of the Financial Statements

## STATEMENT BY DIRECTORS

The Directors state that in their opinion:

- i) the financial statements give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, and
- ii) when this statement is made, there are reasonable grounds to believe that the Authority 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 of Defence Housing Authority.



P E J Jollie  
Chairman

Canberra, 5 September 2002.



## INDEPENDENT AUDIT REPORT

To the Minister Assisting the Minister for Defence and the Minister for Finance and Administration

### Scope

I have audited the financial statements of Defence Housing Authority for the year ended 30 June 2002. The financial statements comprise:

- Statement by Directors;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements.

The Directors of the Defence Housing Authority are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Defence Housing Authority's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

GPO Box 707 CANBERRA ACT 2601  
 Canberra House 19 National Circuit  
 BARTON ACT  
 Phone (02) 6203 7300 Fax (02) 6203 7777

**Audit Opinion**

In my opinion the financial statements:

- (i) have been prepared in accordance with Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of Defence Housing Authority as at 30 June 2002, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



David C. McKean  
Executive Director

Delegate of the Auditor-General

Canberra  
9 September 2002

**DEFENCE HOUSING AUTHORITY**  
**Statement of Financial Performance**  
**for the year ended 30 June 2002**

	Note	2002 \$'000	2001 \$'000
<b>Revenues from ordinary activities</b>			
Services provided	6	317,423	314,191
Gain on sale of land, building, plant and equipment		17,876	7,757
Interest income		6,883	20,592
Other	6	24,841	21,248
<b>Total Revenues from ordinary activities</b>		<b>367,023</b>	<b>363,788</b>
<b>Operating expenses from ordinary activities</b>			
Employee expenses	7	(37,066)	(21,809)
Lease rental expenses		(151,644)	(143,991)
Rates, repairs & maintenance	8	(47,669)	(46,544)
Depreciation & amortisation	9	(15,773)	(18,445)
Other expenses from ordinary activities	10	(24,376)	(15,879)
<b>Total operating expenses from ordinary activities</b>		<b>(276,528)</b>	<b>(246,668)</b>
Borrowing costs expense		(480)	-
Share of net profits from joint ventures	37	1,969	5,339
<b>Profit result from ordinary activities before income tax</b>		<b>91,984</b>	<b>122,459</b>
Income tax expense	2	-	-
<b>Profit result from ordinary activities after income tax</b>		<b>91,984</b>	<b>122,459</b>
<b>Net profit</b>	12	<b>91,984</b>	<b>122,459</b>
Increase in asset revaluation reserve	13	108,379	105,100
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<b>108,379</b>	<b>105,100</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	15	<b>200,363</b>	<b>227,559</b>
<b>Dividends provided for or paid</b>			
Annual dividends provided for or paid	3, 12	66,525	88,636
Special dividends provided for or paid	4, 12	166,000	-
<b>Total dividends provided for or paid</b>		<b>232,525</b>	<b>88,636</b>

*The accompanying notes form an integral part of these statements*

**DEFENCE HOUSING AUTHORITY**  
**Statement of Financial Position**  
**as at 30 June 2002**

	Note	2002 \$'000	2001 \$'000
<b>Current Assets</b>			
Cash assets	16	259,077	113,154
Receivables	17	3,576	6,801
Other financial assets	18	13,972	10,307
Land and building	19	-	78,325
Lease receivables	23	8,857	8,546
Inventories	20	468	2,201
<b>Total Current Assets</b>		<b>285,950</b>	<b>219,334</b>
<b>Non-Current Assets</b>			
Inventories	20	355	102
Plant and equipment	21	11,647	5,570
Land and building	22	1,171,975	1,236,212
Lease receivables	23	351,257	382,869
<b>Total Non-Current Assets</b>		<b>1,535,234</b>	<b>1,624,753</b>
<b>Total Assets</b>		<b>1,821,184</b>	<b>1,844,087</b>
<b>Current Liabilities</b>			
Provisions	25	84,399	100,743
Payables	25	6,059	3,818
Other	26	19,217	15,098
<b>Total Current Liabilities</b>		<b>109,675</b>	<b>119,659</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	27	100,000	-
Provisions	28	45,246	41,593
<b>Total Non-Current Liabilities</b>		<b>145,246</b>	<b>41,593</b>
<b>Total Liabilities</b>		<b>254,921</b>	<b>161,252</b>
<b>Net Assets</b>		<b>1,566,263</b>	<b>1,682,835</b>
<b>Equity</b>			
Contributed Equity	14	249,572	333,982
Reserves	13	980,908	872,529
Retained profits	12	335,783	476,324
<b>Total Equity</b>	15	<b>1,566,263</b>	<b>1,682,835</b>

*The accompanying notes form an integral part of these statements*

**DEFENCE HOUSING AUTHORITY****Statement of Cash Flows  
for the year ended 30 June 2002**

	Note	2002 \$'000	2001 \$'000
<b>OPERATING ACTIVITIES</b>			
<i>Cash Received</i>			
Sales of goods and services		320,845	315,009
Interest		6,428	21,292
Other		26,762	27,478
Total cash received		354,035	363,779
<i>Cash Used</i>			
Suppliers		(228,755)	(207,698)
Employees		(35,421)	(21,389)
Interest		(480)	-
Total cash used		(264,656)	(229,087)
<b>Net Cash From Operating Activities</b>	29	89,379	134,692
<b>INVESTING ACTIVITIES</b>			
<i>Cash Received</i>			
Proceeds from sales of property, plant and equipment		340,140	221,674
Other - receipts from joint ventures		4,472	9,296
Total cash received		344,612	230,970
<i>Cash Used</i>			
Purchase of property, plant and equipment		(129,207)	(50,090)
Other - contributions to joint ventures		(4,472)	(9,218)
Total cash used		(133,679)	(59,308)
<b>Net Cash From Investing Activities</b>		210,933	171,662
<b>FINANCING ACTIVITIES</b>			
<i>Cash Received</i>			
Proceeds from debt		100,000	-
Total cash received		100,000	-
<i>Cash Used</i>			
Return of capital (Note 4b)		-	(400,000)
Dividends paid		(254,637)	(24,000)
Total cash used		(254,637)	(424,000)
<b>Net Cash from Financing Activities</b>		(154,637)	(424,000)
<b>Net increase (decrease) in cash held</b>		145,675	(117,646)
<b>Cash at 1 July 2001</b>		112,677	230,323
<b>Cash at 30 June 2002</b>	16	258,352	112,677

The accompanying notes form an integral part of these statements

**DEFENCE HOUSING AUTHORITY**  
**Schedule of Commitments**  
**as at 30 June 2002**

	2002 \$'000	2001 \$'000
<b>BY TYPE</b>		
<b>Capital commitments</b>		
Land and buildings	40,879	40,000
<b>Total capital commitments</b>	<b>40,879</b>	<b>40,000</b>
<b>Other commitments</b>		
Operating leases	568,518	569,204
<b>Total other commitments</b>	<b>568,518</b>	<b>569,204</b>
<b>Total commitments</b>	<b>609,397</b>	<b>609,204</b>
<b>BY MATURITY</b>		
One year or less	184,056	174,454
From one to five years	327,878	345,776
Over five years	97,463	88,974
<b>Total commitments</b>	<b>609,397</b>	<b>609,204</b>

*The accompanying notes form an integral part of these statements*

**DEFENCE HOUSING AUTHORITY****Schedule of Contingencies**

as at 30 June 2002

	2002 \$'000	2001 \$'000
<b>CONTINGENT LOSSES</b>		
Joint venture guarantees <sup>1</sup>	3,626	5,741
Bank guarantees <sup>2</sup>	134	134
Claims for damages/costs <sup>3</sup>	152	183
<b>Total contingent losses</b>	<b>3,912</b>	<b>6,058</b>

1. Contract performance guarantees and development works relating to joint ventures;
2. Bank guarantees relating to construction work; and
3. Estimated costs associated with legal matters.

**SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES**

The Authority is not aware of any unquantifiable contingencies

*The accompanying notes form an integral part of these statements*

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

<b>Note</b>	<b>Description</b>
1	Summary of Significant Accounting Policies
2	Tax
3	Dividends
4	Capital Returns and Special Dividends
5	Scoping Study for the Sale of DHA Assets
6	Revenues from Ordinary Activities
7	Employee Expenses
8	Rates, Repair & Maintenance
9	Depreciation & Amortisation
10	Other Expenses from Ordinary Activities
11	Profit result from Ordinary Activities before income tax expense
12	Retained Profits
13	Reserves
14	Contributed Equity
15	Total Equity
16	Cash Assets
17	Receivables
18	Other Financial Assets
19	Current Assets – Land and Building
20	Inventories
21	Plant & Equipment
22	Land and Buildings
23	Lease Receivables
24	Movement summary 2001-02 for Land, Buildings, Plant and Equipment
25	Provisions & Payables
26	Other Current Liabilities
27	Interest Bearing Liabilities
28	Non Current Provisions
29	Cash Flow Information
30	Superannuation
31	Directors' and Executives' Remuneration
32	Audit Remuneration
33	Related Parties
34	Economic Dependency
35	Segment Reporting
36	Joint Venture Developments
37	Interest in Joint Venture Developments
38	Financial Instruments

## DEFENCE HOUSING AUTHORITY

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

**1. Summary of Significant Accounting Policies****1.1 Basis of Accounting**

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Financial Management and Accountability (Financial Statements 2001-2002) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board;
- other authoritative pronouncements of the Board; and
- the Consensus Views of the Urgent Issues Group.

The statements have been prepared having regards to the Explanatory Notes to Schedule 1, and Finance Briefs issued by the Department of Finance and Administration.

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

**1.2 Changes in Accounting Policy**

The accounting policies used in the preparation of the financial statements are consistent with those used in 2000-2001.

**1.3 Comparative Figures**

Comparative figures have been adjusted to conform to current year presentation of financial statements where required.

**1.4 Revenue**

Rental revenue from the Department of Defence is received in advance and recognised on an accrual basis. Other revenues are provided on an accrual basis. Contributions from the Department of Defence towards inclusions in DHA owned properties are recognised as income in the periods in which the inclusions are completed, in accordance with UIG 11.

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

Profit or loss from the disposal of non-current assets is recognised when settlement occurs.

**1.5 Depreciation**

Assets at valuation or cost are depreciated using the straight line method, at rates based upon the following expected useful economic life of the assets.

	2001-2002	2000-2001
Off-base Properties	50 years	50 years
On-base Properties	15 years	15 years
Office Buildings	50 years	50 years
Plant and Equipment	3 - 10 years	3 - 10 years

While depreciation expense has been charged to the statement of financial performance, the accumulated provision for depreciation has been written back on assets subject to revaluation in accordance with Australian Accounting Standard AAS10.

Expenditure of a capital improvement nature for DHA owned properties is capitalised and depreciated over the remaining life of the asset.

## 1.6 Repairs and Maintenance

Repairs and maintenance costs are written off in the period in which they are incurred.

## 1.7 Income Tax

The Authority is exempt from all forms of taxation except fringe benefits tax and the goods and services tax. Refer also Note 2.

## 1.8 Dividends

Dividend liability is determined by the Authority annually. Refer also Note 3.

## 1.9 Cash

For the purposes of the statement of cash flows, cash includes cash on hand and short term deposits at call.

## 1.10 Software Development

Costs relating to the development of new products are deferred to future periods to the extent that future benefits are expected. The deferred costs are amortised over future periods to match the costs with the related benefits. The costs are reviewed each year and to the extent that they exceed the recoverable amount are written off.

## 1.11 Housing and Land Assets

As at 1 January 1988, housing assets were vested in the Authority pursuant to the provisions of Section 60 of the *Defence Housing Authority Act 1987*. A Services Agreement between the Authority and the Department of Defence came into effect on 1 July 2000. Under the Agreement the majority of on-base properties, along with off-base properties in defined regional and remote areas of Australia, were transferred to a finance lease arrangement (refer note 1.14). Amounts in the Revaluation Reserve relating to the finance lease properties were transferred to the Capital Profits Reserve. The housing and land assets retained by the Authority comprise 'off-base' properties in major cities and a few on-base properties and are classified as non-current assets, unless otherwise described.

### **Revaluations**

DHA properties are subject to annual revaluations at 30 June each year.

All properties are recognised at fair value based on Directors valuations. Directors valuations are based on independent valuations performed at 30 June 2002 on a third of the total housing stock, with the balance of stock being revalued using an Authority developed index, except for properties identified for disposal. The index is developed from the third of houses that have been independently revalued and the valuations on leased properties completed at 31 December 2001. Properties identified for disposal are recognised at Directors estimate of fair value. In the prior year, Directors valuations were based on independent valuations performed at 30 June 2001.

Properties transferred to DHA as off-base houses where title does not reside with DHA have been valued using the Present Value of future rent stream method (net cash flow) over the expected useful economic life of these properties. The assumptions used in determining this present value include a useful economic life of 15 years and a discount rate of 8%.

Increments and decrements are treated on an asset class basis and not on an individual asset basis. Where land and housing stock is disposed, the Revaluation Reserve relating to those assets is transferred to the Capital Profits Reserve.

Revaluations do not result in the carrying value of land or housing stock exceeding the net amount expected to be recovered through the net cash inflows arising from their continued use and subsequent disposal in the normal course of business.

When properties are handed back to the Department of Defence or identified for hand back, the revaluation increment/decrement is written back to the revaluation reserve and the balance offset against Capital/Commonwealth Contributions.

Works in progress represents vacant land and properties under construction which are carried at cost, other than vacant land which has been held by the Authority for more than 3 years, which is revalued. All vacant land which was greater than 3 years old was revalued at 30 June 2002, as Directors valuations, based on independent valuations.

### 1.12 Inventories

Inventories include joint venture land held for resale. Inventories are stated at the lower of cost and net realisable value.

### 1.13 Employee Benefits

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non vesting.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2002 and is recognised at its nominal amount including on costs.

The non current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2002. The net present value obtained using a discount rate of 6.4% (2001: 6.08%).

### 1.14 Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor retains substantially all such risks and benefits.

#### *Operating Lease*

The Authority maintains a Sale and Leaseback program in the provision of housing. The leases are defined as operating leases.

#### *Finance Lease*

The Services Agreement between the Authority and the Department of Defence provides for the Department of Defence to assume substantially all the risks and benefits incidental to ownership of particular properties (see 1.11). Consequently these properties are disclosed as finance lease receivables (refer note 23).

Finance lease receivables are recognised at the present value of minimum lease payments receivable. The asset is reduced by the principal component of lease payments as they are received. The interest component is credited to the Statement of Financial Performance as Rental Revenue. If these properties are excess to requirement, the unrecovered capital value is charged to the Department of Defence.

### 1.15 Sale and Leaseback Provision

This provision records the difference between the selling price and fair values, before allowing for future 'make good' maintenance costs, arising on the sale and leaseback of properties. Actual 'make good' maintenance costs are charged against the provision.

The estimate of 'make good' maintenance costs is based on an assessment of necessary costs to 'make good' properties at the end of the lease term. This assessment is escalated for inflation and discounted, at 6.4% to present values (2001: 6.08%).

On the basis that it is not possible to reliably estimate profit from sale and leaseback transactions, no profit is separately identified for recording in accordance with AAS 17.

The estimate of future 'make good' maintenance is reviewed annually to ensure that the sale and leaseback provision is adequate. Amounts set aside to/from this provision are disclosed in the Notes to the Financial Statements (refer note 11).

### 1.16 Joint Ventures

Interest in joint venture operations is brought to account by including in the respective financial statements categories:

- the Authority's share in each of the individual assets employed in the joint venture;
- liabilities incurred by the Authority in relation to the joint venture including the Authority's share of any liabilities for which the Authority is jointly and/or severally liable; and
- the Authority's share of revenues and expenses of the joint venture.

### 1.17 Interest Bearing Liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

### 1.18 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- remuneration of directors;
- remuneration of officers (other than directors); and
- remuneration of auditors.

## 2. Tax

In accordance with the Federal Governments Competitive Neutrality Policy, approval has been given by the Minister for Financial Services and Regulation for DHA to comply with a Tax Equivalent Regime (TER). Under this equivalence regime DHA would become subject to Federal income tax and a range of State administered taxes. Section 63 of the *Defence Housing Authority Act 1987* exempts DHA from company and state taxes (refer note 1.7). Changes to the legislation to remove the exempt status and effect a TER are proposed. It is anticipated that the changes to the enabling legislation will be presented to Parliament in the near future. The financial statements from that date would then apply the principles of tax effect accounting. No significant deferred tax assets or liabilities are anticipated on introduction.

## 3. Dividends

The *Defence Housing Authority Act 1987* exempts DHA from taxation but the Government wishes DHA to comply with TER. The Board has declared a final dividend for the year ending 30 June 2002 of \$66.5m (2001: \$88.6m), comprising of the following:

- \$37.6m (2001: \$49.4m) representing an annual dividend of 60% of profit calculated on the profit for the year less the tax expense that would have been applied if DHA had been subject to taxation. The tax expenses would have included company tax, payroll tax and stamp duty on constructions.
- \$28.9m (2001: \$39.2m) representing a dividend approximately equal to the amount of income and other taxes that would have been payable if DHA had been legally liable to tax during the financial year and which the Authority is required to pay to comply with the Federal Government's Competitive Neutrality policy. The amount of tax equivalent payments includes company tax, payroll tax and stamp duty on new constructions.

## 4. Capital Returns and Special Dividends

### a) Special Dividends

During the year special dividends were paid of \$123m in December 2001 and \$43m in June 2002 (2001: \$nil).

### b) Capital Return - Transfer of Properties to Defence relating to the Sydney Harbour Federation Trust

Properties held by the Authority had been identified for transfer to the Sydney Harbour Federation Trust in the prior year. These properties were transferred back to the Department of Defence in accordance with a request to the Board of DHA by the Shareholder Ministers received on 29 June 2001. The legal and physical transfer occurred with effect from 8 March 2002 and the transfer of these properties, which had a current book value of \$84.4m, has been accounted for as a return of capital to the owner in the current financial year in accordance with UIG 38. No other capital returns were made during the year (2001: \$400m).

The Corporate Plan of the Authority, which is subject to endorsement by the Shareholder Ministers, envisages further capital returns or special dividends may be paid over the three years ending 30 June 2005.

## 5. Scoping Study for the Sale of DHA Assets

In the May 2002 Budget the Federal Government announced that a scoping study into the sale of DHA assets is to be conducted and completed by May 2003. The financial statements have been prepared on the basis that there is no impact of the study on the assets and liabilities of DHA.

DEFENCE HOUSING AUTHORITY

**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>6. Revenues from ordinary activities</b>		
Rental revenue	304,221	314,191
Relocation and Allocation income	13,202	-
Gain on sale of land, building, plant and equipment (see note 11)	17,876	7,757
Interest income	6,883	20,592
Other revenue	24,841	21,248
<b>Total revenues from ordinary activities</b>	<b>367,023</b>	<b>363,788</b>
<b>7. Employee expenses</b>		
Remuneration for services provided	36,784	20,984
Separation and redundancy	282	825
<b>Total employee expenses</b>	<b>37,066</b>	<b>21,809</b>
<b>8. Rates, repairs &amp; maintenance</b>		
Rates & taxes	11,833	13,245
Repairs & maintenance	31,827	29,452
Others	4,009	3,847
<b>Total rates, repairs &amp; maintenance</b>	<b>47,669</b>	<b>46,544</b>
<b>9. Depreciation and amortisation</b>		
Depreciation - housing stock	13,880	16,763
Depreciation - property, plant and equipment	1,893	1,682
<b>Total depreciation and amortisation</b>	<b>15,773</b>	<b>18,445</b>
<b>10. Other expenses from ordinary activities</b>		
Administration expenses	24,376	15,879
<b>Total other expenses from ordinary activities</b>	<b>24,376</b>	<b>15,879</b>

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>11. Profit result from ordinary activities before income tax expense</b>		
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the Authority:		
Revenue from sale of land, building, plant and equipment	296,386	181,486
Revenue from sale of lease receivables	33,151	35,494
Expenses from sale of land, building, plant and equipment	(272,721)	(169,694)
Expenses from sale of receivables	(33,151)	(35,494)
Movement in sale and leasback provision	(5,789)	(4,035)
Gain on sale of land, building, plant and equipment	17,876	7,757
<b>12. Retained profits</b>		
Retained profits at the beginning of the reporting period	476,324	442,501
Net profit attributable to members of the Authority	91,984	122,459
Annual dividends recognised as a liability (note 3)	(66,525)	(88,636)
Special dividends recognised as a liability (note 4a)	(166,000)	-
Retained profits at 30 June 2002	335,783	476,324
<b>13. Reserves</b>		
Reserves at the beginning of the reporting period	872,529	767,429
Increase recognised in the statement of financial performance on revaluation of assets	108,379	105,100
Reserves at 30 June 2002	980,908	872,529
The reserves comprise of the following:		
a) Asset revaluation reserve		
Opening balance	515,204	452,065
Increase recognised in the statement of financial performance on revaluation of assets	108,379	105,100
Transfer to capital profits reserve on realisation of disposed assets	(127,311)	(41,961)
	496,272	515,204
b) Capital profits reserve		
Opening balance	356,325	314,364
Transfer from asset revaluation reserve on realisation of disposed assets	127,311	41,961
	483,636	356,325
c) Insurance reserve	1,000	1,000
Total reserves at 30 June 2002	980,908	872,529
<b>14. Contributed Equity</b>		
Commonwealth contributions		
Opening balance	333,982	734,145
Return of capital (note 4b)	-	(400,000)
Return of properties relating to the Sydney Harbour Federation Trust (Note 4b)	(84,410)	-
Return of on base houses (note 1.11)	-	(163)
Balance as at 30 June 2002	249,572	333,982

DEFENCE HOUSING AUTHORITY

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>15. Total equity</b>		
Total equity at the beginning of the reporting period	1,682,835	1,944,075
Total changes in equity recognised in the statement of financial performance	200,363	227,559
Transactions with owners as owners		
Return of capital (note 4b)	-	(400,000)
Return of properties relating to the Sydney Harbour Federation Trust (Note 4b)	(84,410)	-
Return of on base houses (note 1.11)	-	(163)
Dividends proposed/paid	(232,525)	(88,636)
Total equity at 30 June 2002	1,566,263	1,682,835
<b>16. Cash assets</b>		
At bank	14,398	6,928
On hand	11	12
Short term investments	244,668	106,214
	259,077	113,154
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Total cash	14,409	6,940
Deduct interest in joint venture cash	(58)	(261)
Add short term investments	244,668	106,214
Deduct accrued interest on short term investments	(667)	(216)
Balances per Statement of Cash Flows	258,352	112,677
<b>17. Receivables</b>		
Amounts receivable from the Department of Defence	899	645
House sales receivables	563	5,487
Other debtors	2,114	669
Total receivables	3,576	6,801
<b>18. Other financial assets</b>		
Prepaid property rentals	10,538	10,307
Accrued income	2,761	-
Other prepayments	673	-
Total other financial assets	13,972	10,307
<b>19. Current assets - land and buildings</b>		
Properties relating to the Sydney Harbour Federation Trust (as a return of capital, note 4b)	-	78,325
Total current assets - land and buildings	-	78,325

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>20. Inventories</b>		
Inventories - current		
Land held for resale - cost of acquisition	468	2,201
Total current inventories	468	2,201
Inventories - non-current		
Land held for resale, development costs - cost of acquisition	355	102
Total non-current inventories	355	102
<b>21. Plant and equipment</b>		
Furniture, fixtures, plant, equipment and software development at cost	17,892	10,950
Accumulated depreciation	(6,245)	(5,380)
Total plant and equipment	11,647	5,570
<b>22. Land and buildings</b>		
Houses at valuation - off base	573,393	602,489
Land at valuation	529,717	587,996
	1,103,110	1,190,485
Houses at valuation - on base	1,222	1,882
	1,222	1,882
<b>Works in progress</b>		
Land at cost and valuation	14,217	26,178
Development and construction costs	53,426	17,549
	67,643	43,727
<b>Total housing land and buildings</b>	1,171,975	1,236,094
<b>Office buildings</b>		
Office buildings at cost	-	189
Accumulated depreciation	-	(71)
Total office buildings	-	118
<b>Total land and buildings</b>	1,171,975	1,236,212
<b>23. Lease receivables</b>		
Current finance lease receivables		
Due not later than 1 year	8,857	8,546
Total current finance lease receivables	8,857	8,546
Non-current finance lease receivables		
Due later than 1 year not later than 5 years	42,569	41,072
Due later than 5 years	308,688	341,797
Total non-current finance lease receivables	351,257	382,869

## DEFENCE HOUSING AUTHORITY

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

**24. Movement summary 2001-02 for Non Current Land, Buildings, Plant and Equipment**

Item	Land	Buildings	Total land and buildings	Other plant & equipment	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Gross value as at 1 July 2001</b>	<b>633,213</b>	<b>602,999</b>	<b>1,236,212</b>	<b>10,958</b>	<b>1,247,170</b>
Additions	63,146	62,944	126,090	15,053	141,143
Revaluations	44,949	51,625	96,574	-	96,574
Disposals	(138,988)	(147,913)	(286,901)	(8,119)	(295,020)
<b>Gross value as at 30 June 2002</b>	<b>602,320</b>	<b>569,655</b>	<b>1,171,975</b>	<b>17,892</b>	<b>1,189,867</b>
<b>Accumulated Depreciation / Amortisation as at 1 July 2001</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,388</b>	<b>5,388</b>
Depreciation / amortisation	-	13,880	13,880	1,893	15,773
Adjustment for revaluations	-	(11,805)	(11,805)	-	(11,805)
Adjustment for disposals	-	(2,075)	(2,075)	(1,036)	(3,111)
<b>Accumulated depreciation / Amortisation as at 30 June 2002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,245</b>	<b>6,245</b>
<b>Net book value as at 30 June 2002</b>	<b>602,320</b>	<b>569,655</b>	<b>1,171,975</b>	<b>11,647</b>	<b>1,183,622</b>
<b>Net book value as at 1 July 2001</b>	<b>633,213</b>	<b>602,999</b>	<b>1,236,212</b>	<b>5,570</b>	<b>1,241,782</b>

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>25. Provisions and payables</b>		
<b>Provisions:</b>		
Liabilities to employees		
Long service leave	1,386	1,171
Annual leave	2,239	1,562
	<b>3,625</b>	<b>2,733</b>
Others		
Dividends (refer note 3)	66,525	88,636
Accrued expenses	9,622	6,881
Accrued repairs and maintenance	3,818	2,436
Other	809	57
	<b>80,774</b>	<b>98,010</b>
<b>Total provisions</b>	<b>84,399</b>	<b>100,743</b>
<b>Payables</b>		
Suppliers		
Trade creditors	6,059	3,818
<b>Total payables</b>	<b>6,059</b>	<b>3,818</b>
<b>Total current provisions and payables</b>	<b>90,458</b>	<b>104,561</b>
<b>26. Other current liabilities</b>		
Rental receipts in advance from the Department of Defence	19,217	15,098
	<b>19,217</b>	<b>15,098</b>
<b>27. Interest bearing liabilities</b>		
Loan from Government	<b>100,000</b>	-
Maturity schedule for loans:		
Payable:		
Within one year	-	-
In one to five years	70,000	-
In more than five years	30,000	-
	<b>100,000</b>	-
<b>28. Non-current provisions</b>		
Liabilities to employees		
Long service leave	682	484
	<b>682</b>	<b>484</b>
Other		
Sale and leaseback provision	44,564	41,109
	<b>44,564</b>	<b>41,109</b>
<b>Total non-current provisions and payables</b>	<b>45,246</b>	<b>41,593</b>

DEFENCE HOUSING AUTHORITY

**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2002

	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>29. Cash Flow Information</b>		
Reconciliation of net cash flows from operating activities to operating profit		
Operating profit	91,984	122,459
Depreciation - housing stock	13,880	16,763
Depreciation - other	1,893	1,682
Increase in employee provisions	892	161
Profit on the disposal of assets	(23,871)	(7,758)
Share of net profits from joint ventures	(1,969)	(5,339)
Changes in operating assets and liabilities		
(Increase)/decrease in accounts receivable	(1,398)	(1,660)
(Increase)/decrease in prepayment	(231)	(516)
(Increase)/decrease in creditors	8,199	8,900
<b>Net cash provided by operating activities</b>	<b>89,379</b>	<b>134,692</b>
<b>Non-cash financing and investing activities</b>		
Movement in Commonwealth contributions	(84,410)	(163)

DEFENCE HOUSING AUTHORITY

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

### 30. Superannuation

Staff of the Authority are employed under the *Public Service Act 1999* and are entitled to benefits from the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and under the Superannuation (Productivity Benefit) Act 1988. The Authority meets its liability for the employer share of benefits payable under the superannuation Acts by fortnightly payments to the Commonwealth Superannuation Administration (COMSUPER) in accordance with Section 159(2) of the *Superannuation Act 1976* and Section 15 of the *Superannuation Act 1990*, or to other superannuation funds nominated by employees.

The Department of Finance and Administration has advised the Commonwealth Superannuation Administration that for the purpose of actuarial costing of the CSS and PSS, it is essential to be able to identify employer superannuation contributions made under each scheme by the organisation. The separate CSS and PSS employer superannuation contribution rates and contributions paid or payable by the Authority for the reporting period are:

- CSS members: Contributions at the rate of 33.7% (2001: 12.7%) of salary for superannuation purposes, amounting to \$0.412 million (2001, \$0.176 million), and
- PSS members: Contributions at the rate of 11.6 % (2001: 11.5%) of salary for superannuation purposes, amounting to \$3.185 million (2001, \$1.913 million).

## DEFENCE HOUSING AUTHORITY

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

**31. Directors' and Executives' Remuneration**

<b>a) Remuneration of Directors</b>	<b>2002</b>	<b>2001</b>
Number of directors whose total remuneration received or due and receivable from the Authority falls within the following bands:	Number	Number
\$ 1 - \$ 10,000	0	1
\$ 10,001 - \$ 20,000	1	0
\$ 20,001 - \$ 30,000	2	3
\$ 30,001 - \$ 40,000	2	1
\$ 50,001 - \$ 60,000	1	1
\$180,001 - \$190,000	0	1
\$270,001 - \$280,000	1	0
Total income received, or due and receivable by all directors (including the Managing Director). In addition to the above, nine directors (2001 - eight) did not receive any remuneration from the Authority	\$473,528	\$355,119
 <b>b) Remuneration of Executives</b>	 <b>2002</b>	 <b>2001</b>
Number of executive whose total remuneration received or due and receivable from the Authority falls within the following bands:	Number	Number
\$100,001 - \$110,000	0	1
\$110,001 - \$120,000	0	1
\$120,001 - \$130,000	1	0
\$130,001 - \$140,000	1	1
\$140,001 - \$150,000	0	1
\$150,001 - \$160,000	1	0
\$160,001 - \$170,000	1	0
\$170,001 - \$180,000	3	1
The aggregate of the remuneration received or receivable from the Authority by executive officers (excluding the Managing Director) whose income exceeds \$100,000, including performance based payments.	\$1,095,996	\$672,686
The aggregate amount of separation and redundancy payments during the year to executive officers included above.	\$248,018	

Executive remuneration includes performance pay relating to the prior year.

DEFENCE HOUSING AUTHORITY  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2002

	2002	2001
	\$	\$
<b>32. Audit Remuneration</b>		
Amount received or due and receivable by auditors <sup>1</sup> :		
Australian National Audit Office for the		
Audit of financial statements <sup>2</sup>	143,550	157,500
Internal audit services provided by other auditors	488,299	222,729
	631,849	380,229

Ernst & Young (formerly Andersen) have been contracted by the Australian National Audit Office to provide audit services on the ANAO's behalf. Fees for these services are included above. In addition Ernst & Young (formerly Andersen) have earned the following fees for engagements where they have been separately contracted by Defence Housing Authority.

Audit fees relating to the audit of joint ventures.	-	-
The Authority is liable for 50% of these fees.	29,700	45,650
No other benefits were received by the auditors.		

1. The amounts are GST inclusive
2. No other services were provided by the ANAO during the reporting period.

## DEFENCE HOUSING AUTHORITY

**Notes to and forming part of the Financial Statements***for the year ended 30 June 2002***33. Related Parties****Directors**

The names of each person holding the position of director of the Authority during the financial year are:

ADAMS, Rear Admiral, Brian AM RAN  
 BENNETT, Lloyd (appointed 1 February 2002, resigned 28 February 2002)  
 BOEZEMAN, Bonita (appointed 8 October 2001)  
 JOLLIE, Peter AM  
 LEAHY, Major General, Peter AO, (resigned 28 June 2002)  
 LYON, Keith  
 MOORE, Ken (resigned 15 October 2001)  
 NEUMANN, Ralph (appointed 28 February 2002)  
 O'BRIEN, Thomas AM  
 O'GRADY, John  
 ROBERTS, Major General, Frank, AM (appointed 28 June 2002)  
 RYAN, Helen  
 SHALDERS, Rear Admiral, Russ CSE, RAN (appointed 8 August 2001)  
 SPENCE, Air-Vice-Marshal, Christopher AM  
 SWANN, Judy  
 WALLACE, Les (appointed 8 October 2001, resigned 1 February 2002)  
 WILLIS, Major General, Simon (resigned 8 August 2001)

**Transactions of Directors and Director-Related Entities**

A director related party, Blake Dawson Waldron, of which John O'Grady, is consultant to, was engaged by the Authority during the reporting period to provide legal services. These services were provided based on normal commercial terms and conditions and John O'Grady was not personally involved in providing any of those services.

**34. Economic Dependency**

The Authority depends on the Department of Defence in accordance with the Service Agreement between Defence and DHA.

**35. Segment Reporting**

DHA operates only within Australia and there are no segments to report.

**36. Joint Venture Developments****The Sanctuary Development**

The Authority holds a 50% interest in The Sanctuary development (formerly referred to as Wattle Grove Development) near Moorebank in Sydney. The principal activity of the joint venture project is to develop housing sites for Defence and private sector housing.

**Fairview Rise Development**

The Authority held a 50% interest in the Fairview Rise development at Flinders View near Ipswich. The principal activity of the joint venture project was to develop housing sites for Defence and private sector housing. The joint venture was terminated on 22 June 2001. The Authority purchased the remaining vacant land from the joint venture on commercial terms and conditions at fair value.

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

**37. Interest in Joint Venture Developments**

The following represents the Authority's total interest in the joint venture developments at 30 June 2002. The profit and statement of financial position items have been incorporated in the financial statements under their respective classifications.

	2002 \$'000	2001 \$'000
Profit		
Revenues	4,873	10,853
Expenses	(2,904)	(5,514)
<b>Total Profit</b>	<b>1,969</b>	<b>5,339</b>
Current assets		
Cash	58	261
Receivables	29	85
Inventories	540	2,201
	627	2,547
Non-current assets		
Property, plant and equipment	21	45
Inventories	355	102
	376	147
Current liabilities		
Creditors	205	738
<b>Net Assets</b>	<b>798</b>	<b>1,956</b>

DEFENCE HOUSING AUTHORITY  
**Notes to and forming part of the Financial Statements**  
 for the year ended 30 June 2002

**38. Financial Instruments**

**a) Interest Rate Risk**

The following table provides information on the Authority's exposure to interest rate risk at 30 June 2002.

	Note	Floating		Fixed 1 year or less		Fixed more than 1 year		Non Interest Bearing		Total		Average Interest rate				
		01-02		01-02		1-Feb		01-02		01-02		01-02		Floating	Fixed	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	00-01	01-02	00-01	00-01
<b>Financial Assets</b>																
Cash	16	14,409	6,940		106,214						259,077	113,154		3.50%		4.80%
Receivables for goods and services	17						6,801			3,576	3,576	6,801				
Finance Lease Receivables	23, 1.14			360,114	391,415						360,114	391,415			7.48%	
<b>Total Financial Assets</b>		<b>14,409</b>	<b>6,940</b>	<b>360,114</b>	<b>391,415</b>	<b>360,114</b>	<b>6,801</b>	<b>3,576</b>	<b>6,801</b>	<b>622,767</b>	<b>511,370</b>					
<b>Financial Liabilities</b>																
Trade creditors	25										6,059	3,818				5.41%
Loan	27			35,000							35,000					5.81%
	27			30,000							30,000					6.12%
<b>Total Financial Liabilities</b>				<b>100,000</b>				<b>6,059</b>	<b>3,818</b>	<b>106,059</b>	<b>3,818</b>					

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

**38. Financial Instruments (continued)**

**b) Credit Risk**

Represents the extent of credit related losses that the Authority may be subjected to on amounts to be received from financial assets. These are considered not material.

**c) Loan Agreement with Minister for Finance and Administration**

On 28 May 2001 DHA entered into a 10 year Loan Agreement with the Minister for Finance and Administration. The Agreement provides DHA with a \$425m loan facility which can be drawn down based on fixed or floating interest rates.

**d) Loans**

i) Existing Draw Down

DHA drew down \$100m of debt on 1 June 2002 with the following maturity profile:

	Interest Rate
\$35m for 3 years (expiring 1 June 2005)	5.410%
\$35m for 5 years (expiring 1 June 2007)	5.805%
\$30m for 7 years (expiring 1 June 2009)	6.115%

ii) Future Draw Down

In place on 14 December 2001: Forward Start Arrangement for \$100 million of debt to be drawn down on 1 June 2003 hedged with the following maturity profile:

	Interest Rate
\$35m for 3 years (expiring 1 June 2006)	6.130%
\$35m for 5 years (expiring 1 June 2008)	6.365%
\$30m for 7 years (expiring 1 June 2010)	6.565%

DEFENCE HOUSING AUTHORITY

**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2002

**38. Financial Instruments (continued)****e) Net Fair Values of Financial Assets and Liabilities**

	Note	2002		2001	
		\$'000	\$'000	\$'000	\$'000
		Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
<b>Financial Assets</b>					
Cash at bank	16	14,398	14,398	6,928	6,928
Cash on hand	16	11	11	12	12
Short term investments	16	244,668	244,668	106,214	106,214
Receivables for goods and services	17	3,576	3,576	6,801	6,801
Other financial assets	18	13,972	13,972	10,307	10,307
<b>Total Financial Assets</b>		<b>276,625</b>	<b>276,625</b>	<b>130,262</b>	<b>130,262</b>
<b>Financial Liabilities (Recognised)</b>					
Trade creditors	25	6,059	6,059	3,818	3,818
Loans	27	100,000	98,092	-	-
<b>Total Financial Liabilities (Recognised)</b>		<b>106,059</b>	<b>104,151</b>	<b>3,818</b>	<b>3,818</b>
<b>Financial Liabilities (Unrecognised)</b>					
Forward Start Arrangement for \$100 million loan to be drawn down on 1 June 2003		100,000	100,327	-	-
<b>Total Financial Liabilities (Unrecognised)</b>		<b>100,000</b>	<b>100,327</b>	<b>-</b>	<b>-</b>

**The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:**

*Cash, cash equivalents and short term investments:*

The carrying amount approximates fair value because of their short-term to maturity.

*Long-term bank borrowings:*

The fair values of long-term borrowings are estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements.

	2002	2001
	\$'000	\$'000
<b>Available and unused facilities:</b>		
Available	425,000	-
Used	100,000	-
<b>Unused</b>	<b>325,000</b>	<b>-</b>

## Directory

Defence Housing Authority

Head Office

26 Brisbane Avenue

BARTON ACT 2600

Telephone: (02) 6217 8444

Facsimile: (02) 6217 8500

Residential investment: 1800 813 621

Website: [www.dha.gov.au](http://www.dha.gov.au)

### **Chairman**

Peter Jollie AM

### **Managing Director**

Keith Lyon

### **General Counsel**

Fiona Hopkins

### **Chief Finance Officer**

Jon Brocklehurst

### **Internal Auditors**

Deloitte Touche Tohmatsu

## DHA Locations

### **Head Office**

26 Brisbane Avenue

BARTON ACT 2600

Telephone: (02) 6217 8444

Fax: (02) 6217 8500

### **National Service & Support Centre**

26 Mort Street

BRADDON ACT 2612

Telephone: (02) 6268 3800

Fax: (02) 6279 3963

## Housing Management Centres and shopfronts

### ACT

#### Canberra

24 Mort Street  
BRADDON ACT 2612  
Telephone: (02) 6268 3700  
Fax: (02) 6268 3701

### New South Wales

#### Sydney

Level 5, 79 & 80 George Street  
PARRAMATTA NSW 2150  
Telephone: 1800 813 621  
Fax: (02) 8836 5793

#### Hurstville

Suite 107, Level 1  
9 Gloucester Road  
HURSTVILLE NSW 2220  
Telephone (02) 8567 1200  
Fax: (02) 8567 1209

#### Pennant Hills

Suites 9 – 12, 380 Pennant Hills Road  
PENNANT HILLS NSW 1715  
Telephone (02) 9875 8600  
Fax: (02) 9857 8660

#### Richmond

14 McNamara Avenue RAAF Base  
RICHMOND NSW 2753  
Telephone (02) 4587 3940  
Fax: (02) 4587 2249

#### Defence Plaza

270 Pitt Street  
SYDNEY NSW 2000  
Telephone: (02) 9377 2167  
Fax: (02) 9377 2175

#### Kuttabul

14 Wylde Street  
POTTS POINT NSW 2011  
Telephone: 0421 040 040  
Fax: (02) 9359 2394

#### Hunter Valley

Jacaranda Heritage Centre  
Unit 1, 1 Jacaranda Street  
RAYMOND TERRACE NSW 2324  
Telephone: (02) 4983 5300  
Fax: (02) 4983 5361

#### Nowra

Suite 3, Level 2, Bridgeton House  
55 – 57 Berry Street  
NOWRA NSW 2541  
Telephone: (02) 4421 1500  
Fax: (02) 4423 4038

#### Wagga Wagga

11 Peter Street  
WAGGA WAGGA NSW 2650  
Telephone: (02) 6933 7200  
Fax: (02) 6933 7201

### Queensland

#### Brisbane

Army Housing and Removals Centre  
Gallipoli Barracks  
ENOGERRA QLD 4052  
Telephone (07) 3355 8800  
Fax: (07) 3355 8860

#### Canungra

22 Mahoney Crescent  
CANUNGRA QLD 4275  
Telephone: (07) 5543 4554  
Fax: (07) 5543 4417

#### Cairns

Grove House  
10 Grove Street  
CAIRNS QLD 4870  
Telephone (07) 4041 4700  
Fax: (07) 4041 0886

#### Toowoomba

O'Quinn Street  
TOOWOOMBA QLD 4350  
Telephone: (07) 4699 1300  
Fax: (07) 4699 1360

#### Amberley

6 Rosewood Road  
AMBERLEY QLD 4306  
Telephone: (07) 5467 5000  
Fax: (07) 5461 5060

#### Townsville

63–65 Bamford Lane  
KIRWAN QLD 4817  
Telephone: (07) 4726 1800  
Fax: (07) 4726 1860

## Northern Territory

### **Darwin**

1 Carey Street  
DARWIN NT 0800  
Telephone (08) 8901 7100  
Fax: (08) 8901 7160

### **Tindal**

Shop 2, 42 Katherine Terrace  
KATHERINE NT 0850  
Telephone: (08) 8972 8000  
Fax: (08) 8972 8060

### **Alice Springs**

15 Chapman Court  
ALICE SPRINGS NT 0870  
Telephone: (08) 8952 9323  
Fax: (08) 8952 4562

## South Australia

### **Adelaide**

125 Port Road  
HINDMARSH SA 5007  
Telephone: (08) 8245 7800  
Fax: (08) 8245 7860

### **Woomera**

28 Burrimul Street  
WOOMERA SA 5720  
Telephone: (08) 8673 7730  
Fax: (08) 8673 7026

## Victoria

### **Melbourne**

Ground Floor, 33 Bank Street  
SOUTH MELBOURNE VIC 3205  
Telephone: (03) 9947 8101  
Fax: (03) 9947 8160

### **Puckapunyal**

Vivi Street  
PUCKAPUNYAL VIC 3662  
Telephone: (03) 5736 1100  
Fax: (03) 5736 1160

### **Sale**

99A Raymond Street  
SALE VIC 3850  
Telephone: (03) 5143 6500  
Fax: (03) 5143 6560

### **Wodonga**

83 Hume Street  
WODONGA VIC 3690  
Telephone: (02) 6049 2300  
Fax: (02) 6049 2360

## Tasmania

### **Hobart**

Anglesea Barracks  
Davey Street  
HOBART TAS 7000  
Telephone: (03) 6215 7600  
Fax: (03) 6215 7660

## Western Australia

### **Perth**

Level 2  
43 Kishorn Road  
APPLECROSS WA 6153  
Telephone: (08) 9210 3400  
Fax: (08) 9210 3460

### **Rockingham**

23 Chalgrove Avenue  
ROCKINGHAM WA 6168  
Telephone (08) 9592 3301  
Fax: (08) 9591 4460

### **Bullsbrook**

C/- RAAF Base Pearce  
BULLSBROOK WA 6084  
Telephone: (08) 9571 3352  
Fax: (08) 9571 3285

# Glossary

## Glossary of Terms

ADF	— Australian Defence Force	HMC	— Housing Management Centre
AFR	— Application for Relocation	KPI	— Key Performance Indicator
AIM	— Australian Institute of Management	LLB	— Bachelor of Laws
AM	— Member of Order of Australia	NCGSF	— National Consultative Group of Service Families
ASC	— Australian Staff College	NSSC	— National Service and Support Centre
AWA	— Australian Workplace Agreement	OAM	— Order of Australia Medal
CPA	— Certified Practising Accountant	OH&S	— Occupational Health and Safety
CSI	— Customer Satisfaction Index	PWC	— Public Works Committee
CSM	— Client Services Manager — Relocations	RA	— Rent Allowance
DCH	— Defence Choice Housing	RAAF	— Royal Australian Air Force
DCO	— Defence Community Organisation	RAN	— Royal Australian Navy
DHA	— Defence Housing Authority	SCG	— Staff Consultative Group
DHF	— Defence Housing Forecast	SLB	— Sale and Leaseback Program
DVA	— Department of Veterans' Affairs	TAA	— Temporary Accommodation Allowance
FAICD	— Fellow of Australian Institute of Company Directors	TAASA	— Temporary Accommodation Allowance Serviced Apartment
FAMI	— Fellow of Australian Marketing Institute		

# Index

## Index

- Abetz, Senator The Hon. Eric, 6  
Acquisitions, 11, 47 – 56  
Adams, Brian, 60  
Adamstown, 12  
Adelaide, 53  
Alice Springs, 50  
Armed Forces Federation of Australia, 28  
Assets under management, 10  
Auditors, internal, 94  
Australian Capital Territory, 47  
Australian Customs Service, 23, 56  
Australian National Audit Office, 63  
Australian Student Citizen of the Year, 42  
Australian Workplace Agreements, 36, 40
- Bear, Richard, 34  
**Board, 4, 6, 58**  
– Audit Committee, 4, 62  
– ethical and accountability standards, 58  
– meetings, 58  
– meeting attendance, 62  
– Nomination & Remuneration Committee, 4, 62
- Boezeman, Bonita, 61  
Brisbane, 30, 31, 51  
Brocklehurst, Jon, 34, 94  
Broome, 56  
Brown, Kathryn, 35
- Canberra, 30, 31, 47, 58  
Cairns, 51  
Certified agreement, 36,40  
Chairman, 2, 3 – 4, 5, 6, 58, 66, 94  
Chambers, Matt, 48  
Cisco, 43  
Client relations, 16  
Code of ethics, 63  
Comcare, 37  
Commercial targets, 3  
*Commonwealth Authorities and Companies Act 1997*, 63  
Compaq, 43  
Compensation claims, 37  
Construction, 31, 47 - 56  
Contacts, 63, 94 – 96  
Corporate documents, 63  
Corporate plan, 10, 63  
Credit rating, 10  
Customer relationship management system, 43  
Customer Satisfaction Index, 21, 23, 28
- Darwin, 11, 42, 50, 54, 56  
Davy, Jeff, 49  
Defence Choice Housing, 28  
Defence Community Organisation, 46, 47  
Defence HomeOwners Scheme, 6, 17, 20, 25  
**Defence Housing Authority (DHA),**  
– assets, 4  
– business groups, 35  
– case managers, 29  
– contacts, 63, 94 – 96  
– customers and stakeholders, 2,  
– executive, 34-35  
– family support, 17  
– leases, 18  
– locations, 46  
– responsibility for relocation of Service families,  
20-22  
*Defence Housing Authority Act 1987*, 6  
Defence Housing Forecast, 16  
Defence Housing News, 31  
Defence Standard House, 29  
Delfin Group, 12  
Deloitte Touche Tohmatsu, 94  
Dickens, Ross, 53  
Dividend payments, 3, 10  
Duntroon, 11, 12, 31
- Eames, Bob, 34  
Enoggera, 11, 32, 51  
Entitlements certificate, 25
- Fahey, The Hon John, 13  
Fergusson, John, 52  
Financial results — shareholder value added, 10  
Financial statements, 65 – 93  
**Freedom of Information, 64**  
– access to documents, 64
- Gallipoli Barracks, 51
- Haylett, Bob, 53  
Heritage housing, 12  
Hill, Senator The Hon. Robert, 6  
HMAS Kuttabul, 49  
Hobart, 54  
Holsworthy Army base, 49  
HomeFind, 21, 29, 43  
Hopkins, Fiona, 34, 92

- Housing, 28–32
  - location, 28
  - policy review, 28
  - pre-selection, 3
  - special facilities, 39
  - standard, 28
  - stock, 3, 16
  - types, 29
- Housing Management Centres (HMC), 4, 20, 22, 47–56, 95–96
  - case manager, 29
- Hunter Valley, 31, 48, 58
  
- Insurance, indemnity, 63
- Ipswich, 52
  
- Joint Standing Committee on Public Works, 11, 31
- Jollie, Peter, 3–4, 5, 58, 66, 94
  
- Katherine, 11
- Kelly, Mark, 51
- Kennedy, Bronwyn, 51
  
- Land development, 12
- Larrakeyah Barracks, 50
- Leadership and management development framework, 38
- Leahy, Peter, 60
- Leases, 30–31, 47–56
- Lessors, 18, 30
  - satisfaction, 30
- Loan Agreement, Minister for Finance and Administration, 11
- Lockyer, Bruce, 34
- Lyon, Keith, 3–4, 34, 58, 94
  
- Maintenance, 3
  - and management service, 18
  - contractor assessment template, 23
  - contractor performance, 23
  - expenditure on, 24
  - residential, 23
  - standards of maintenance, 23
- Managing Director, 2, 3–4, 6, 58, 94
- Melbourne, 31, 54, 55, 58
- Members without dependents, 18
- Minchin, Senator The Hon. Nick, 6, 11
- Minehunter, 48
- Minister for Defence, 6
- Minister for Finance and Administration, 6, 11
- Minister for Veterans' Affairs, 6, 47
  
- Minister, Special Minister of State, 6
- Ministers, responsible for, 6, 31, 63
- Mitchelton, 51
- Moore, Ken, 61
- Murray, John, 56
- National Consultative Group of Service Families (NCGSF), 18, 22, 28
  - National Convenor, 18
- National Property Manager, 24
- National Service and Support Centre (NSSC), 20, 22, 47, 48
- Neumann, Ralph, 59
- Newsletter — *Defence Housing News*, 31
- Northern Territory, 50
- Nowra, 48
  
- Occupational Health and Safety (OH&S), 37
  - audits and investigations, 37
- Occupational Health and Safety (Commonwealth Employees Act) 1991*, 37
- O'Brien, Thomas, 59
- O'Grady, John, 59
- Operating profit, 10
- Optus, 43
  
- People management improvements, 36
- Perth, 56
- Puckapunyal, 54
- Public Service Act, 39, 41
- Public Service Medal, 42
- Purchases, 47–56
  
- Queensland, 51
  
- RAAF Base Amberley, 52
- RAAF Base Curtin, 56
- RAAF Base Edinburgh, 53
- RAAF Base Learmonth, 56
- RAAF Base Pearce, 56
- Relocations Agreement, 16
- Relocations, 3, 20–22, 36
  - Integrated change program, 22
  - relocation and accommodation cycle, 20
- Rental
  - assistance, 3, 16
  - increases, 3
- Renwick, Peter, 48
- Risk management, 63
- Robertson Barracks, 50
- Rockingham, 56
- Ryan, Helen, 58

- Sale (Victoria), 55
- Sales, 47–56
  - of surplus houses, 29
- Sale and Leaseback Program, 4, 10, 13, 14, 30, 55
- Services Agreement, 16
- Shalders, Russ, 60
- Shareholder Ministers, 6, 31, 63
- Smith, Neil, 34
- Special Minister of State, 6
- Spence, Chris, 61
- Staff,
  - full time, 39
  - induction, 38
  - performance pay, 41
  - profile, 39
  - promotions, 39
  - remuneration, 40
  - staff consultative group, 36
  - succession planning, 39
  - temporary, 39
- Strategic themes, 8
- Sydney, 30, 31, 49
- Swann, Judy, 59
  
- Tasmania, 54
- Taylor, Paul, 34
- Team leader development, 38
- Tenants,
  - consultation, 17
  - satisfaction of, 3, 21, 25, 49
  - dissatisfaction of, 21
- Tindal, 11, 50
- Thursday Island, 51
- Toowoomba, 52
- Townsville, 53, 58
- Training and development, 38
  
- Vale, The Hon. Danna, 6, 47, 49
- Victoria, 54
- Voice and data network telephony project, 43
  
- Wagga Wagga, 49
- Wallace, Les, 60
- Wallis, Mark, 50
- Website,
  - property search, 14
  - virtual tour, 14
  - customer relationship tool, 14
  - electronic marketing, 14
- Western Australia, 56
- Wheeler, Matt, 50
- White, Heather, 47
- Willis, Simon, 61
- Wilson, John, 54
- Wilson, Wayne, 49
- Wodonga, 55
- Workplace harassment, 36
  
- Yin, Cameron, 50



## 1.6 Repairs and Maintenance

Repairs and maintenance costs are written off in the period in which they are incurred.

## 1.7 Income Tax

The Authority is exempt from all forms of taxation except fringe benefits tax and the goods and services tax. Refer also Note 2.

## 1.8 Dividends

Dividend liability is determined by the Authority annually. Refer also Note 3.

## 1.9 Cash

For the purposes of the statement of cash flows, cash includes cash on hand and short term deposits at call.

## 1.10 Software Development

Costs relating to the development of new products are deferred to future periods to the extent that future benefits are expected. The deferred costs are amortised over future periods to match the costs with the related benefits. The costs are reviewed each year and to the extent that they exceed the recoverable amount are written off.

## 1.11 Housing and Land Assets

As at 1 January 1988, housing assets were vested in the Authority pursuant to the provisions of Section 60 of the *Defence Housing Authority Act 1987*. A Services Agreement between the Authority and the Department of Defence came into effect on 1 July 2000. Under the Agreement the majority of on-base properties, along with off-base properties in defined regional and remote areas of Australia, were transferred to a finance lease arrangement (refer note 1.14). Amounts in the Revaluation Reserve relating to the finance lease properties were transferred to the Capital Profits Reserve. The housing and land assets retained by the Authority comprise 'off-base' properties in major cities and a few on-base properties and are classified as non-current assets, unless otherwise described.

### **Revaluations**

DHA properties are subject to annual revaluations at 30 June each year.

All properties are recognised at fair value based on Directors valuations. Directors valuations are based on independent valuations performed at 30 June 2002 on a third of the total housing stock, with the balance of stock being revalued using an Authority developed index, except for properties identified for disposal. The index is developed from the third of houses that have been independently revalued and the valuations on leased properties completed at 31 December 2001. Properties identified for disposal are recognised at Directors estimate of fair value. In the prior year, Directors valuations were based on independent valuations performed at 30 June 2001.

Properties transferred to DHA as off-base houses where title does not reside with DHA have been valued using the Present Value of future rent stream method (net cash flow) over the expected useful economic life of these properties. The assumptions used in determining this present value include a useful economic life of 15 years and a discount rate of 8%.

Increments and decrements are treated on an asset class basis and not on an individual asset basis. Where land and housing stock is disposed, the Revaluation Reserve relating to those assets is transferred to the Capital Profits Reserve.

Revaluations do not result in the carrying value of land or housing stock exceeding the net amount expected to be recovered through the net cash inflows arising from their continued use and subsequent disposal in the normal course of business.

When properties are handed back to the Department of Defence or identified for hand back, the revaluation increment/decrement is written back to the revaluation reserve and the balance offset against Capital/Commonwealth Contributions.

Works in progress represents vacant land and properties under construction which are carried at cost, other than vacant land which has been held by the Authority for more than 3 years, which is revalued. All vacant land which was greater than 3 years old was revalued at 30 June 2002, as Directors valuations, based on independent valuations.

### 1.12 Inventories

Inventories include joint venture land held for resale. Inventories are stated at the lower of cost and net realisable value.

### 1.13 Employee Benefits

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non vesting.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2002 and is recognised at its nominal amount including on costs.

The non current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2002. The net present value obtained using a discount rate of 6.4% (2001: 6.08%).

### 1.14 Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor retains substantially all such risks and benefits.

#### *Operating Lease*

The Authority maintains a Sale and Leaseback program in the provision of housing. The leases are defined as operating leases.

#### *Finance Lease*

The Services Agreement between the Authority and the Department of Defence provides for the Department of Defence to assume substantially all the risks and benefits incidental to ownership of particular properties (see 1.11). Consequently these properties are disclosed as finance lease receivables (refer note 23).

Finance lease receivables are recognised at the present value of minimum lease payments receivable. The asset is reduced by the principal component of lease payments as they are received. The interest component is credited to the Statement of Financial Performance as Rental Revenue. If these properties are excess to requirement, the unrecovered capital value is charged to the Department of Defence.

### 1.15 Sale and Leaseback Provision

This provision records the difference between the selling price and fair values, before allowing for future 'make good' maintenance costs, arising on the sale and leaseback of properties. Actual 'make good' maintenance costs are charged against the provision.

The estimate of 'make good' maintenance costs is based on an assessment of necessary costs to 'make good' properties at the end of the lease term. This assessment is escalated for inflation and discounted, at 6.4% to present values (2001: 6.08%).

On the basis that it is not possible to reliably estimate profit from sale and leaseback transactions, no profit is separately identified for recording in accordance with AAS 17.

The estimate of future 'make good' maintenance is reviewed annually to ensure that the sale and leaseback provision is adequate. Amounts set aside to/from this provision are disclosed in the Notes to the Financial Statements (refer note 11).

### 1.16 Joint Ventures

Interest in joint venture operations is brought to account by including in the respective financial statements categories:

- the Authority's share in each of the individual assets employed in the joint venture;
- liabilities incurred by the Authority in relation to the joint venture including the Authority's share of any liabilities for which the Authority is jointly and/or severally liable; and
- the Authority's share of revenues and expenses of the joint venture.

### 1.17 Interest Bearing Liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

### 1.18 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- remuneration of directors;
- remuneration of officers (other than directors); and
- remuneration of auditors.

## 2. Tax

In accordance with the Federal Governments Competitive Neutrality Policy, approval has been given by the Minister for Financial Services and Regulation for DHA to comply with a Tax Equivalent Regime (TER). Under this equivalence regime DHA would become subject to Federal income tax and a range of State administered taxes. Section 63 of the *Defence Housing Authority Act 1987* exempts DHA from company and state taxes (refer note 1.7). Changes to the legislation to remove the exempt status and effect a TER are proposed. It is anticipated that the changes to the enabling legislation will be presented to Parliament in the near future. The financial statements from that date would then apply the principles of tax effect accounting. No significant deferred tax assets or liabilities are anticipated on introduction.

## 3. Dividends

The *Defence Housing Authority Act 1987* exempts DHA from taxation but the Government wishes DHA to comply with TER. The Board has declared a final dividend for the year ending 30 June 2002 of \$66.5m (2001: \$88.6m), comprising of the following:

- i) \$37.6m (2001: \$49.4m) representing an annual dividend of 60% of profit calculated on the profit for the year less the tax expense that would have been applied if DHA had been subject to taxation. The tax expenses would have included company tax, payroll tax and stamp duty on constructions.
- ii) \$28.9m (2001: \$39.2m) representing a dividend approximately equal to the amount of income and other taxes that would have been payable if DHA had been legally liable to tax during the financial year and which the Authority is required to pay to comply with the Federal Government's Competitive Neutrality policy. The amount of tax equivalent payments includes company tax, payroll tax and stamp duty on new constructions.

## 4. Capital Returns and Special Dividends

### a) Special Dividends

During the year special dividends were paid of \$123m in December 2001 and \$43m in June 2002 (2001: \$nil).

### b) Capital Return - Transfer of Properties to Defence relating to the Sydney Harbour Federation Trust

Properties held by the Authority had been identified for transfer to the Sydney Harbour Federation Trust in the prior year. These properties were transferred back to the Department of Defence in accordance with a request to the Board of DHA by the Shareholder Ministers received on 29 June 2001. The legal and physical transfer occurred with effect from 8 March 2002 and the transfer of these properties, which had a current book value of \$84.4m, has been accounted for as a return of capital to the owner in the current financial year in accordance with UIG 38. No other capital returns were made during the year (2001: \$400m).

The Corporate Plan of the Authority, which is subject to endorsement by the Shareholder Ministers, envisages further capital returns or special dividends may be paid over the three years ending 30 June 2005.

## 5. Scoping Study for the Sale of DHA Assets

In the May 2002 Budget the Federal Government announced that a scoping study into the sale of DHA assets is to be conducted and completed by May 2003. The financial statements have been prepared on the basis that there is no impact of the study on the assets and liabilities of DHA.

DEFENCE HOUSING AUTHORITY

**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>6. Revenues from ordinary activities</b>		
Rental revenue	304,221	314,191
Relocation and Allocation income	13,202	-
Gain on sale of land, building, plant and equipment (see note 11)	17,876	7,757
Interest income	6,883	20,592
Other revenue	24,841	21,248
<b>Total revenues from ordinary activities</b>	<b>367,023</b>	<b>363,788</b>
<b>7. Employee expenses</b>		
Remuneration for services provided	36,784	20,984
Separation and redundancy	282	825
<b>Total employee expenses</b>	<b>37,066</b>	<b>21,809</b>
<b>8. Rates, repairs &amp; maintenance</b>		
Rates & taxes	11,833	13,245
Repairs & maintenance	31,827	29,452
Others	4,009	3,847
<b>Total rates, repairs &amp; maintenance</b>	<b>47,669</b>	<b>46,544</b>
<b>9. Depreciation and amortisation</b>		
Depreciation - housing stock	13,880	16,763
Depreciation - property, plant and equipment	1,893	1,682
<b>Total depreciation and amortisation</b>	<b>15,773</b>	<b>18,445</b>
<b>10. Other expenses from ordinary activities</b>		
Administration expenses	24,376	15,879
<b>Total other expenses from ordinary activities</b>	<b>24,376</b>	<b>15,879</b>

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>11. Profit result from ordinary activities before income tax expense</b>		
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the Authority:		
Revenue from sale of land, building, plant and equipment	296,386	181,486
Revenue from sale of lease receivables	33,151	35,494
Expenses from sale of land, building, plant and equipment	(272,721)	(169,694)
Expenses from sale of receivables	(33,151)	(35,494)
Movement in sale and leasback provision	(5,789)	(4,035)
Gain on sale of land, building, plant and equipment	17,876	7,757
<b>12. Retained profits</b>		
Retained profits at the beginning of the reporting period	476,324	442,501
Net profit attributable to members of the Authority	91,984	122,459
Annual dividends recognised as a liability (note 3)	(66,525)	(88,636)
Special dividends recognised as a liability (note 4a)	(166,000)	-
Retained profits at 30 June 2002	335,783	476,324
<b>13. Reserves</b>		
Reserves at the beginning of the reporting period	872,529	767,429
Increase recognised in the statement of financial performance on revaluation of assets	108,379	105,100
Reserves at 30 June 2002	980,908	872,529
The reserves comprise of the following:		
a) Asset revaluation reserve		
Opening balance	515,204	452,065
Increase recognised in the statement of financial performance on revaluation of assets	108,379	105,100
Transfer to capital profits reserve on realisation of disposed assets	(127,311)	(41,961)
	496,272	515,204
b) Capital profits reserve		
Opening balance	356,325	314,364
Transfer from asset revaluation reserve on realisation of disposed assets	127,311	41,961
	483,636	356,325
c) Insurance reserve	1,000	1,000
Total reserves at 30 June 2002	980,908	872,529
<b>14. Contributed Equity</b>		
Commonwealth contributions		
Opening balance	333,982	734,145
Return of capital (note 4b)	-	(400,000)
Return of properties relating to the Sydney Harbour Federation Trust (Note 4b)	(84,410)	-
Return of on base houses (note 1.11)	-	(163)
Balance as at 30 June 2002	249,572	333,982

DEFENCE HOUSING AUTHORITY

**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>15. Total equity</b>		
Total equity at the beginning of the reporting period	1,682,835	1,944,075
Total changes in equity recognised in the statement of financial performance	200,363	227,559
Transactions with owners as owners		
Return of capital (note 4b)	-	(400,000)
Return of properties relating to the Sydney Harbour Federation Trust (Note 4b)	(84,410)	-
Return of on base houses (note 1.11)	-	(163)
Dividends proposed/paid	(232,525)	(88,636)
Total equity at 30 June 2002	1,566,263	1,682,835
<b>16. Cash assets</b>		
At bank	14,398	6,928
On hand	11	12
Short term investments	244,668	106,214
	259,077	113,154
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Total cash	14,409	6,940
Deduct interest in joint venture cash	(58)	(261)
Add short term investments	244,668	106,214
Deduct accrued interest on short term investments	(667)	(216)
Balances per Statement of Cash Flows	258,352	112,677
<b>17. Receivables</b>		
Amounts receivable from the Department of Defence	899	645
House sales receivables	563	5,487
Other debtors	2,114	669
Total receivables	3,576	6,801
<b>18. Other financial assets</b>		
Prepaid property rentals	10,538	10,307
Accrued income	2,761	-
Other prepayments	673	-
Total other financial assets	13,972	10,307
<b>19. Current assets - land and buildings</b>		
Properties relating to the Sydney Harbour Federation Trust (as a return of capital, note 4b)	-	78,325
Total current assets - land and buildings	-	78,325

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>20. Inventories</b>		
Inventories - current		
Land held for resale - cost of acquisition	468	2,201
Total current inventories	468	2,201
Inventories - non-current		
Land held for resale, development costs - cost of acquisition	355	102
Total non-current inventories	355	102
<b>21. Plant and equipment</b>		
Furniture, fixtures, plant, equipment and software development at cost	17,892	10,950
Accumulated depreciation	(6,245)	(5,380)
Total plant and equipment	11,647	5,570
<b>22. Land and buildings</b>		
Houses at valuation - off base	573,393	602,489
Land at valuation	529,717	587,996
	1,103,110	1,190,485
Houses at valuation - on base	1,222	1,882
	1,222	1,882
<b>Works in progress</b>		
Land at cost and valuation	14,217	26,178
Development and construction costs	53,426	17,549
	67,643	43,727
<b>Total housing land and buildings</b>	1,171,975	1,236,094
<b>Office buildings</b>		
Office buildings at cost	-	189
Accumulated depreciation	-	(71)
Total office buildings	-	118
<b>Total land and buildings</b>	1,171,975	1,236,212
<b>23. Lease receivables</b>		
Current finance lease receivables		
Due not later than 1 year	8,857	8,546
Total current finance lease receivables	8,857	8,546
Non-current finance lease receivables		
Due later than 1 year not later than 5 years	42,569	41,072
Due later than 5 years	308,688	341,797
Total non-current finance lease receivables	351,257	382,869

## DEFENCE HOUSING AUTHORITY

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

**24. Movement summary 2001-02 for Non Current Land, Buildings, Plant and Equipment**

Item	Land	Buildings	Total land and buildings	Other plant & equipment	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Gross value as at 1 July 2001</b>	<b>633,213</b>	<b>602,999</b>	<b>1,236,212</b>	<b>10,958</b>	<b>1,247,170</b>
Additions	63,146	62,944	126,090	15,053	141,143
Revaluations	44,949	51,625	96,574	-	96,574
Disposals	(138,988)	(147,913)	(286,901)	(8,119)	(295,020)
<b>Gross value as at 30 June 2002</b>	<b>602,320</b>	<b>569,655</b>	<b>1,171,975</b>	<b>17,892</b>	<b>1,189,867</b>
<b>Accumulated Depreciation / Amortisation as at 1 July 2001</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,388</b>	<b>5,388</b>
Depreciation / amortisation	-	13,880	13,880	1,893	15,773
Adjustment for revaluations	-	(11,805)	(11,805)	-	(11,805)
Adjustment for disposals	-	(2,075)	(2,075)	(1,036)	(3,111)
<b>Accumulated depreciation / Amortisation as at 30 June 2002</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,245</b>	<b>6,245</b>
<b>Net book value as at 30 June 2002</b>	<b>602,320</b>	<b>569,655</b>	<b>1,171,975</b>	<b>11,647</b>	<b>1,183,622</b>
<b>Net book value as at 1 July 2001</b>	<b>633,213</b>	<b>602,999</b>	<b>1,236,212</b>	<b>5,570</b>	<b>1,241,782</b>

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

	2002 \$'000	2001 \$'000
<b>25. Provisions and payables</b>		
<b>Provisions:</b>		
Liabilities to employees		
Long service leave	1,386	1,171
Annual leave	2,239	1,562
	<b>3,625</b>	<b>2,733</b>
Others		
Dividends (refer note 3)	66,525	88,636
Accrued expenses	9,622	6,881
Accrued repairs and maintenance	3,818	2,436
Other	809	57
	<b>80,774</b>	<b>98,010</b>
<b>Total provisions</b>	<b>84,399</b>	<b>100,743</b>
<b>Payables</b>		
Suppliers		
Trade creditors	6,059	3,818
<b>Total payables</b>	<b>6,059</b>	<b>3,818</b>
<b>Total current provisions and payables</b>	<b>90,458</b>	<b>104,561</b>
<b>26. Other current liabilities</b>		
Rental receipts in advance from the Department of Defence	19,217	15,098
	<b>19,217</b>	<b>15,098</b>
<b>27. Interest bearing liabilities</b>		
Loan from Government	<b>100,000</b>	-
Maturity schedule for loans:		
Payable:		
Within one year	-	-
In one to five years	70,000	-
In more than five years	30,000	-
	<b>100,000</b>	-
<b>28. Non-current provisions</b>		
Liabilities to employees		
Long service leave	682	484
	<b>682</b>	<b>484</b>
Other		
Sale and leaseback provision	44,564	41,109
	<b>44,564</b>	<b>41,109</b>
<b>Total non-current provisions and payables</b>	<b>45,246</b>	<b>41,593</b>

DEFENCE HOUSING AUTHORITY

**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2002

	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>29. Cash Flow Information</b>		
Reconciliation of net cash flows from operating activities to operating profit		
Operating profit	91,984	122,459
Depreciation - housing stock	13,880	16,763
Depreciation - other	1,893	1,682
Increase in employee provisions	892	161
Profit on the disposal of assets	(23,871)	(7,758)
Share of net profits from joint ventures	(1,969)	(5,339)
Changes in operating assets and liabilities		
(Increase)/decrease in accounts receivable	(1,398)	(1,660)
(Increase)/decrease in prepayment	(231)	(516)
(Increase)/decrease in creditors	8,199	8,900
<b>Net cash provided by operating activities</b>	<b>89,379</b>	<b>134,692</b>
<b>Non-cash financing and investing activities</b>		
Movement in Commonwealth contributions	(84,410)	(163)

DEFENCE HOUSING AUTHORITY

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

### 30. Superannuation

Staff of the Authority are employed under the *Public Service Act 1999* and are entitled to benefits from the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and under the Superannuation (Productivity Benefit) Act 1988. The Authority meets its liability for the employer share of benefits payable under the superannuation Acts by fortnightly payments to the Commonwealth Superannuation Administration (COMSUPER) in accordance with Section 159(2) of the *Superannuation Act 1976* and Section 15 of the *Superannuation Act 1990*, or to other superannuation funds nominated by employees.

The Department of Finance and Administration has advised the Commonwealth Superannuation Administration that for the purpose of actuarial costing of the CSS and PSS, it is essential to be able to identify employer superannuation contributions made under each scheme by the organisation. The separate CSS and PSS employer superannuation contribution rates and contributions paid or payable by the Authority for the reporting period are:

- CSS members: Contributions at the rate of 33.7% (2001: 12.7%) of salary for superannuation purposes, amounting to \$0.412 million (2001, \$0.176 million), and
- PSS members: Contributions at the rate of 11.6 % (2001: 11.5%) of salary for superannuation purposes, amounting to \$3.185 million (2001, \$1.913 million).

## DEFENCE HOUSING AUTHORITY

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

**31. Directors' and Executives' Remuneration**

<b>a) Remuneration of Directors</b>	<b>2002</b>	<b>2001</b>
Number of directors whose total remuneration received or due and receivable from the Authority falls within the following bands:	Number	Number
\$ 1 - \$ 10,000	0	1
\$ 10,001 - \$ 20,000	1	0
\$ 20,001 - \$ 30,000	2	3
\$ 30,001 - \$ 40,000	2	1
\$ 50,001 - \$ 60,000	1	1
\$180,001 - \$190,000	0	1
\$270,001 - \$280,000	1	0
Total income received, or due and receivable by all directors (including the Managing Director). In addition to the above, nine directors (2001 - eight) did not receive any remuneration from the Authority	\$473,528	\$355,119
 <b>b) Remuneration of Executives</b>	 <b>2002</b>	 <b>2001</b>
Number of executive whose total remuneration received or due and receivable from the Authority falls within the following bands:	Number	Number
\$100,001 - \$110,000	0	1
\$110,001 - \$120,000	0	1
\$120,001 - \$130,000	1	0
\$130,001 - \$140,000	1	1
\$140,001 - \$150,000	0	1
\$150,001 - \$160,000	1	0
\$160,001 - \$170,000	1	0
\$170,001 - \$180,000	3	1
The aggregate of the remuneration received or receivable from the Authority by executive officers (excluding the Managing Director) whose income exceeds \$100,000, including performance based payments.	\$1,095,996	\$672,686
The aggregate amount of separation and redundancy payments during the year to executive officers included above.	\$248,018	

Executive remuneration includes performance pay relating to the prior year.

DEFENCE HOUSING AUTHORITY  
Notes to and forming part of the Financial Statements  
for the year ended 30 June 2002

	2002	2001
	\$	\$
<b>32. Audit Remuneration</b>		
Amount received or due and receivable by auditors <sup>1</sup> :		
Australian National Audit Office for the		
Audit of financial statements <sup>2</sup>	143,550	157,500
Internal audit services provided by other auditors	488,299	222,729
	631,849	380,229

Ernst & Young (formerly Andersen) have been contracted by the Australian National Audit Office to provide audit services on the ANAO's behalf. Fees for these services are included above. In addition Ernst & Young (formerly Andersen) have earned the following fees for engagements where they have been separately contracted by Defence Housing Authority.

	-	-
Audit fees relating to the audit of joint ventures.	29,700	45,650
The Authority is liable for 50% of these fees.		
No other benefits were received by the auditors.		

1. The amounts are GST inclusive
2. No other services were provided by the ANAO during the reporting period.

## DEFENCE HOUSING AUTHORITY

**Notes to and forming part of the Financial Statements***for the year ended 30 June 2002***33. Related Parties****Directors**

The names of each person holding the position of director of the Authority during the financial year are:

ADAMS, Rear Admiral, Brian AM RAN  
 BENNETT, Lloyd (appointed 1 February 2002, resigned 28 February 2002)  
 BOEZEMAN, Bonita (appointed 8 October 2001)  
 JOLLIE, Peter AM  
 LEAHY, Major General, Peter AO, (resigned 28 June 2002)  
 LYON, Keith  
 MOORE, Ken (resigned 15 October 2001)  
 NEUMANN, Ralph (appointed 28 February 2002)  
 O'BRIEN, Thomas AM  
 O'GRADY, John  
 ROBERTS, Major General, Frank, AM (appointed 28 June 2002)  
 RYAN, Helen  
 SHALDERS, Rear Admiral, Russ CSE, RAN (appointed 8 August 2001)  
 SPENCE, Air-Vice-Marshal, Christopher AM  
 SWANN, Judy  
 WALLACE, Les (appointed 8 October 2001, resigned 1 February 2002)  
 WILLIS, Major General, Simon (resigned 8 August 2001)

**Transactions of Directors and Director-Related Entities**

A director related party, Blake Dawson Waldron, of which John O'Grady, is consultant to, was engaged by the Authority during the reporting period to provide legal services. These services were provided based on normal commercial terms and conditions and John O'Grady was not personally involved in providing any of those services.

**34. Economic Dependency**

The Authority depends on the Department of Defence in accordance with the Service Agreement between Defence and DHA.

**35. Segment Reporting**

DHA operates only within Australia and there are no segments to report.

**36. Joint Venture Developments****The Sanctuary Development**

The Authority holds a 50% interest in The Sanctuary development (formerly referred to as Wattle Grove Development) near Moorebank in Sydney. The principal activity of the joint venture project is to develop housing sites for Defence and private sector housing.

**Fairview Rise Development**

The Authority held a 50% interest in the Fairview Rise development at Flinders View near Ipswich. The principal activity of the joint venture project was to develop housing sites for Defence and private sector housing. The joint venture was terminated on 22 June 2001. The Authority purchased the remaining vacant land from the joint venture on commercial terms and conditions at fair value.

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

**37. Interest in Joint Venture Developments**

The following represents the Authority's total interest in the joint venture developments at 30 June 2002. The profit and statement of financial position items have been incorporated in the financial statements under their respective classifications.

	2002 \$'000	2001 \$'000
Profit		
Revenues	4,873	10,853
Expenses	(2,904)	(5,514)
<b>Total Profit</b>	<b>1,969</b>	<b>5,339</b>
Current assets		
Cash	58	261
Receivables	29	85
Inventories	540	2,201
	627	2,547
Non-current assets		
Property, plant and equipment	21	45
Inventories	355	102
	376	147
Current liabilities		
Creditors	205	738
<b>Net Assets</b>	<b>798</b>	<b>1,956</b>

DEFENCE HOUSING AUTHORITY  
**Notes to and forming part of the Financial Statements**  
 for the year ended 30 June 2002

**38. Financial Instruments**

**a) Interest Rate Risk**

The following table provides information on the Authority's exposure to interest rate risk at 30 June 2002.

	Note	Floating		Fixed 1 year or less		Fixed more than 1 year		Non Interest Bearing		Total		Average Interest rate				
		01-02		01-02		1-Feb		01-02		01-02		01-02		Floating	Fixed	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	00-01	00-01	00-01	
<b>Financial Assets</b>																
Cash	16	14,409	6,940		106,214						259,077	113,154		3.50%	4.94%	4.80%
Receivables for goods and services	17						6,801				3,576	6,801				
Finance Lease Receivables	23, 1, 14			360,114	391,415						360,114	391,415			7.48%	7.48%
<b>Total Financial Assets</b>		<b>14,409</b>	<b>6,940</b>	<b>360,114</b>	<b>391,415</b>	<b>360,114</b>	<b>6,801</b>	<b>3,576</b>	<b>622,767</b>	<b>511,370</b>						
<b>Financial Liabilities</b>																
Trade creditors	25										6,059	3,818			5.41%	5.41%
Loan	27			35,000							35,000				5.81%	5.81%
	27			30,000							30,000				6.12%	6.12%
<b>Total Financial Liabilities</b>				<b>100,000</b>		<b>6,059</b>	<b>3,818</b>	<b>6,059</b>	<b>106,059</b>	<b>3,818</b>						

DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements

for the year ended 30 June 2002

**38. Financial Instruments (continued)**

**b) Credit Risk**

Represents the extent of credit related losses that the Authority may be subjected to on amounts to be received from financial assets. These are considered not material.

**c) Loan Agreement with Minister for Finance and Administration**

On 28 May 2001 DHA entered into a 10 year Loan Agreement with the Minister for Finance and Administration. The Agreement provides DHA with a \$425m loan facility which can be drawn down based on fixed or floating interest rates.

**d) Loans**

i) Existing Draw Down

DHA drew down \$100m of debt on 1 June 2002 with the following maturity profile:

	Interest Rate
\$35m for 3 years (expiring 1 June 2005)	5.410%
\$35m for 5 years (expiring 1 June 2007)	5.805%
\$30m for 7 years (expiring 1 June 2009)	6.115%

ii) Future Draw Down

In place on 14 December 2001: Forward Start Arrangement for \$100 million of debt to be drawn down on 1 June 2003 hedged with the following maturity profile:

	Interest Rate
\$35m for 3 years (expiring 1 June 2006)	6.130%
\$35m for 5 years (expiring 1 June 2008)	6.365%
\$30m for 7 years (expiring 1 June 2010)	6.565%

DEFENCE HOUSING AUTHORITY

**Notes to and forming part of the Financial Statements**

for the year ended 30 June 2002

**38. Financial Instruments (continued)****e) Net Fair Values of Financial Assets and Liabilities**

	Note	2002		2001	
		\$'000	\$'000	\$'000	\$'000
		Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
<b>Financial Assets</b>					
Cash at bank	16	14,398	14,398	6,928	6,928
Cash on hand	16	11	11	12	12
Short term investments	16	244,668	244,668	106,214	106,214
Receivables for goods and services	17	3,576	3,576	6,801	6,801
Other financial assets	18	13,972	13,972	10,307	10,307
<b>Total Financial Assets</b>		<b>276,625</b>	<b>276,625</b>	<b>130,262</b>	<b>130,262</b>
<b>Financial Liabilities (Recognised)</b>					
Trade creditors	25	6,059	6,059	3,818	3,818
Loans	27	100,000	98,092	-	-
<b>Total Financial Liabilities (Recognised)</b>		<b>106,059</b>	<b>104,151</b>	<b>3,818</b>	<b>3,818</b>
<b>Financial Liabilities (Unrecognised)</b>					
Forward Start Arrangement for \$100 million loan to be drawn down on 1 June 2003		100,000	100,327	-	-
<b>Total Financial Liabilities (Unrecognised)</b>		<b>100,000</b>	<b>100,327</b>	<b>-</b>	<b>-</b>

**The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:***Cash, cash equivalents and short term investments:*

The carrying amount approximates fair value because of their short-term to maturity.

*Long-term bank borrowings:*

The fair values of long-term borrowings are estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements.

	2002	2001
	\$'000	\$'000
<b>Available and unused facilities:</b>		
Available	425,000	-
Used	100,000	-
<b>Unused</b>	<b>325,000</b>	<b>-</b>

## Directory

Defence Housing Authority

Head Office

26 Brisbane Avenue

BARTON ACT 2600

Telephone: (02) 6217 8444

Facsimile: (02) 6217 8500

Residential investment: 1800 813 621

Website: [www.dha.gov.au](http://www.dha.gov.au)

### **Chairman**

Peter Jollie AM

### **Managing Director**

Keith Lyon

### **General Counsel**

Fiona Hopkins

### **Chief Finance Officer**

Jon Brocklehurst

### **Internal Auditors**

Deloitte Touche Tohmatsu

## DHA Locations

### **Head Office**

26 Brisbane Avenue

BARTON ACT 2600

Telephone: (02) 6217 8444

Fax: (02) 6217 8500

### **National Service & Support Centre**

26 Mort Street

BRADDON ACT 2612

Telephone: (02) 6268 3800

Fax: (02) 6279 3963

## Housing Management Centres and shopfronts

### ACT

#### Canberra

24 Mort Street  
BRADDON ACT 2612  
Telephone: (02) 6268 3700  
Fax: (02) 6268 3701

### New South Wales

#### Sydney

Level 5, 79 & 80 George Street  
PARRAMATTA NSW 2150  
Telephone: 1800 813 621  
Fax: (02) 8836 5793

#### Hurstville

Suite 107, Level 1  
9 Gloucester Road  
HURSTVILLE NSW 2220  
Telephone (02) 8567 1200  
Fax: (02) 8567 1209

#### Pennant Hills

Suites 9 – 12, 380 Pennant Hills Road  
PENNANT HILLS NSW 1715  
Telephone (02) 9875 8600  
Fax: (02) 9857 8660

#### Richmond

14 McNamara Avenue RAAF Base  
RICHMOND NSW 2753  
Telephone (02) 4587 3940  
Fax: (02) 4587 2249

#### Defence Plaza

270 Pitt Street  
SYDNEY NSW 2000  
Telephone: (02) 9377 2167  
Fax: (02) 9377 2175

#### Kuttabul

14 Wylde Street  
POTTS POINT NSW 2011  
Telephone: 0421 040 040  
Fax: (02) 9359 2394

#### Hunter Valley

Jacaranda Heritage Centre  
Unit 1, 1 Jacaranda Street  
RAYMOND TERRACE NSW 2324  
Telephone: (02) 4983 5300  
Fax: (02) 4983 5361

#### Nowra

Suite 3, Level 2, Bridgeton House  
55 – 57 Berry Street  
NOWRA NSW 2541  
Telephone: (02) 4421 1500  
Fax: (02) 4423 4038

#### Wagga Wagga

11 Peter Street  
WAGGA WAGGA NSW 2650  
Telephone: (02) 6933 7200  
Fax: (02) 6933 7201

### Queensland

#### Brisbane

Army Housing and Removals Centre  
Gallipoli Barracks  
ENOGERRA QLD 4052  
Telephone (07) 3355 8800  
Fax: (07) 3355 8860

#### Canungra

22 Mahoney Crescent  
CANUNGRA QLD 4275  
Telephone: (07) 5543 4554  
Fax: (07) 5543 4417

#### Cairns

Grove House  
10 Grove Street  
CAIRNS QLD 4870  
Telephone (07) 4041 4700  
Fax: (07) 4041 0886

#### Toowoomba

O'Quinn Street  
TOOWOOMBA QLD 4350  
Telephone: (07) 4699 1300  
Fax: (07) 4699 1360

#### Amberley

6 Rosewood Road  
AMBERLEY QLD 4306  
Telephone: (07) 5467 5000  
Fax: (07) 5461 5060

#### Townsville

63–65 Bamford Lane  
KIRWAN QLD 4817  
Telephone: (07) 4726 1800  
Fax: (07) 4726 1860

## Northern Territory

### **Darwin**

1 Carey Street  
DARWIN NT 0800  
Telephone (08) 8901 7100  
Fax: (08) 8901 7160

### **Tindal**

Shop 2, 42 Katherine Terrace  
KATHERINE NT 0850  
Telephone: (08) 8972 8000  
Fax: (08) 8972 8060

### **Alice Springs**

15 Chapman Court  
ALICE SPRINGS NT 0870  
Telephone: (08) 8952 9323  
Fax: (08) 8952 4562

## South Australia

### **Adelaide**

125 Port Road  
HINDMARSH SA 5007  
Telephone: (08) 8245 7800  
Fax: (08) 8245 7860

### **Woomera**

28 Burrimul Street  
WOOMERA SA 5720  
Telephone: (08) 8673 7730  
Fax: (08) 8673 7026

## Victoria

### **Melbourne**

Ground Floor, 33 Bank Street  
SOUTH MELBOURNE VIC 3205  
Telephone: (03) 9947 8101  
Fax: (03) 9947 8160

### **Puckapunyal**

Vivi Street  
PUCKAPUNYAL VIC 3662  
Telephone: (03) 5736 1100  
Fax: (03) 5736 1160

### **Sale**

99A Raymond Street  
SALE VIC 3850  
Telephone: (03) 5143 6500  
Fax: (03) 5143 6560

### **Wodonga**

83 Hume Street  
WODONGA VIC 3690  
Telephone: (02) 6049 2300  
Fax: (02) 6049 2360

## Tasmania

### **Hobart**

Anglesea Barracks  
Davey Street  
HOBART TAS 7000  
Telephone: (03) 6215 7600  
Fax: (03) 6215 7660

## Western Australia

### **Perth**

Level 2  
43 Kishorn Road  
APPLECROSS WA 6153  
Telephone: (08) 9210 3400  
Fax: (08) 9210 3460

### **Rockingham**

23 Chalgrove Avenue  
ROCKINGHAM WA 6168  
Telephone (08) 9592 3301  
Fax: (08) 9591 4460

### **Bullsbrook**

C/- RAAF Base Pearce  
BULLSBROOK WA 6084  
Telephone: (08) 9571 3352  
Fax: (08) 9571 3285

# Glossary

## Glossary of Terms

ADF	— Australian Defence Force	HMC	— Housing Management Centre
AFR	— Application for Relocation	KPI	— Key Performance Indicator
AIM	— Australian Institute of Management	LLB	— Bachelor of Laws
AM	— Member of Order of Australia	NCGSF	— National Consultative Group of Service Families
ASC	— Australian Staff College	NSSC	— National Service and Support Centre
AWA	— Australian Workplace Agreement	OAM	— Order of Australia Medal
CPA	— Certified Practising Accountant	OH&S	— Occupational Health and Safety
CSI	— Customer Satisfaction Index	PWC	— Public Works Committee
CSM	— Client Services Manager — Relocations	RA	— Rent Allowance
DCH	— Defence Choice Housing	RAAF	— Royal Australian Air Force
DCO	— Defence Community Organisation	RAN	— Royal Australian Navy
DHA	— Defence Housing Authority	SCG	— Staff Consultative Group
DHF	— Defence Housing Forecast	SLB	— Sale and Leaseback Program
DVA	— Department of Veterans' Affairs	TAA	— Temporary Accommodation Allowance
FAICD	— Fellow of Australian Institute of Company Directors	TAASA	— Temporary Accommodation Allowance Serviced Apartment
FAMI	— Fellow of Australian Marketing Institute		

# Index

## Index

- Abetz, Senator The Hon. Eric, 6  
Acquisitions, 11, 47 – 56  
Adams, Brian, 60  
Adamstown, 12  
Adelaide, 53  
Alice Springs, 50  
Armed Forces Federation of Australia, 28  
Assets under management, 10  
Auditors, internal, 94  
Australian Capital Territory, 47  
Australian Customs Service, 23, 56  
Australian National Audit Office, 63  
Australian Student Citizen of the Year, 42  
Australian Workplace Agreements, 36, 40
- Bear, Richard, 34  
**Board, 4, 6, 58**  
– Audit Committee, 4, 62  
– ethical and accountability standards, 58  
– meetings, 58  
– meeting attendance, 62  
– Nomination & Remuneration Committee, 4, 62
- Boezeman, Bonita, 61  
Brisbane, 30, 31, 51  
Brocklehurst, Jon, 34, 94  
Broome, 56  
Brown, Kathryn, 35
- Canberra, 30, 31, 47, 58  
Cairns, 51  
Certified agreement, 36,40  
Chairman, 2, 3 – 4, 5, 6, 58, 66, 94  
Chambers, Matt, 48  
Cisco, 43  
Client relations, 16  
Code of ethics, 63  
Comcare, 37  
Commercial targets, 3  
*Commonwealth Authorities and Companies Act 1997*, 63  
Compaq, 43  
Compensation claims, 37  
Construction, 31, 47 - 56  
Contacts, 63, 94 – 96  
Corporate documents, 63  
Corporate plan, 10, 63  
Credit rating, 10  
Customer relationship management system, 43  
Customer Satisfaction Index, 21, 23, 28
- Darwin, 11, 42, 50, 54, 56  
Davy, Jeff, 49  
Defence Choice Housing, 28  
Defence Community Organisation, 46, 47  
Defence HomeOwners Scheme, 6, 17, 20, 25  
**Defence Housing Authority (DHA),**  
– assets, 4  
– business groups, 35  
– case managers, 29  
– contacts, 63, 94 – 96  
– customers and stakeholders, 2,  
– executive, 34-35  
– family support, 17  
– leases, 18  
– locations, 46  
– responsibility for relocation of Service families,  
20-22  
*Defence Housing Authority Act 1987*, 6  
Defence Housing Forecast, 16  
Defence Housing News, 31  
Defence Standard House, 29  
Delfin Group, 12  
Deloitte Touche Tohmatsu, 94  
Dickens, Ross, 53  
Dividend payments, 3, 10  
Duntroon, 11, 12, 31
- Eames, Bob, 34  
Enoggera, 11, 32, 51  
Entitlements certificate, 25
- Fahey, The Hon John, 13  
Fergusson, John, 52  
Financial results — shareholder value added, 10  
Financial statements, 65 – 93  
**Freedom of Information, 64**  
– access to documents, 64
- Gallipoli Barracks, 51
- Haylett, Bob, 53  
Heritage housing, 12  
Hill, Senator The Hon. Robert, 6  
HMAS Kuttabul, 49  
Hobart, 54  
Holsworthy Army base, 49  
HomeFind, 21, 29, 43  
Hopkins, Fiona, 34, 92

- Housing, 28–32
  - location, 28
  - policy review, 28
  - pre-selection, 3
  - special facilities, 39
  - standard, 28
  - stock, 3, 16
  - types, 29
- Housing Management Centres (HMC), 4, 20, 22, 47–56, 95–96
  - case manager, 29
- Hunter Valley, 31, 48, 58
- Insurance, indemnity, 63
- Ipswich, 52
- Joint Standing Committee on Public Works, 11, 31
- Jollie, Peter, 3–4, 5, 58, 66, 94
- Katherine, 11
- Kelly, Mark, 51
- Kennedy, Bronwyn, 51
- Land development, 12
- Larrakeyah Barracks, 50
- Leadership and management development framework, 38
- Leahy, Peter, 60
- Leases, 30–31, 47–56
- Lessors, 18, 30
  - satisfaction, 30
- Loan Agreement, Minister for Finance and Administration, 11
- Lockyer, Bruce, 34
- Lyon, Keith, 3–4, 34, 58, 94
- Maintenance, 3
  - and management service, 18
  - contractor assessment template, 23
  - contractor performance, 23
  - expenditure on, 24
  - residential, 23
  - standards of maintenance, 23
- Managing Director, 2, 3–4, 6, 58, 94
- Melbourne, 31, 54, 55, 58
- Members without dependents, 18
- Minchin, Senator The Hon. Nick, 6, 11
- Minehunter, 48
- Minister for Defence, 6
- Minister for Finance and Administration, 6, 11
- Minister for Veterans' Affairs, 6, 47
- Minister, Special Minister of State, 6
- Ministers, responsible for, 6, 31, 63
- Mitchelton, 51
- Moore, Ken, 61
- Murray, John, 56
- National Consultative Group of Service Families (NCGSF), 18, 22, 28
  - National Convenor, 18
- National Property Manager, 24
- National Service and Support Centre (NSSC), 20, 22, 47, 48
- Neumann, Ralph, 59
- Newsletter — *Defence Housing News*, 31
- Northern Territory, 50
- Nowra, 48
- Occupational Health and Safety (OH&S), 37
  - audits and investigations, 37
- Occupational Health and Safety (Commonwealth Employees Act) 1991*, 37
- O'Brien, Thomas, 59
- O'Grady, John, 59
- Operating profit, 10
- Optus, 43
- People management improvements, 36
- Perth, 56
- Puckapunyal, 54
- Public Service Act, 39, 41
- Public Service Medal, 42
- Purchases, 47–56
- Queensland, 51
- RAAF Base Amberley, 52
- RAAF Base Curtin, 56
- RAAF Base Edinburgh, 53
- RAAF Base Learmonth, 56
- RAAF Base Pearce, 56
- Relocations Agreement, 16
- Relocations, 3, 20–22, 36
  - Integrated change program, 22
  - relocation and accommodation cycle, 20
- Rental
  - assistance, 3, 16
  - increases, 3
- Renwick, Peter, 48
- Risk management, 63
- Robertson Barracks, 50
- Rockingham, 56
- Ryan, Helen, 58

- Sale (Victoria), 55
- Sales, 47–56
  - of surplus houses, 29
- Sale and Leaseback Program, 4, 10, 13, 14, 30, 55
- Services Agreement, 16
- Shalders, Russ, 60
- Shareholder Ministers, 6, 31, 63
- Smith, Neil, 34
- Special Minister of State, 6
- Spence, Chris, 61
- Staff,
  - full time, 39
  - induction, 38
  - performance pay, 41
  - profile, 39
  - promotions, 39
  - remuneration, 40
  - staff consultative group, 36
  - succession planning, 39
  - temporary, 39
- Strategic themes, 8
- Sydney, 30, 31, 49
- Swann, Judy, 59
  
- Tasmania, 54
- Taylor, Paul, 34
- Team leader development, 38
- Tenants,
  - consultation, 17
  - satisfaction of, 3, 21, 25, 49
  - dissatisfaction of, 21
- Tindal, 11, 50
- Thursday Island, 51
- Toowoomba, 52
- Townsville, 53, 58
- Training and development, 38
  
- Vale, The Hon. Danna, 6, 47, 49
- Victoria, 54
- Voice and data network telephony project, 43
  
- Wagga Wagga, 49
- Wallace, Les, 60
- Wallis, Mark, 50
- Website,
  - property search, 14
  - virtual tour, 14
  - customer relationship tool, 14
  - electronic marketing, 14
- Western Australia, 56
- Wheeler, Matt, 50
- White, Heather, 47
- Willis, Simon, 61
- Wilson, John, 54
- Wilson, Wayne, 49
- Wodonga, 55
- Workplace harassment, 36
  
- Yin, Cameron, 50

