

# Defence Housing Authority

2003-04

ANNUAL REPORT



# Annual Report

2003-04

DEFENCE HOUSING AUTHORITY



## Defence Housing Authority Annual Report 2003–04

### DHA DIRECTORY

#### **Head Office**

Defence Housing Authority  
26 Brisbane Avenue  
BARTON ACT 2600

Switchboard: (02) 6217 8444

Facsimile: (02) 6217 8500

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

Chairman: The Hon. Peter V Jones AM

Managing Director: Mr Keith Lyon

Chief Financial Officer: Mr John Kitney

Internal Audit Manager: Mr Brendan Clarke

#### **Editorial**

Defence Housing Authority Annual Report 2003–2004

Published by the Defence Housing Authority

Project Manager: Fiona McQueenie

Content Coordinators: Jocelyn North and Barbara Horog

Design: ZOO

Editing: WordsWorth Writing and Fiona McQueenie

Printing: Goanna Print

Photography: Geoff Comfort, Marcus Fillinger, Lauren O'Brien

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

Communication and Media Manager

Defence Housing Authority

26 Brisbane Avenue

BARTON ACT 2600

Tel: (02) 6217 8444

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

This report can also be found on DHA's website at [www.dha.gov.au](http://www.dha.gov.au)

ISSN 1032-6197



13 September 2004

Senator the Hon. Eric Abetz  
Special Minister of State  
Parliament House  
CANBERRA ACT 2600

The Hon. Teresa Gambaro  
Parliamentary Secretary to the Minister for Defence  
Parliament House  
CANBERRA ACT 2600

### Letter of Transmittal

Dear Minister and Parliamentary Secretary

On behalf of the Defence Housing Authority and in accordance with the *Commonwealth Authorities and Companies Act 1997*, I am please to submit to you the Defence Housing Authority Annual Report 2003-04.

This report covers the Defence Housing Authority's activities in providing high-quality housing and relocation services to Australian Defence Force members and their families during the past financial year.

The 2003-04 financial year has been another successful period for DHA in which we met all our key strategic objectives and financial targets. DHA generated strong financial returns during the year which allowed us to return to government a special dividend of \$150 million and an ordinary dividend of \$33.1 million. Additionally, we also returned a total of \$47.6 million in the form of tax equivalent payments to government.

While maintaining strong financial management, DHA also achieved high levels of customer satisfaction in relation to our housing and relocation services. In this, DHA is proud to continue to support the excellent work of the men and women of the Australian Defence Force.

I would like to thank you for your interest and support of the activities of the Defence Housing Authority.

Yours sincerely

The Hon. Peter Jones AM  
Chairman



# Contents

<b>DHA AT A GLANCE</b> .....	<b>2</b>
<b>DHA THE YEAR IN REVIEW</b>	
Overview by the Chairman and Managing Director.....	4
Financial overview .....	8
A year of highlights and significant events.....	10
Report on key achievements against DHA strategic themes .....	11
<b>REPORT OF OPERATIONS</b>	
<b>Delight the customer</b>	
Services to customers.....	18
Services to clients .....	22
Services to lessors.....	24
DHA customer service centres .....	26
<b>Meet commercial responsibilities</b>	
DHA financial summary.....	36
DHA housing.....	38
<b>Achieve operational excellence</b>	
DHA systems .....	42
DHA in the community .....	43
DHA people.....	45
The future .....	50
Governance.....	51
<b>FINANCIAL STATEMENTS</b> .....	<b>71</b>
<b>APPENDIXES</b>	
Compliance index.....	103
Acronyms and abbreviations .....	104
DHA locations and contact details.....	105
Index .....	108

## DHA at a glance

### 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.

### OUR STRATEGIC THEMES

- Delight the customer
- Meet commercial responsibilities
- Achieve operational excellence

### WHO WE ARE

The Defence Housing Authority (DHA) is a successful Government Business Enterprise which operates under the *Defence Housing Authority Act 1987*. DHA's function is to provide adequate and suitable housing and relocation services to members of the Australian Defence Force (ADF) and their families.

As at 30 June 2004, DHA employed 781 staff in 27 offices to deliver face-to-face services around Australia. Based in Canberra, the National Service Support Centre (NSSC) provides a centralised call centre service for all DHA customers across the country. The NSSC also provides a business support function to DHA's Housing Management Centres and other business support units.

### WHAT WE DO

DHA provides modern quality housing, along with responsive and efficient property management and relocation services to our customers, ADF members and their families. DHA also provides high-quality services and value for money outcomes to its clients, primarily the Department of Defence.



DHA provides Defence members with a diverse range of quality housing to suit their current and future lifestyle choices, while meeting the operational requirements of the ADF. To achieve this, DHA manages approximately 17,000 residences around Australia, giving members a choice of housing from the traditional suburban family home to townhouses and inner city apartments. When living in a DHA home, members have access to a full tenancy and maintenance service.

These homes represent approximately \$4.9 billion worth of housing stock. To ensure we maintain quality housing for members in the right location at the right time, DHA will spend \$1.44 billion on building and acquiring new homes over the next three years.

DHA provides a comprehensive relocation and housing allocation service to ADF members who are posted to a new location, including help to select a suitable home in their new location. DHA also assesses eligibility for and pays a range of Department of Defence housing and relocations related entitlements and allowances to ADF members for their housing and relocation requirements.

# DHA the year in review

2003-04

DEFENCE HOUSING AUTHORITY ANNUAL REPORT





## Overview by the Chairman and Managing Director

The 2003–04 financial year has been another successful period for DHA, with the organisation meeting its key strategic objectives and financial targets. This meant we continued to provide quality housing, tenancy management and relocation services for Australian Defence Force (ADF) members and their families within a reasonable pricing structure.

DHA's achievements over the year also ensured we continued to meet the expectations of the Department of Defence and its Australian Government shareholders. There were, however, fewer houses on the rent bill than planned as a result of difficult market conditions.

During the reporting period, two specific items are worthy of particular mention:

- there were high levels of tenant satisfaction with housing and relocation services
- we met overall profitability targets and achieved cost control targets.

### IMPROVING OUR SERVICES TO OUR CUSTOMERS

The year could be seen as one of building and consolidation in the area of customer service, where DHA laid the foundations for several new systems, which will deliver enhanced service capabilities in 2004–05 and 2005–06.

During the reporting period we continued to explore and implement new and innovative ways of improving services to our customers. The most significant of these was the development of our new Service Delivery Model (SDM), which was implemented in early July 2004.

This customer-centric service delivery model complements and strengthens DHA's previously introduced case management model. In our various regional Housing Management Centres (HMCs), we have now combined our relocation and housing allocation functions into one role. This means that




one DHA Relocation Consultant, in the location to which the ADF member is moving, will help organise all of the member's relocation and housing requirements.

The new SDM also enables a family's housing arrangements to be finalised earlier in the relocation process than previously. This initiative is intended to reduce the number of relocation amendments and their associated costs. Just as importantly, it also provides a better service to our customers, as the earlier a Defence family can organise a home in their new location, the earlier they can start planning for things such as childcare, schooling and employment for the non-Defence spouse.

The continuing focus on reliable and professional service by DHA's staff was reflected in pleasing customer satisfaction levels, which rose again this year. These ratings include high satisfaction levels with DHA's maintenance services.

DHA continued to examine better ways of undertaking our business processes and systems, taking advantage of the latest technological developments. As part of our Business Improvement Program, we initiated work on two major systems projects, the Tenant Management System (TMS) and Property Management System (PMS).



TMS was implemented in July 2004 and will support DHA's relocation services and help deliver a more efficient and effective service to ADF families and the Department of Defence. PMS, currently under development for implementation in mid-2005, will improve DHA's ability to manage its extensive property portfolio.

An organisational change is now under way with the HMCs being grouped together along regional lines. Brisbane, Ipswich and Toowoomba offices will be combined and managed as the South-East Queensland office. Similar groupings are expected to be implemented elsewhere across the country. This will generate staff and administrative efficiencies while ensuring that services to customers are maintained.

#### OUR HOUSES

DHA has an ambitious capital program tailored for the needs of ADF families as advised by the Department of Defence. In 2003–04, DHA construction and acquisition activity continued across Australia. This saw the construction of 489 properties at a cost of \$155.61 million and the acquisition of 620 properties at a cost of \$248.42 million. In addition, DHA refurbished and/or upgraded 83 houses.

DHA focuses on the use of leased or privately owned stock as the cheapest possible way of providing housing, rather than relying on capital from the Australian Government.

Through the popular Sale and Leaseback Program, DHA develops quality residential properties, on-sells them to investors and then leases them back. The investor reaps the benefits of a low-risk investment strategy which includes the security of a long lease term, regular income and no loss of rent due to tenant vacancies. It also includes worry-free maintenance and property management along with excellent make-good provisions at the expiry of the lease term.

The program is an important element in DHA's financial strategy, with investors providing approximately \$400 million in capital funds each

year. DHA is putting in place strategies to meet the challenge of maintaining investor interest following the cooling of most metropolitan property markets early in 2004.

Where possible, we attempt to maximise the use of local building firms, suppliers and businesses when constructing housing developments. Often our developments, both large and small, represent a large investment in the local community with positive flow-on effects to the local economy. Housing Institute of Australia figures suggest that for every \$1 million spent on construction, approximately 13 jobs are generated in direct and allied businesses.

Importantly, through our construction and acquisition program we continued to provide a diverse range of housing types and styles to meet the lifestyle needs of ADF members and their families. We continued to build and acquire a mix of traditional family, townhouse and inner city apartment housing to meet the changing demands of today's ADF members.

As one of Australia's major housing developers, we also take our responsibility to the environment seriously. Wherever possible, clever housing design is employed to take advantage of local environmental conditions and to reduce the use of heating and cooling systems by residents. All homes constructed by DHA meet a minimum four-star energy rating.

#### WORKING TOGETHER WITH OUR CLIENTS

During 2003–04, DHA worked together with the Department of Defence to find better ways to deliver services to ADF members in the most cost-effective and efficient manner. Timely and effective communication between Defence and DHA is critical to ensuring DHA meets its targets and addresses key issues as they emerge. The relationship was managed through interaction at all levels in the respective organisations.

A range of key projects were progressed between Defence and DHA during 2003–04. This culminated in important initiatives such as revised Housing Management Instructions and relocations pricing arrangements. Significant progress was also made towards the Housing to the Future initiative which,

when implemented, will align Defence housing with community standards and deliver greater flexibility of housing choices to ADF members. DHA and Defence also continued to make substantial progress towards resolving issues surrounding Key Performance Indicators.

During the year, DHA formalised arrangements with the Australian Customs Service (ACS), with a joint signing of a Heads of Agreement. Under these arrangements, DHA will continue to provide limited maintenance services to ACS residences in remote parts of the country.

#### MEETING OUR COMMERCIAL RESPONSIBILITIES

DHA operates under Australian Government Business Enterprise guidelines that require it to act commercially, with rate of return and capital/ownership targets. DHA rents are paid by Defence at market rates, and fees charged to Defence are commercially negotiated and independently benchmarked. All DHA's tax exemptions have been removed and we now make tax equivalent payments to the Australian Government.

In 2003–04, DHA met almost all performance targets set, including those for profitability. We achieved an earnings before interest and tax profit of \$74.2 million, which was slightly above target for the year.

The exceptions are a slightly smaller than targeted number of houses on the Defence rent bill and a reduction in special dividend payments to \$150 million from \$270 million in cash plus \$30 million in land.

#### OUR STAFF

The professionalism, enthusiasm and high morale of our staff is our greatest asset. The annual Staff Opinion Survey demonstrated that DHA continues to perform well above the national norm, with a 67 per cent overall staff satisfaction rate compared with the 60 per cent achieved by the average of 200 Australian companies. DHA achieved 'best practice' in a number of key areas.

The spirit of DHA staff and their commitment to their customers and local community is evident in

the number of fundraising activities undertaken by staff over the past year. Many staff generously donated their time and money to raise approximately \$16,500 for various charitable organisations across the country.

To enhance DHA's capacity to adapt to changing operational requirements and achieve further administrative efficiencies, a new executive structure was implemented during the year. A new Chief Operating Officer (COO) position was created as part of this process, with the role of managing the day-to-day operations of the organisation, including responsibility for the regional offices and the National Service Support Centre.

#### GOVERNANCE

A number of recent incidents in the domestic and overseas corporate sectors have focused attention on the need for effective corporate governance in both the private and public sectors. DHA has well-developed risk management and fraud control strategies, endorsed by the Board and the Board Audit Committee, and consistent with relevant Australian Standards.

The Board continues to play its important role in overseeing the strategic direction of DHA. During the year, the Board implemented a range of measures recommended in the previous Board review and agreed to the conduct of future reviews on an annual basis. A review of director performance was initiated by the Board during the reporting period and undertaken by an independent consultant, with results expected in early 2004–05.

During the reporting period the Board reviewed and clarified its responsibilities, including those of the Managing Director. As a result, revised delegations were agreed to and a Board Property Committee was created to review major property developments.

#### THE FUTURE

DHA enters 2004–05 as a forward-looking and customer-focused organisation confident about its ability to tackle the significant opportunities and challenges ahead.

There continues to be significant uncertainty surrounding the residential property market. If this continues throughout 2004–05, we may need to increase our planned borrowing level to maintain our capital program.

DHA's capital program over the next three-year corporate planning period is estimated at over \$1.44 billion. This includes new on-base housing at Tindal and Puckapunyal, major residential development programs planned for Townsville, Sydney, Darwin and Canberra, and substantial housing upgrades. All planned construction and acquisition programs will continue to provide the high-quality, environmentally responsible and diverse range of housing choices for which DHA is renowned.

DHA is planning carefully to ensure it has access to well-located land, which presents challenges in a number of locations, especially in relation to the identified need for more than 400 houses for the Headquarters Joint Operations Command at Bungendore, near Canberra. Continuing strong reliance on the Sale and Leaseback Program in the face of softening property market conditions will also require flexibility and innovation on DHA's part.

To ensure it is in a better position to meet these challenges, DHA has continued to progress its case to be classified off-budget through several amendments to the *Defence Housing Authority Act 1987*. This would allow us to act and be treated as a modern Government Business Enterprise.

More flexible administrative procedures will enable DHA to utilise alternative, cost-effective methods of acquiring, upgrading, disposing and maintaining its housing stock. DHA continued to promote the need for these reforms over the past year and looks forward to progress in the coming months.



The Hon. Peter V Jones AM  
**Chairman**

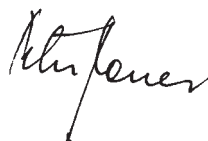


Mr Keith Lyon  
**Managing Director**

## REPORT OF OPERATIONS

The Directors of the Defence Housing Authority are pleased to present their annual report for the financial year ending June 2004.

The Directors are responsible under section 9 of the *Commonwealth Authorities and Companies Act 1997* 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.



The Hon. Peter V Jones AM  
**Chairman**

8 September 2004

## Financial overview

Overall, 2003-04 was a good year for DHA, as we achieved all our key financial results. DHA achieved earnings before interest and tax (EBIT) of \$74.2 million in 2003-04, which was \$3.6 million above its target for the year. After interest and a tax equivalent payment (in the form of a dividend) for the year, net profit after tax was \$46.2 million, also above target.

Rental and associated fees revenues were below target because there were fewer houses on the rent bill than budgeted.

DHA focused on reducing operating costs for the year. In particular, repairs and maintenance expenditure was down by \$1 million year on year because of a more targeted approach to the function. General operating costs such as legal, consultancy and travel were reduced by \$2.6 million year on year.

Profit on the sale of non-current assets totalled \$31.8 million for the year. Numbers of disposals were down on target because of the need to keep stock in light of difficult market conditions. Off-base stock ownership was 28 per cent compared with a target for year end of 28.5 per cent.

With ownership levels decreasing, there is an increased reliance on the Sale and Leaseback Program for the funding of DHA's \$400+ million capital budget. Cash flow therefore requires close management. The buoyancy of the residential property market and the attractiveness of the Sale and Leaseback product are critical to DHA's continuing success.

The accounting rate or return on assets (ROA) employed has consistently fallen over the years and reflects the continuing trend of lower rental yields available from the market. With borrowings of \$100 million in June 2004, gearing increased from 40.7 per cent to 45.5 per cent. Interest cover was 7.2 times for 2003-04 compared with the previous year of 12.79 times.

The overall shareholder value added (SVA) return was \$195 million (pre-tax) or 12.3 per cent. This level of return reflects lower EBIT year on year and moderate capital growth in all property markets during the year. On average, the capital value of DHA's portfolio of houses grew by close to 12 per cent during the year.

DHA managed a portfolio of 16,756 properties across Australia as at 30 June 2004. The total value of these assets is \$4.9 billion, of which \$1.22 billion is owned by DHA. The remainder is leased to DHA by private investors or the subject of a finance lease with Defence, on bases and in regional locations.

### CONTAINING COSTS TO DEFENCE

The relationship between the Department of Defence and DHA is covered by the Services Agreement and the Relocations Services Agreement.

To meet the Defence Housing Forecast for 2003-04, DHA proposed a provisioning schedule which forecast a stock level of 16,428 by year end. The actual stock level achieved by DHA was 15,869, an unfavourable variance of 3.4 per cent. This meant there was greater reliance on the use of Rent Allowance (RA).

During the year, DHA was able to manage vacancy rates in both effective and limited markets within targets agreed with Defence. The vacancy rate in effective markets for the year end was 2.6 per cent compared with the target of 3.5 per cent. The vacancy rate in limited markets for the year was 2.1 per cent compared with the target of 4 per cent.

The average rental cost per house to Defence increased by 3 per cent during 2003-04 and was below relevant market rental and inflationary indices. DHA's management of allocations has led to fewer houses being required to meet ADF demands, reduced vacancies and shorter duration of vacant periods, and an increase in door-to-door removals. As a consequence, DHA has saved Defence substantial funds through a reduced rent bill and reduced removal costs.

## RETURNS TO GOVERNMENT

DHA paid a special dividend to the Australian Government of \$150 million in 2003–04. This payment brings total special dividends and capital returns to \$1.1 billion over the 1999–2004 period.

DHA paid \$33.1 million to government in 2003–04 as an ordinary dividend in respect of the 2002–03 profit. In addition, tax equivalent payments (in the form of dividends) totalling \$47.6 million were also paid to the government during the year. In respect of the tax equivalent dividend, \$29.1 million was paid for 2002–03 operations and \$18.5 million for stamp duty and land tax due in 2003–04 as a result of the removal of tax exemptions from 1 July 2003. In accordance with the Services Agreement, DHA passed this additional cost through to Defence.

The DHA Board has recommended to shareholders an ordinary dividend of \$28.4 million for 2003–04. The Board has also recommended a tax equivalent payment (in the form of a dividend) of \$24.2 million for 2003–04. These amounts will be paid to government in 2004–05.

## TAX STATUS

In May 2004, Shareholder Ministers removed the last exemptions for state taxes and fees, applicable to DHA, in line with the Commonwealth's competitive neutrality policy. DHA makes tax equivalent payments to the Australian Government in the form of dividends. DHA complies fully with Fringe Benefits Tax and Goods and Services Tax legislation, making payments to the Australian Tax Office. Legislative change is proposed *inter alia* for DHA to be specifically subject to federal and state taxes.

## STANDARD AND POOR'S CREDIT RATING

Standard and Poor's undertook a review of DHA's credit standing during 2003–04. It confirmed DHA's stand-alone credit rating of AA+. This credit rating helped DHA to obtain competitive cost of funds on its borrowing requirements.

## CAPITAL STRUCTURE

During 2002–03, Macquarie Bank was engaged to conduct an asset sales scoping study, on behalf of the Minister for Finance and Administration. DHA is implementing the recommendations of the study report, in particular by reducing its property ownership levels. At 30 June 2004, DHA owned 28 per cent of its stock and plans to reduce this to around 23 per cent by June 2008. Because of the tightening of the residential property market, the Board has deferred by one year its achievement of the 23 per cent ownership target. DHA plans during 2004–05 to undertake a review of the level and location of its core stock, with a view to assisting its achievement of the 23 per cent ownership target.

DHA continues to reduce the amount of equity invested by the government, through the payment of special dividends. The Board reviews its capital requirements each year during its corporate planning processes and will make further reductions in equity, based on its view of cash expectations and cash requirements. The buoyancy of the residential property market is a key element in the Board's assessment.

DHA sources its new capital requirements from its Sale and Leaseback Program and through borrowings. The Board is committed to exploring the potential for using Public Private Partnerships for future major housing development projects. All construction is contracted to the private sector. The Lee Point Road project in Darwin will involve a joint venture with a private sector partner, and tenders for the partnership will be issued during 2004–05.

## A year of highlights and significant events



### July 2003

General Peter Cosgrove, Chief of the Defence Force, officially opens DHA's new Housing Management Centre in Melbourne, Victoria.

### August 2003

The Member for Leichhardt, the Hon. Warren Entsch, MP, officially opens 15-home development at the Red Peak Forrest Estate in Cairns, Queensland.

### September 2003

The Managing Director, Mr Keith Lyon, launches the inaugural DHA Awards for Excellence.



### November 2003

Work commences on 39-townhouse development in Brisbane, Queensland.

### December 2003

Senator the Hon. Eric Abetz, Special Minister of State, participates in a contract-signing ceremony to mark the commencement of a three-house development in Hobart, Tasmania.

### December 2003

DHA signs a Heads of Agreement with the Australian Customs Service.

### December 2003

DHA signs a Memorandum of Understanding with the Northern Territory Government for a major housing development at Lee Point in Darwin.



### February 2004

Work commences on a 40-home development in Queanbeyan, New South Wales.

### February 2004

The Parliamentary Secretary to the Minister for Defence, the Hon. Fran Bailey, MP, inspects progress on construction of homes in Wodonga, Victoria.



### April 2004

DHA receives a commendation for the John French Estate at the Queensland Architectural Awards. This is the second major award for the project.

### May 2004

Work commences on a 68-home development in Adamstown, New South Wales.

### June 2004

A major upgrade and redevelopment of DHA homes commences at Puckapunyal Army Base Victoria, officially started by the Parliamentary Secretary to the Minister for Defence, the Hon. Fran Bailey, MP.



### June 2004

DHA's Hunter Valley Housing Management Centre officially opened by the Minister for Defence, Senator the Hon. Robert Hill.

## Report on key achievements against DHA strategic themes

Strategic theme	Objectives	Key Performance Indicators	Key strategies and activities	Key achievements
Delight the customer	Provide homes and related services that anticipate and meet customer expectations	ADF member satisfaction with house and maintenance services	<ul style="list-style-type: none"> <li>Replace sub-standard stock and acquire housing of a standard desired by customers that meets Defence requirements</li> <li>Improve standard of existing properties</li> <li>Improve choice in homes</li> <li>Provide a responsive, high-quality maintenance service, consistent with asset management strategy</li> <li>Understand customer requirements and influence customer expectations through two-way communications</li> <li>Systematically use customer survey results and comments to refine products and services and identify new ones</li> <li>Provide value added services where viable</li> <li>Deliver a consistent (high-quality) customer experience through good business processes and staff performance</li> </ul>	<ul style="list-style-type: none"> <li>489 properties constructed at a cost of \$155.61 million</li> <li>620 properties acquired at a cost of \$248.42 million</li> <li>80% of customers satisfied with their Service Residence</li> <li>83% of customers satisfied with DHA maintenance services</li> <li>90% of customers satisfied with DHA relocation services</li> <li>Refurbished and/or upgraded 83 houses nationally</li> <li>Re-launched Fast Connect, resulting in increased uptake by customers</li> </ul>
	Provide sufficient DHA houses to meet customer demand	Achieve agreed provisioning level	Provide sufficient houses to reduce Rent Allowance in particular locations	<ul style="list-style-type: none"> <li>Construction programs provided additional housing and replaced older stock</li> </ul>
Delight the customer	Deliver relocation services that meet customer expectations, are hassle free and customer oriented	ADF member satisfaction with: <ul style="list-style-type: none"> <li>overall DHA relocation services</li> <li>customer service</li> <li>allocations process</li> <li>re-occupation services</li> <li>itinerary management services</li> </ul>	<ul style="list-style-type: none"> <li>Maximise pre-allocations to maximise door-to-door removals</li> <li>Provide a personalised, professional approach to relocations</li> </ul>	<ul style="list-style-type: none"> <li>New Service Delivery Model was developed during the year and was implemented in July 2004</li> </ul>
	Defence members and their families			



Strategic theme	Objectives	Key Performance Indicators	Key strategies and activities	Key achievements
Delight the customer	<p><b>Provide value for money to client</b></p>	<ul style="list-style-type: none"> <li>• Vacancy rate</li> <li>• Average total cost/relocation</li> <li>• Allocations not within policy guidelines</li> <li>• Rent bill timeliness</li> <li>• Rent bill accuracy</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure efficient management of stock</li> <li>• Reduce costs of relocations to Defence</li> <li>• Formalise the Australian Customs Service (ACS) business</li> </ul>	<ul style="list-style-type: none"> <li>• The vacancy rate in effective markets was 2.6% compared to 3.5% target and 2.1% compared to a target of 4% in limited markets</li> <li>• Entered into a Heads of Agreement with the Australian Customs Service</li> </ul>
	<p><b>Maintain good working relationships with client</b></p>	<p>Good working relationships with clients</p>	<ul style="list-style-type: none"> <li>• Pursue an effective partnering relationship with Defence</li> <li>• Conduct regular liaison with local commanders</li> <li>• Manage DHA's reputation with clients</li> </ul>	<ul style="list-style-type: none"> <li>• Commenced negotiations with Defence on performance measures for Services Agreement, revised Housing Management Instructions and pricing for the Relocations Services Agreement</li> <li>• Discussed performance and housing issues with 42 senior uniformed and civilian Defence personnel</li> <li>• Conducted a program of liaison with regional commanders around Australia</li> </ul>
Private investors	<p><b>Provide attractive, well-managed investment options</b></p>	<p>Percentage of lessors satisfied</p>	<ul style="list-style-type: none"> <li>• Provide attractive, well-managed investment options</li> <li>• Encourage Defence members into home ownership that can be managed by DHA when they are posted out of area</li> <li>• Provide professional property management services</li> </ul>	<ul style="list-style-type: none"> <li>• 94.3% of lessors were satisfied with DHA's lessor management and 93.6% were satisfied with the management of their leased property</li> <li>• Annual inspections on all leased properties were conducted during the year</li> <li>• 92.8% of new lessors were satisfied with overall DHA lease administration and 92.3% were satisfied with the overall level of service provided throughout the sales process</li> </ul>

Strategic theme	Objectives	Key Performance Indicators	Key strategies and activities	Key achievements
Meet commercial responsibilities	<p><b>Meet shareholder return expectations</b></p>	<ul style="list-style-type: none"> <li>• Shareholder Value Added (SVA)</li> <li>• Return On Assets (ROA)</li> <li>• Profit (EBIT)</li> <li>• Capital Repayments</li> <li>• Standard and Poor's rating</li> <li>• Debt: equity ratio (incl OBS debt)</li> <li>• Reliance on private investment</li> <li>• Times interest cover</li> <li>• Capital program achieved</li> </ul>	<ul style="list-style-type: none"> <li>• Structure property portfolio to optimise returns and capital employed, to effectively meet the DHF and to maintain core stock</li> <li>• Optimise capital structure and working capital management</li> <li>• Maintain and monitor Capital Program implementation plans and monitor property market activity and associated indicators</li> <li>• Manage costs within budget</li> <li>• Manage timely and accurate collection of revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder Value Added (SVA) \$195 million (pre-tax) or 12.3%</li> <li>• Return on Assets (ROA) 4.7%</li> <li>• Profit (EBIT) \$74 million</li> <li>• Special Dividend of \$150 million</li> <li>• Ordinary Dividend of \$71 million including tax equivalents</li> <li>• AA+ Standard and Poor's credit rating was maintained</li> <li>• The value of DHA-owned property portfolio increased by 12%</li> <li>• Gearing as at 30 June 2004 was 45.5% (on balance sheet)</li> <li>• DHA's level of asset ownership reduced to 28%</li> </ul>

Strategic theme	Objectives	Key Performance Indicators	Key strategies and activities	Key achievements
<p style="text-align: center;"><b>Achieve operational excellence</b></p> <p style="text-align: center;"><b>Business processes</b></p>	<p><b>Ensure business processes are effective, efficient, customer friendly and user friendly</b></p>	<ul style="list-style-type: none"> <li>Percentage of pre-allocations</li> <li>Percentage of door-to-door removals</li> <li>Percentage of entitlements processed on time</li> <li>Percentage of timely notice to members of itinerary</li> <li>Percentage of entitlements calculated correctly</li> <li>Sales revenue achieved</li> <li>Percentage of relocation packs sent within Standard Operating Procedure time</li> </ul>	<ul style="list-style-type: none"> <li>Undertake ongoing business process improvement to achieve customer-centred, consistent and efficient processes</li> <li>Build corporate awareness of and performance in change management</li> <li>Management of corporate projects on time, quality and budget</li> <li>Make costs and revenues more visible to Housing Management Centres and Business Units and increase accountability for them</li> <li>Improve IT systems to support current and future business needs</li> </ul>	<ul style="list-style-type: none"> <li>75% of ADF families had housing solutions before departing their losing locality</li> <li>67% of removals were door to door</li> <li>The functionality of HomeFind was improved to increase the visibility of houses available from July 2004</li> <li>A change management framework was developed during the year</li> <li>DHA's new Tenant Management System was developed for implementation in July 2004</li> <li>Development of DHA's Property Management System commenced for implementation in 2005-06</li> <li>E-Business strategy developed</li> </ul>
	<p><b>Be a responsible corporate citizen</b></p>	<ul style="list-style-type: none"> <li>Establish energy, water, fuel efficiency initiatives</li> <li>Responsible corporate citizenship incorporated in relevant public communications</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to the communities in which DHA operates in a manner that provides benefits for DHA and the community</li> <li>Contribute to a more sustainable environment in a manner that provides benefits for DHA and the community</li> </ul>	<ul style="list-style-type: none"> <li>DHA community sponsorship program contributed funding to 47 organisations</li> <li>DHA continued energy-efficient and environmentally friendly practices including energy reduction and recycling strategies</li> </ul>

Strategic theme	Objectives	Key Performance Indicators	Key strategies and activities	Key achievements
<p style="text-align: center;"><b>Achieve operational excellence</b></p> <p style="text-align: center;"><b>Learning and growth</b></p>	<p><b>Attract and retain competent and highly motivated staff</b></p>	<ul style="list-style-type: none"> <li>• Numbers of satisfied staff</li> <li>• Staff turnover</li> <li>• Numbers of staff satisfied with training and development</li> <li>• Numbers of internal staff promoted relative to external hires</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain flexible and attractive work conditions</li> <li>• Enhance leadership and management</li> <li>• Deliver effective and timely training and development</li> <li>• Enhance staff performance management mechanisms</li> <li>• Implement competency framework as a project</li> <li>• Implement succession management</li> </ul>	<ul style="list-style-type: none"> <li>• Staff satisfaction levels at 67%</li> <li>• Staff turnover was 13.38%, down from 16.1% last year</li> <li>• 58 staff undertook leadership and management skill training</li> <li>• 104 internal promotions were made</li> <li>• Negotiations for new Certified Agreement commenced</li> </ul>
	<p><b>Capture and share corporate knowledge</b></p>	<p>Numbers of customers satisfied with staff knowledge</p>	<ul style="list-style-type: none"> <li>• Improve DHA's ability to store, share and create knowledge</li> <li>• Enhance the intranet as a reliable source of information for staff</li> <li>• Define customer service for DHA and integrate it into processes, measures and rewards</li> <li>• Build an internal and external customer service focus</li> <li>• Foster teamwork</li> </ul>	<ul style="list-style-type: none"> <li>• 81% of customers were satisfied with staff knowledge</li> <li>• Seven staff were awarded Australia Day medallions recognising exceptional customer service</li> <li>• Maintained the Rewards and Recognition Scheme and introduced the inaugural Bob Eames Employee of the Year Award</li> </ul>
	<p><b>Promote and maintain a service culture in a team environment</b></p>	<p>Staff perception of teamwork</p>	<ul style="list-style-type: none"> <li>• Define customer service for DHA and integrate it into processes, measures and rewards</li> <li>• Build an internal and external customer service focus</li> <li>• Foster teamwork</li> </ul>	<ul style="list-style-type: none"> <li>• 83% of customers were satisfied with DHA's customer service</li> <li>• 76% of staff were satisfied with teamwork</li> </ul>



# Delight the customer

2003-04

DEFENCE HOUSING AUTHORITY ANNUAL REPORT



## Services to customers

### OVERVIEW

DHA provides a range of housing and relocation services to members of the Australian Defence Force (ADF) and their families. Through our Business Improvement Program, we have continued to improve the level of services provided to our customers over the past year.

### KEY ACHIEVEMENTS

- Continued to meet or exceed Key Performance Indicators for overall level of customer satisfaction with relocations, maintenance and living in a DHA home.
- Continued to build on the success of the decentralised case management system.

## Meeting the housing needs of today's Defence member

Over the past 16 years, DHA has dramatically increased both the quality and the diversity of housing available to ADF members and their families. With the changing demographics of the Defence population, DHA now provides members with a diverse range of housing solutions to suit their lifestyle choices.

DHA no longer builds only traditional detached family homes. Townhouses, apartments and courtyard housing are also being built to suit different family profiles and lifestyles. Townhouses in a variety of styles are developed for members who want minimal garden and lawn maintenance. Apartments offer shared recreational amenities and undercover parking, often in choice inner city locations. Courtyard housing makes good use of smaller allotments, particularly in inner suburban areas.

Traditional housing features covered outdoor entertainment areas, storage space and a more



traditional land allotment size. These houses are generally provided in outer-suburban or regional areas.

## DHA Relocation Services

### RELOCATIONS PERFORMANCE IN 2003-04

Last year DHA arranged the physical uplift for 30,378 ADF members. Each move was organised locally by a Case Manager within a DHA Housing Management Centre (HMC). This ensured that members and their families were efficiently relocated with the minimum of fuss and in accordance with Department of Defence policy.

DHA's National Service Support Centre (NSSC) supports the HMCs by calculating entitlements and allowances and arranging temporary accommodation and travel bookings for all standard postings.

### BENEFITS OF DECENTRALISED CASE MANAGEMENT SERVICE DELIVERY

The introduction of the decentralised case management approach in 2003 has improved the quality of relocation services.



One of the successes of the decentralised system results from the individual attention that each customer receives. The system allows the Case Manager to assess the member's situation, taking into consideration matters such as entitlements arising from their rank, the number of their dependants and the current availability of housing.

Operationally, the results have been pleasing, building on the turnaround in member satisfaction achieved in 2002-03. Close monitoring of process times, workloads and potential backlogs, and resolution of internal issues as they arose contributed to the success of the system. The decentralised arrangements were received positively by staff and customers, as independently confirmed by the increased level of customer satisfaction.

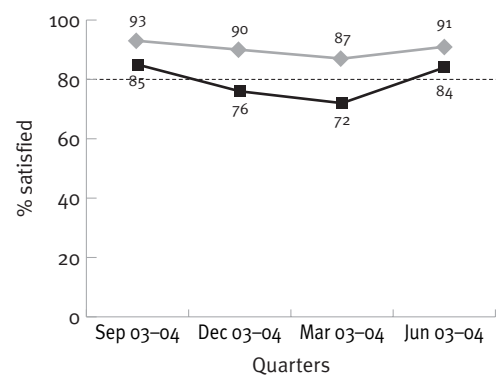
#### POSITIVE FEEDBACK FROM CUSTOMER SURVEYS

DHA's relocation survey assesses customer satisfaction with the total relocation process, including the move out of a DHA home, itinerary management, removals and finding and occupying a DHA home.

The upward trend in customer satisfaction since DHA took over the relocation service from the

Department of Defence has continued throughout the 2003-04 reporting period. This has resulted in DHA exceeding its Key Performance Indicator for customer satisfaction with relocations services. In 2003-04, 90 per cent of those who responded to the survey indicated they were satisfied with DHA's relocation service.

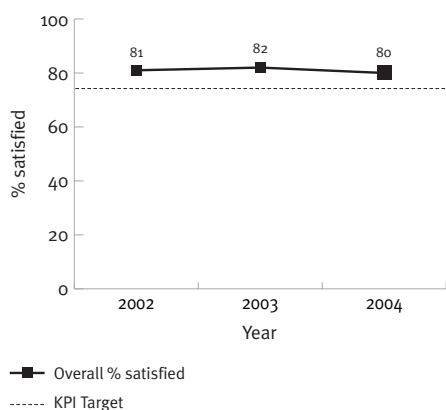
Percentage of customers satisfied with the total relocation experience



◆ % satisfied EXCLUDING those dissatisfied with removals  
 ■ % satisfied INCLUDING those dissatisfied with removals  
 - - - - KPI target



Percentage of customers satisfied with their current accommodation



#### HOMEFIND

Introduced in 2001, HomeFind is DHA's online housing selection aid. HomeFind allows ADF members and their families to search for a DHA home in the posting location to which they are relocating.

In 2003–04, 75 per cent of ADF members and their families were able to preselect their homes using Case Management and HomeFind. This contributed to 67 per cent of members having door-to-door removals during this reporting period. This resulted in a reduction in time spent by members in temporary accommodation. It also led to increased savings due to a corresponding reduction in storage costs.

#### FAST CONNECT

Fast Connect is a free service offered to ADF members to help them get their telephone, electricity and gas services connected and disconnected. Members receive a choice of service providers (if available) and can also elect for internet, pay TV and message bank services to be connected.

Since the inception of the Fast Connect service in September 2002, 4,296 ADF members have taken advantage of the service.

#### DEFENCE HOMEOWNER

Defence HomeOwner is a subsidised home loan scheme that provides assistance to serving and former ADF members. The Australian Government provides an interest subsidy to eligible personnel on home loans financed by the National Australia Bank. DHA manages the scheme on behalf of the Department of Defence.

The following table outlines the administration of the scheme over the 2003–04 financial year.

<b>Defence HomeOwner administration 2003–04</b>	
Applications for Entitlement Certificates received	2,095
Entitlement Certificates issued	2,032
Applications for Payment of Subsidy received	1,428
Payment of Subsidy approved	1,398

Based on a monthly average, there were just under 6,500 subsidy recipients at the end of June. A total of \$8.2 million was paid during the year in subsidy payments.

## Property Management

### MAINTENANCE

DHA provides a full maintenance service to tenants living in DHA residences.

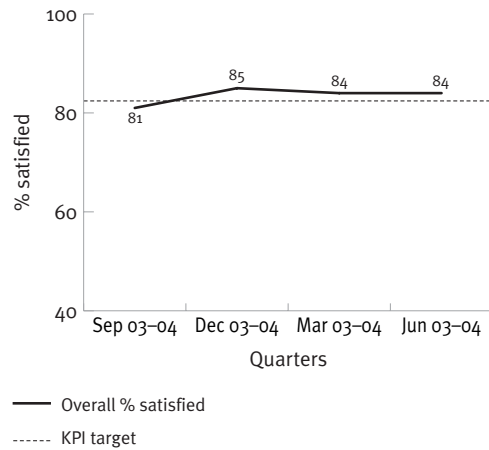
DHA also provides a 24-hour telephone emergency maintenance service to deliver a responsive and comprehensive property management and maintenance service.

DHA uses local contractors, many of which are small businesses, for repairs and maintenance work in each region. Repairs and maintenance service providers are sourced primarily from a standing DHA Residential Maintenance Service Panel. The panel was re-tendered last year in a public tender process, with the selection of contractors being made on a value-for-money basis.

Customer satisfaction surveys for maintenance measure both customer service and contractor performance. Overall, DHA has demonstrated a sound performance in maintenance services, with the customer satisfaction level remaining over 80 per cent through 2003–04.

DHA cares for 83 heritage dwellings across the country, with major concentrations of these properties at Victoria Barracks and Garden Island in Sydney, HMAS *Creswell* near Nowra, the Royal Military College in Canberra, and adjacent to the RAAF base in Darwin.

Percentage of customers satisfied with DHA's maintenance service



### TENANT MANAGEMENT

Dedicated HMC staff liaise with Defence tenants on tenancy matters. This includes welcoming tenants to their new homes, helping them to settle into their new locality, and advising them of their responsibilities during occupation and when moving out of the property.

In 2003–04, HMC staff worked towards continual improvement of operational procedures in order to successfully manage the relationship between DHA and Defence tenants.

## DHA's Customer Service Charter

DHA is committed to providing quality housing and relocation services for members of the ADF community and their families. Copies of DHA's Customer Service Charter can be obtained from any DHA office. Customers can also provide feedback by calling DHA's Customer Service Line — 1800 249 711, via email to [clientservices@dha.gov.au](mailto:clientservices@dha.gov.au) or by writing to the Customer Relations Manager at 26 Brisbane Avenue, Barton, ACT 2600.

## Services to clients

### OVERVIEW

DHA is committed to working closely with its clients to provide them with high-quality services and value-for-money outcomes. During 2003–04, DHA continued to strive for positive client relationships, to assist Defence with strategic policy development and to reach consensus on high-level agreements with Defence.

### KEY ACHIEVEMENTS

- Ensured reduced vacancy levels at a time of increasing home ownership by ADF members.
- Provided ongoing support to Defence in the development of future housing policy.
- Signed Heads of Agreement with the Australian Customs Service (ACS) for the management of residences in remote regions around Australia.

## Liaison and consultation with Defence

Liaison and consultation with Defence has been a key factor in progressing agreement on contractual arrangements and strategic policy development. During 2003–04, DHA and Defence met regularly to address ongoing strategic housing and relocation related issues. In 2003–04, discussions through



the Domiciliary Operations Committee and the Defence Business Forum demonstrated continuing commitment to the joint management of outcomes under the Services Agreement and Relocations Services Agreement.

Additionally, formal negotiations with Defence resulted in substantial progress in agreeing Key Performance Indicators (KPIs) for the Services Agreement, revised Housing Management Instructions (HMIs) and pricing arrangements under the Relocations Agreement. The revised HMIs, which clarify responsibilities and relationships for the delivery of housing and relocations services, will enable both DHA and Defence to deliver services more effectively.

### HOUSING TO THE FUTURE

DHA continues to assist the Department of Defence to develop a revised housing classification policy that is intended to align Defence housing with community standards and deliver more flexible housing choices to ADF members. Housing to the Future is scheduled to be implemented in July 2005, subject to Department of Defence and Ministerial approval.



*Defence Families Australia's National Convener Caragh Waller and Keith Lyon meet regularly to discuss issues surrounding Defence families.*

#### AUSTRALIAN CUSTOMS SERVICE

Since the signing of the Heads of Agreement by DHA and the Australian Customs Service (ACS) in December 2003, both organisations have continued to forge an effective relationship through regular management meetings that enable joint monitoring of DHA's property management services. Under the agreement DHA provides limited maintenance services to 57 ACS residences in remote locations around Australia.

#### DEFENCE FAMILIES AUSTRALIA

In 2003–04, DHA strengthened its relationship with Defence Families Australia (DFA) through ongoing consultation with the national convener and national delegates on a range of key housing and removal related issues. Delegates meet often with HMC Managers and the National Convener is a member of the DHA Board.



*Australian Customs Service CEO, Mr Lionel Woodward (L) signs Heads of Agreement with DHA Managing Director, Mr Keith Lyon (R), accompanied by staff from DHA and Customs.*

## Services to lessors

### OVERVIEW

DHA values the role of our lessors in enabling it to provide quality housing solutions for Defence members and their families. During 2003–04, DHA has continued to develop its services to lessors based on survey feedback and regular communication through the *Lessor News*.

### KEY ACHIEVEMENTS

- Achieved over 90 per cent satisfaction results in the Residential Investment Property Survey and Lessor Survey.
- Developed a revised version of the Residential Investment Property Survey to ensure that the data being gathered is reliable, valid and appropriate.

## Leasing programs

Astute investors recognise that the DHA lease represents great value because it reduces much of the risk associated with conventional residential property investment. The DHA lease continues to offer investors a secure long-term lease, regular income stream for the total lease period, no loss of rent due to vacancies, worry-free maintenance and property management, and excellent make-good provisions upon the expiry of the lease term. DHA provides a ‘peace of mind’ investment strategy.

### SALE AND LEASEBACK PROGRAM

Under the Defence Housing Australia brand, DHA on-sells existing and newly acquired or constructed properties to private investors, with whom a leaseback arrangement has been agreed for a set period of time. Lease periods vary from three and



twelve years and generally include an option for DHA to extend the lease. Funds generated from the Sale and Leaseback Program are used to finance new housing projects or are returned to the Australian Government.

### DIRECT LEASING PROGRAM

DHA leases housing directly on the open market as another means of providing quality housing for members of the ADF and their families. Depending on local requirements, properties under the Direct Leasing Program are leased by DHA for periods up to six years. As with the Sale and Leaseback Program, leasing arrangements generally include an option for DHA to extend the lease to suit Defence operational requirements.

## Lessor surveys

### RESIDENTIAL INVESTMENT PROPERTY SURVEY

DHA introduced a revised version of the Residential Investment Property Survey in 2003–04. From July to December 2003, a total of 282 new investors in the Sale and Leaseback Program were sent the survey, of whom 128 or 45 per cent responded in time to be included in the analysis.

Of the lessors who responded, 92.8 per cent were satisfied with overall DHA lease administration and 92.3 per cent were satisfied with the overall level of service provided by DHA.

In addition, 98 per cent of respondents indicated that they would recommend DHA residential investment properties to others, and 81 per cent indicated that they were likely to purchase additional properties with DHA. As existing lessors are a major source of referrals for the Sale and Leaseback Program, this is a very satisfactory outcome.

### LESSOR SURVEY

DHA undertakes an annual survey to measure lessor satisfaction. At the beginning of 2003–04, DHA leased just under 10,000 properties (approximately 66 per cent of off-base properties).

The 2003 Lessor Survey was sent to 3,982 lessors, and of these 1,767 (44 per cent) responded in time to be included in the analysis. This is an increase on the response rate of 43 per cent in 2002.

Of the lessors who responded, 94.3 per cent were satisfied with their lease agreement and 93.6 per cent were satisfied with the management of their leased property. These results exceeded the already high 2002 results of 93.6 per cent and 93.3 per cent respectively and demonstrated a very high level of lessor satisfaction.

The survey results indicated that over 91 per cent of the lessors who responded would recommend investing in a DHA property, while 66 per cent would be likely to purchase another property under the

Sale and Leaseback Program. Both of these figures exceeded the respective 2002 figures of 88 per cent and 64 per cent.

### Percentage of lessors satisfied with the lease and lease management



## Lessor communication

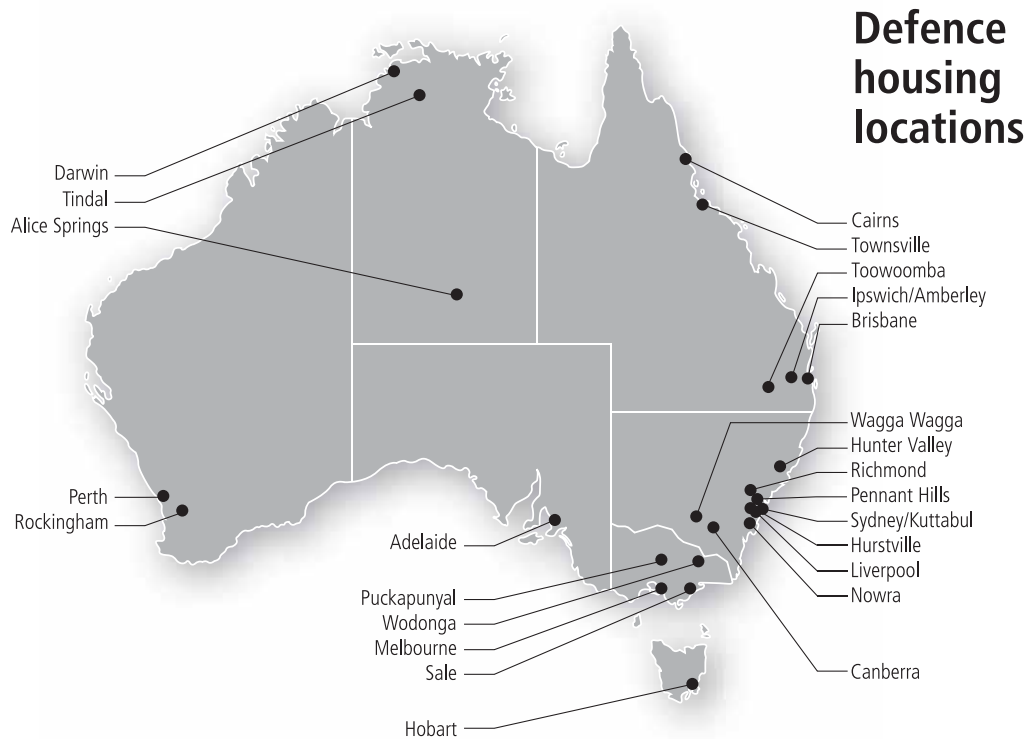
### LESSOR NEWS

The *Lessor News* is sent to lessors twice a year to provide information about their DHA leased properties and about effectively managing their DHA housing investments. In 2003–04, *Lessor News* included articles on DHA's leasing and sales activities, new housing developments, property market updates, and DHA corporate information.

### WEBSITES

DHA's websites — [www.dha.gov.au](http://www.dha.gov.au) and [www.invest.dha.gov.au](http://www.invest.dha.gov.au) — continued to undergo enhancements in 2003–04. Continual improvement of these sites, which are a large source of possible new lessors, enhances DHA's communication to lessors and the general public.

## DHA customer service centres



## Housing Management Centres

### OVERVIEW

Regional and local offices provide a local contact point between DHA, local Defence representatives and Defence families. DHA's Housing Management Centres (HMCs) are located close to the main concentrations of Defence housing and military bases. There are 15 HMCs and 12 local offices located in a variety of locations.

In many locations, DHA and the Defence Community Organisation are often co-located, or near one another, to provide a more convenient, face-to-face service for ADF members.

## Housing Management Centres' major activities for 2003-04

	ACT	NSW				NT		QLD					SA	TAS	VIC			WA	National
		Hunter Valley	Nowra	Sydney	Wagga Wagga	Darwin	Tindal	Brisbane	Cairns	Ipswich	Toowoomba	Townsville	Adelaide	Hobart	Melbourne	Sale	Wodonga	Perth	
Purchases																			
Existing houses	105	51	24	159	1	8	0	78	17	9	16	29	19	0	72	0	20	12	620
Newly constructed houses	76	59	6	39	19	0	29	25	32	0	79	24	3	30	0	0	15	46	489
Sales																			
Sold and leased back	92	46	21	37	52	0	114	46	66	5	111	24		26			16	44	891
Other	12	18	36	33	55	2	24	1	12	10	122	7	0	16	1	15	27		468
Leases																			
New leases	48	28	27	83	6	1	14	9	9	2	14	2	0	30	1	15	9		298
Lease conversions	111	76	4	203	45	21	24	11	2	5	88	19	0	106	30	1	17		765
Housing stock at 30 June 2003	1,537	908	452	3,781	1,803	522	1,094	256	462	304	1,620	663	60	1,584	148	294	897		16,756
DHA owned	225	221	76	1,286	295	126	224	44	155	81	681	114	54	454	53	91	263		4,666
Leased from private investors	1,099	686	314	2,430	763	203	797	212	307	217	921	438	1	594	90	168	588		9,969
On-base	211	1	62	7	742	193	73	0	0	6	6	107	5	536	5	35	9		2,050
Other managed stock	2	0	0	0	3	0	0	0	0	0	12	4	0	0	0	0	37		71



## Australian Capital Territory



**Maggie Robinson**  
Manager Canberra

### CANBERRA

#### Significant events

- Construction of 10 houses at Bruce and 7 houses at Jerrabomberra completed.
- Construction commenced on a 40-home development in Queanbeyan.
- Ten individual blocks bought at Duffy to provide housing for Australian Defence College students at Weston.

## New South Wales



**Matt Chambers**  
Manager Hunter Valley

### HUNTER VALLEY

#### Significant events

- A total of 138 new houses were acquired to replace 91 expiring leases handed back to owners and 18 substandard DHA-owned properties that were sold.
- Seventy-six properties with expiring leases were converted to new leases or had the lease term extended for a further period.
- In a partnering arrangement with lessors, a total of 239 leased properties had cooling installed, and 116 had window security screens fitted.
- The Minister for Defence officially opened a new HMC office in Raymond Terrace, enabling staff to relocate from crowded office accommodation and provide improved services to customers.



*The Minister for Defence, Senator the Hon. Robert Hill, officially opened DHA's New Housing Management Centre in the Hunter Valley.*



**Janine Leonard**  
*Manager Nowra*

**NOWRA**

**Significant events**

- A severe wind storm hit the South Coast region at the end of August 2003, affecting approximately 50 per cent of DHA Nowra homes to varying degrees.
- Six new homes were constructed by DHA in the North Nowra area.
- An active acquisition and disposal program resulted in an overall improvement to housing standards in this region.



**Wayne Wilson**  
*Manager Sydney*

**SYDNEY**

**Significant events**

- Commenced Sydney region upgrade and refurbishment program, to retain well-located and high-demand stock.
- Sydney Development Panel continued to deliver better housing outcomes.
- Implemented a successful strategy to recall ADF members from Rent Allowance to Service Residences.



**Jeff Davey**  
*Manager Wagga Wagga*

**WAGGA WAGGA**

**Significant events**

- Successfully managed relocation of a large number of ADF members relocating from Wodonga and Wagga Wagga at short notice as a result of training courses.
- Acquisition of approximately 90 new properties through constructions, direct leases and direct purchases replacing older stock in both Wagga Wagga and Wodonga.

## Northern Territory



**Sharon Wilson**  
*Manager Darwin*

### DARWIN

#### Significant events

- Exceeded the disposals target of 53 properties that were no longer required because of their age and condition.
- Purchased a 6,000 m<sup>2</sup> centrally located property in Goyder Road, Darwin, for future housing.
- Increased the range and choice of housing in Darwin by completing 12 townhouses in Tipperary Waters and four new five-bedroom houses in Rosebery.
- Commenced planning for the Lee Point development under a Memorandum of Understanding with the Northern Territory Government.



**Cameron Yin**  
*Manager Tindal*

### TINDAL

#### Significant events

- Second stage of upgrade to 'A' category houses on RAAF Base Tindal near completion.
- Maintained a high satisfaction rate with members for relocations and maintenance.

## Queensland



**Bronwyn Kennedy**  
*Manager Brisbane*

### BRISBANE

#### Significant events

- Secured a large parcel of land close to the Gallipoli Barracks with potential for a further 100 homes.
- Received a commendation for the John French Estate at the Queensland Architectural Awards held in Brisbane in April. This is the second major award for the project.



**Mark Kelly**  
*Manager Cairns*

### CAIRNS

#### Significant events

- Completed sales for 46 properties on Sale and Leaseback.
- Constructed 25 new homes in Forest Gardens and Red Peak Forest Estates. Commenced construction of a further 10 houses at Kanimbla Heights.
- Achieved high satisfaction rates in housing, maintenance and relocation services.



**Mark Wallis**  
*Manager Ipswich*

### IPSWICH

#### Significant events

- Customer satisfaction in relocations and maintenance consistently exceeded 85 per cent throughout the year.
- Lessors' satisfaction with the management of their properties exceeded 90 per cent.
- Sale and Leaseback Program has achieved sales of more than \$20 million.



**John Fergusson**  
*Manager Toowoomba*

**TOOWOOMBA**

**Significant events**

- Unexpected high demand for Service Residences caused by the reduced level of home ownership amongst ADF members due to the significant rise in house prices over the past 12 months.
- Extremely active residential housing market which resulted in higher house prices and the reduced availability of builders to construct houses in under six months.



**Bob Haylett**  
*Manager Townsville*

**TOWNSVILLE**

**Significant events**

- Managed more than 3,000 relocations and processed more than 2,000 Rent Allowance applications.
- Performed above Key Performance Indicators in customer service delivery, returning favourable results in all customer satisfaction surveys.

## South Australia



**Ross Dickens**  
*Manager Adelaide*

**ADELAIDE**

**Significant events**

- Constructed houses in Northgate and Mawson Lakes principally for RAAF members at Edinburgh.
- Completed six apartments in inner city Adelaide and four townhouses on the southern fringe of the city for Defence Choice Housing.
- Completed a successful peak posting period with minimal issues.

## Tasmania

### HOBART

The Hobart office is managed from Melbourne HMC.

## Victoria



**Alistair Capp**  
*Manager Melbourne*

### MELBOURNE

#### Significant events

- Melbourne HMC appointed an Acquisitions Manager and has commenced a sizeable purchasing program to increase available stock whilst decreasing the average age of properties.
- Following extensive consultation with tenants, works began on the first group of 20 on-base houses at Puckapunyal Army Base, to replace properties built in the 1960's.
- Evaporative cooling and ceiling fans installed to on-base properties at Puckapunyal and off-base properties at Seymour through the Amenities Upgrade Program.

### SALE

#### Significant events

- Defence announced the planned relocation of the RAAF Officer Training School from Point Cook to East Sale. A review and rebalance of stock was commenced in order to ensure DHA meets future housing requirements.

### WODONGA

The Wodonga office is managed by Wagga Wagga HMC.

#### Significant events

- The refurbishment of the Wodonga office.

## Western Australia



**John Murray**  
*Manager Perth*

### PERTH

#### Significant events

- Won DHA Award of Excellence for Best Performing Operational Unit.
- Constructed 46 houses in Rockingham.
- Spot-purchased 12 Defence Choice houses in Fremantle.

## National Service Support Centre



**Dave Trudgian**  
*Manager NSSC*

The National Service Support Centre (NSSC) in Canberra provides processing and support functions for DHA customers and DHA business units. The NSSC provides the following services:

- interpretation of ADF posting orders and initiation of relocations, including the mail-out of relocation packs
- itinerary management, including travel and accommodation bookings
- relocation entitlement calculations and payments
- lessor and supplier payments processing, including rates and water payments and lessor statements
- customer support lines for general enquiries, relocations emergency support and lessor enquiries
- Defence HomeOwner services
- IT helpdesk support for DHA staff.

A call centre within the NSSC services an 1800 national customer service line that provides Australia-wide access to DHA during business hours. The NSSC also manages a 24-hour 1800 emergency relocations hotline, which is operated by an external provider outside business hours. The hotline provides immediate support to ADF members and their families in transit.

# Meet commercial responsibilities

2003-04

DEFENCE HOUSING AUTHORITY ANNUAL REPORT





## DHA financial summary

### OVERVIEW

DHA achieved all its key financial objectives during the 2003–04 financial year. The following tables and graphs provide a financial summary of DHA's activities during the reporting period. For more detailed information please refer to the financial overview on page 8 and the financial statements starting on page 71.

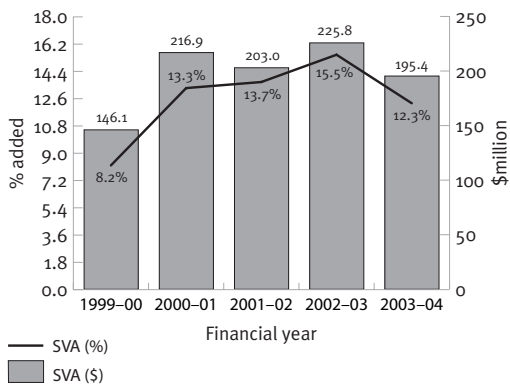
### KEY ACHIEVEMENTS

- AA+ Standard and Poor's credit rating maintained
- Profit (EBIT) \$74 million
- DHA-owned property value increased by 12%
- DHA's level of asset ownership reduced to 28%

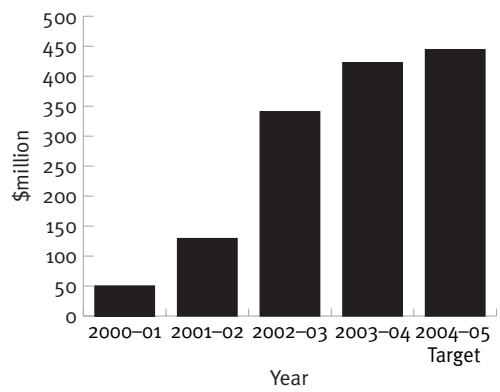
### Financial overview comparison

<b>Year ended 30 June 2002</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Shareholder Value Added (%)	8.2	13.3	13.7	15.5	12.3
Shareholder Value Added (\$m)	146.1	216.9	203.0	225.8	195.4
Return on Asset (%)	2.0%	6.2%	5.9%	5.6%	4.7%
Earnings Before Income Tax (\$m)	36.6	101.9	85.6	81.2	74.2
Annual Dividends (\$m) including tax equivalents	24.0	88.6	66.5	65.0	71.1
Special Dividends/Capital Returns (\$m)	0.0	400.0	250.0	307.0	150.0
Total managed stock	20,542	19,538	18,432	17,311	16,756
Constructions	482	93	263	539	489
Purchases	316	69	120	420	620
Leased or re-leased stock	65	93	101	230	1,063
Sale of surplus stock	1,254	756	582	573	468
Revenue generated from sale of surplus stock (\$m)	184.1	102.8	108.3	136.0	111.4
Sale and Leaseback Program	1,345	469	749	1,061	891
Revenue generated from Sale and Leaseback Program (\$m)	291.8	104.6	220	338.3	322.7
Contracted maintenance to DHA houses (\$m)	32	29.5	29	33.6	32.2
Number of relocations	–	–	31,146	32,256	30,378
Peak posting cycle pre-allocation rate (%)	–	48	69	72	75
Total staff	290	462	658	773	781

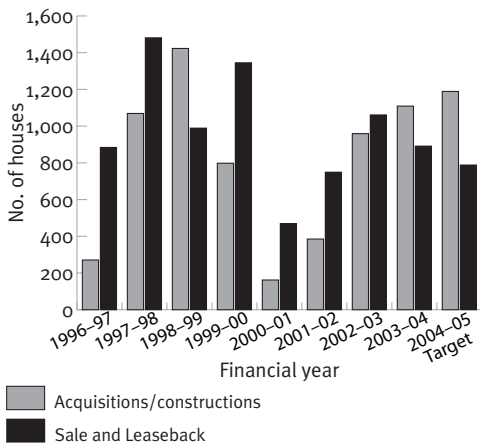
Shareholder Value Added



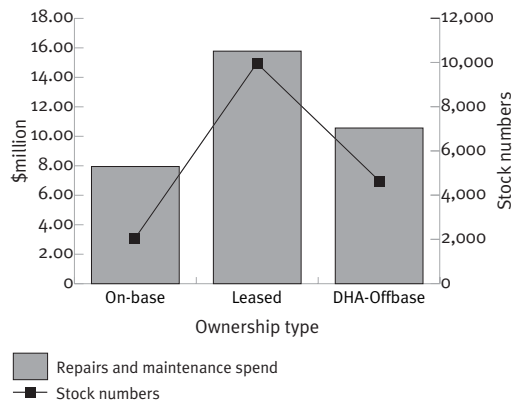
New housing and land investment



Housing acquisition program



Repairs and maintenance expenditure including capital improvements by ownership type for the year ended 30 June 2004



## DHA housing

### OVERVIEW

DHA has a comprehensive housing construction and acquisition program. Over the next three years DHA will spend approximately \$1.44 billion on building and acquiring new homes. Currently, DHA manages around 16,756 residences across the country, representing approximately \$4.9 billion worth of housing stock. Approximately 60 per cent of these homes are owned by private investors and leased back to DHA through the very successful Sale and Leaseback and direct leasing programs.

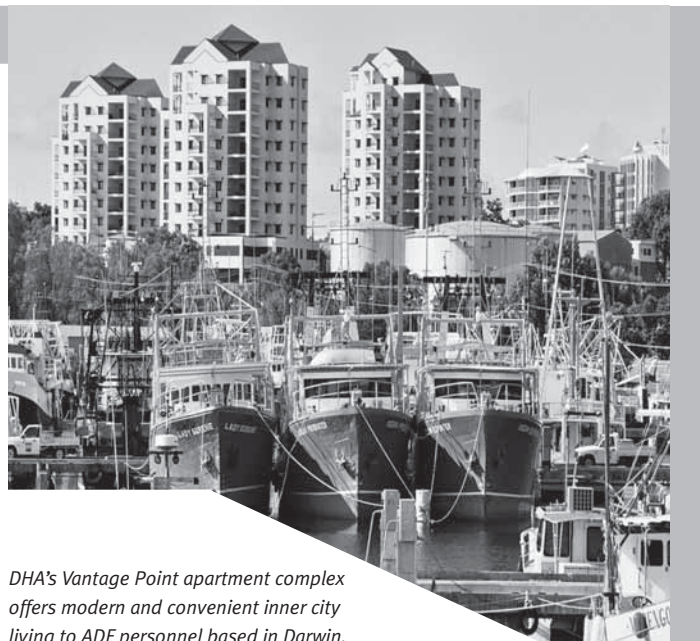
### KEY ACHIEVEMENTS

- Delivered 1,101 new homes through construction and direct acquisition.
- Achieved a 94 per cent tenant satisfaction rate with newly constructed homes.
- Continued improvements to existing stock through refurbishment and the Amenities Upgrade Program.
- Sold 891 properties through the Sale and Leaseback Program.

## Constructions and acquisitions

In the 2003–04 period, DHA construction activity was prevalent across most parts of the country, with construction occurring as far south as Hobart and as far north as Nhulunbuy in the Northern Territory. Housing constructions were tailored to meet DHA standards of quality and amenity, and to provide a choice in the type and location of homes.

During the past year, DHA completed construction of 489 houses on and off ADF bases. These works comprised 55 homes in major projects over \$5 million and 434 in medium projects under \$5 million.



*DHA's Vantage Point apartment complex offers modern and convenient inner city living to ADF personnel based in Darwin.*

On-base construction and refurbishment formed a significant part of the capital program, with 50 homes constructed on-base at Duntroon and Puckapunyal during the year. Refurbishment of existing housing both on-base at RAAF Base Tindal and off-base in Katherine in the Northern Territory has included the upgrading of amenities to provide additional living/family areas, ensuites, new kitchens and internal repainting. This program identified 214 homes for refurbishment over the coming years with 59 completed in the 2003–04 year.

During the year, DHA concluded one submission to the Joint Standing Committee on Public Works in relation to major projects. The submission was for a 40-house development at the former Pitch and Putt site in Queanbeyan, New South Wales. The committee considered the proposal at a public hearing on 3 November and in its report of December 2003 recommended the project proceed at a cost of \$12 million.

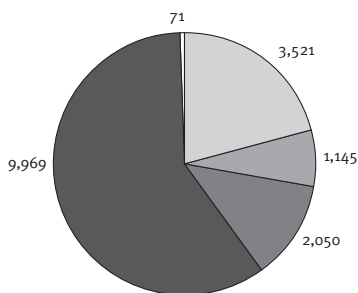
Acquisition of existing houses is another approach used in meeting the capital program. Over the past year 620 houses have been acquired across the major cities and many regional centres across Australia at a cost of \$248.42 million.



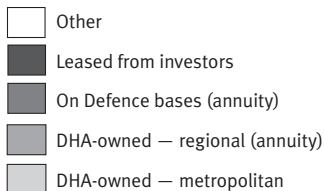
The then Parliamentary Secretary to the Minister for Defence, the Hon. Fran Bailey, MP, inspects a DHA construction in Wodonga, Victoria with Managing Director Keith Lyon.

The construction and acquisition program will continue to be the main method of meeting the Defence housing requirement, with expenditure of approximately \$1.44 billion over the next three years planned.

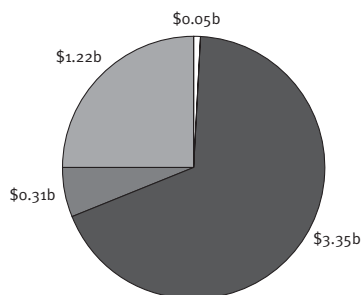
Composition of DHA housing by ownership



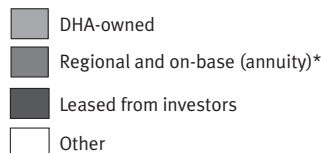
Total managed stock as at 30 June 2004 – 16,756



Composition of DHA housing by value



Total portfolio value as at 30 June 2004 – \$4.92b



\* Present value of lease receivable by DHA. Market value of this stock is significantly greater than this.

## Sale and Leaseback Program

The Sale and Leaseback Program continues to play an integral part in DHA's financial strategy and is highly regarded by investors. However, achievement of this year's program required the continuation of favourable market conditions, the timely delivery of new constructions, and no significant change in interest rates. To the contrary, the residential property markets in Sydney, Melbourne and Canberra, and to a lesser extent some regional centres, weakened significantly and interest rates increased half a per cent.

While private investor support for the program remained high, as demonstrated by leasing survey results, investors became reluctant to commit to property during the last quarter of the year because of weakened market conditions in some areas, interest rate rises, and the introduction of changes in land tax and stamp duty legislation in New South Wales.

Despite this, the program generated 891 sales with a value of \$330 million against a target of \$339.93 million from 1,017 sales in the reporting period. This was due largely to strong sales activity in Queensland in the latter quarter of the year, and the continuation of investor demand for properties in this area.

## Direct leasing

Competitive leasing markets in major capital cities and regional centres made it difficult to lease housing directly on the open market during 2003–04.

One source of leasing offered is via the DHA website, where information on current leasing requirements is available to members of the public. In 2003–04 a total of 298 new direct leases were achieved, of which 40 originated from the DHA website. In 2004–05, DHA will continue to pursue a direct leasing program, but the Sale and Leaseback Program will remain DHA's major source of new leases.

At the beginning of 2003–04 around 860 old style pre-96 leases were targeted for termination due to their above-market rent and restrictive lease conditions. Of these, 595 were terminated or converted to new Lease 96 agreements during 2003–04, enabling DHA to update housing stock. Those that were converted enabled DHA to enter into new leases at market rental and on terms that allow DHA to be more responsive to the repair and maintenance needs of Defence tenants. By the end of 2004–05 it is anticipated that only approximately 60 pre-96 leases will remain.

## Sale of surplus houses

An important element of DHA's asset management strategy is to continually review the standard and quality of housing stock to ensure it is in line with changing community standards. Surplus housing stock is identified for sale if it is:

- 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 inadequate standard  
or
- at the end of its economic life.

Disposal of surplus properties is carefully managed, with consideration given to the impact on local housing markets. This is particularly relevant in regional locations where DHA needs to carefully manage the number of disposals released into the market. Surplus properties awaiting disposal are leased out on the private market until the market is able to sustain their sale.

During 2003–04, DHA sold 468 surplus properties, generating \$112.29 million in revenue against a target of 525 with expected revenue of \$107.15 million. A buoyant real estate market in the first half of the financial year saw an excellent return on sales. However, the market experienced a downturn in the second half of the financial year, reducing the number of contracts exchanged.

# Achieve operational excellence

2003-04

DEFENCE HOUSING AUTHORITY ANNUAL REPORT



## DHA systems

### OVERVIEW

DHA believes quality Information Technology (IT) systems deliver quality services to customers, clients and DHA staff. Information Technology Services (ITS) is responsible for the provision and efficient operation of Information and Communications Technology (ICT) infrastructure and systems services to support DHA's business objectives. ITS is also an essential component of the successful delivery of planned corporate improvement initiatives.

ITS is implementing its strategic information technology plan, which aligns with the objectives of the DHA Corporate Plan.

### KEY ACHIEVEMENTS

- All Service Level Agreements targets for system services availability met or exceeded.
- Improved IT governance and better practice frameworks established.
- Fully tested disaster recovery site established in Sydney.
- Information security and privacy policies and procedures improved.
- Significant gains achieved in system response times for regional offices.
- Effective cost reduction strategies applied to mobile telephone and internet usage.
- Insourced skilled resources provided to major business improvement project.



## Information and Communications Technology service continuity

The effective and efficient provision of both disaster recovery practices and systems availability continues to be the priority of ITS. In 2003–04, the establishment and ongoing testing of our disaster recovery site in Sydney has provided the desired level of technological assurance for service continuity. An infrastructure revision and upgrade project saw the successful alignment of DHA's hardware and configuration with industry better practice. Network security was a focal point of intense review during this period, and stringent new controls were integrated into DHAs standard operating policies and procedures. These improvements provided both system efficiencies and business benefits.



*Launch of Defence Special Needs Support Group chat-room online facility, Canberra, 21 May 2004. L-R Maggie Robinson (ACT DHA HMC Manager), Margaret Fisk (DSNSG National Convenor), the Minister Assisting the Minister for Defence, the Hon. Mal Brough MP, Keith Lyon (MD).*

## DHA in the community

### DHA sponsorship

Each financial year, DHA makes funds available for a community relations sponsorship program. Sponsorship provides another opportunity for DHA to build and cement direct relationships with members of local communities, enhancing DHA's reputation as 'the home of service'.

During 2003–04, DHA made significant contributions through either HMCs or Head Office sponsorship arrangements. DHA's support for community organisations ranged from sponsoring Defence community events to supporting the activities and services of Legacy and the Returned and Services League. The sponsorship program contributed funding to a total of 47 separate events or activities.

Of particular note was DHA's assistance in setting up an online chat-room facility for the Defence Special Needs Support Group. The chat-room, called Chatterbox, enables Defence members to discuss common issues affecting them with other Defence families with special needs, regional coordinators and the National Management Committee.

DHA also values its relationship with Defence Families Australia (DFA) and has supported DFA activities

through the nationally coordinated community relations sponsorship program.

### DHA fundraising

DHA doesn't just build houses, it also helps build communities. Often the local DHA office is an integral part of the local Defence community. As such, DHA staff participated in a range of community fundraising activities. During 2003–04, DHA staff across Australia, were involved in fundraising activities to support various charities and community initiatives, raising and donating approximately \$16,500.

Activities included:

- 'Shave for a cure' — support for cancer research
- casual dress Fridays — monies collected go to the RSPCA
- a Brisbane HMC staff member rode a bicycle from Sydney to Brisbane to raise money for Father Riley's 'Kids off the Street' program
- Legacy
- Starlight Children's Foundation.



## Communications and public relations

DHA's Communication and Media Team is responsible for effective internal and external communication with a range of customers and stakeholder groups. Operating from Head Office, the team also implements a communication agenda through DHA's regional network, produces information products to support key business activities, and shares a responsibility for communication via the intranet and public websites.

In 2003–04, the Communications and Media Team supported service delivery operations through the production of information products, coordinated community relations, public relations activities and liaised with national and local media.

The team coordinated several public events to mark important DHA milestones, including:

- a key handing over ceremony in Cairns
- the launch of new homes at Medowie in the Hunter Valley
- a construction site visit in Wodonga by the Parliamentary Secretary to the Minister for Defence, the Hon. Fran Bailey, MP
- sod-turning ceremonies at Queanbeyan and Adamstown, Newcastle.

Early in 2004, the team conducted research with customer groups to seek views on existing communication products and channels. The results of this research are being used to continually improve customer communication in order to assist in obtaining high levels of customer satisfaction.



*Michelle Chapman from the Hunter Valley HMC (L) and Imogen Scott from Head Office (R) successfully organised the official opening of the new Hunter Valley HMC.*

## Environmentally sustainable development

DHA is conscious of its responsibilities to the environment when undertaking developments and housing construction. All houses constructed by DHA have a four-star energy rating.



## DHA people

### OVERVIEW

Across Australia, DHA employed 781 staff as at 30 June 2004 (735.5 full-time equivalents) to provide a range of high-quality services to its customers. The majority of staff are employed under the *Public Service Act 1999*, with pay and employment conditions negotiated with staff either via DHA's Certified Agreement (CA) or an Australian Workplace Agreement (AWA). DHA provides flexible work arrangements and encourages staff to maintain a healthy work-life balance.

### KEY ACHIEVEMENTS

DHA's human resources objective is overlaid with a philosophy of creating 'performance through people'. Some key achievements this year have been:

- the creation of the Work Level Standards and Competency Framework to provide a useful tool in the creation and classification of roles, the

recruitment of staff, and a basis for the career development of DHA staff

- the development of a Strategic Change Management Framework to guide managers and staff through periods of change
- the successful development and implementation of a Property Consultant's Training Package to provide useful on-the-job training tools appropriate for DHA's geographically dispersed workforce
- the maintenance of staff satisfaction at Australian best practice levels.

### Rewarding staff

DHA is committed to rewarding and recognising the excellent performance of staff. This year DHA gave a number of different awards in addition to the regular Rewards and Recognition Scheme. These awards included service awards for those staff who have remained with DHA for five, 10 or 15 years and a new annual DHA Awards of Excellence scheme. Some staff were also recognised for excellence in customer service and awarded an Australia Day medallion.

### Australia Day medallions

Australia Day medallions were awarded by the Australia Day Council to the following staff in recognition for their contributions to customer service in 2004:

- Dian Brennan, Hurstville office
- Gulliver Coote, Sydney Housing Management Centre
- Bob Haylett, Townsville Housing Management Centre
- Marion Nunn, Perth Housing Management Centre
- Fil Petriella, National Service Support Centre
- Debbie Smith, Darwin Housing Management Centre
- Kevin Southgate, Head Office.

### Service awards

Service awards are given to recognise the dedication and commitment of DHA staff based on years of service. Staff may be rewarded for five, 10 or 15 years of service. During the reporting period, 19 DHA staff members completed 15 or more years of continuous service with the organisation.

### DHA Awards of Excellence

DHA Awards for Excellence were introduced in 2003 and are designed to recognise and reward highly performing teams within the organisation. The recipients of the awards are determined by senior DHA managers.



*Bob Eames (L) receives the inaugural Bob Eames Employee of the Year Award from Managing Director Keith Lyon.*

The categories and winners of the DHA Awards of Excellence were:

- Best Performing Team Award — Sydney Leasing Team
- Best Performing Operational Unit — Perth HMC
- Most Improved Operational Unit — NSSC
- Best Support Services Team — IT Help Desk
- Best Outcome in Project Management — Development and Sales Team and Darwin HMC, for Vantage Point.

There was also one new award during the year. The inaugural Bob Eames Employee of the Year Award was given to Mr Bob Eames on his retirement. The award was named in his honour, recognising Bob's significant contribution to DHA over the past 12 years. The award encourages other staff to aspire to Bob's level of dedication and commitment to the organisation.

## The DHA Staff Consultative Group

DHA is committed to actively involving its staff in Workplace Relations and Human Resources initiatives.

The Staff Consultative Group (SCG) plays an important role in this consultation and communication process. The SCG is made up of elected staff representatives from across the organisation as well as management representatives. The new members of the SCG were elected by their peers during December 2003 and January 2004.

The SCG represents staff in the negotiation of the Certified Agreement and is consulted on other issues of significance to staff.

## Staff Opinion Survey 2004

In March 2004, DHA conducted its annual Staff Opinion Survey. This year's results achieved a very pleasing 67 per cent overall staff satisfaction rate compared to a 60 per cent benchmark representing the average of 200 Australian companies.

The SCG assisted in developing the questionnaire and helped to achieve a response rate of 71 per cent. Last year the survey results showed some areas achieving 'best practice' against Australian benchmarks. This year the same trend continues over a number of core issues.

## Training and development

DHA makes a significant investment in training and development, as it values its people and their professional development. During 2003-04, training and development played a key role in successfully inducting new starters to DHA and developing comprehensive technical skills of our staff in

core operational processes and systems. A more collaborative approach was also taken with business representatives to ascertain the future direction and priorities of training within the organisation. Achievements in training and development included:

- creation of the Learning and Development Working Group, which informs the direction and content of the learning and development strategy
- development of a corporate induction program, including the introduction of a revised *Welcome to DHA* video and comprehensive new starter workbook.

## DHA-specific processes and systems

DHA continued to enhance its business processes throughout the year with the development of the new Tenant Management System and revised Service Delivery Model. This necessitated a major focus of Learning and Development (L&D) resources on in-house technical training throughout the second half of the corporate year to support the resulting process and system changes.

A comprehensive training package was also developed and delivered to the business to assist with on-the-job training in the Property Consultant role. The package consisted of a *Property Inspections* video, a *Technical Ready Reference Guide*, an *Interpersonal Skills* CD, a self-paced guide and a manager's toolkit. The package is an excellent example of DHA's commitment to providing relevant, accessible and effective learning tools, while reducing the dependence on costly, off-the-job training programs. A recent evaluation of the package confirmed that it was being used successfully to train Property Consultants at the HMC level in their core tasks, and in actively utilising and leveraging the expertise of more senior Property Consultants.

## Staffing profile and related issues

To ensure organisational stability, DHA is staffed mainly by ongoing employees. In order to provide operational flexibility and to assist DHA to meet varying work flows, the following strategies have been adopted:

- an increase in the number of ongoing part-time employees who vary their work hours during the peak and non-peak periods
- engagement of temporary employees.

As at 30 June 2004, 781 staff were employed, of whom 769 were engaged under the *Public Service Act 1999*. The remainder were specialist or relief staff.

During the year, there were 72 engagements or inwards transfers of ongoing employees, including 54 women, and 104 separations of ongoing employees. DHA employs a number of non-ongoing employees under the Public Service Act, as well as specialist or relief personnel employed under contract. Full-time equivalent staff, comprising staff employed under the Public Service Act and specialist and relief staff, totalled 735.5 on 30 June 2004.

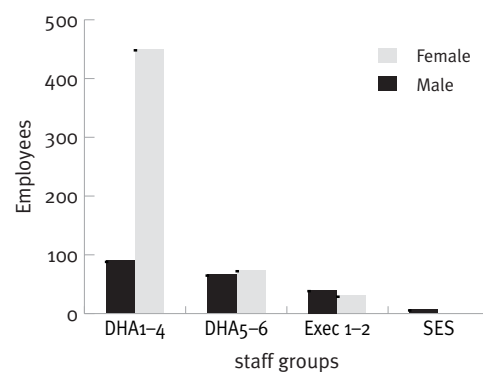
DHA's staff recruitment practices are based on merit, with due regard to the principles and objectives of Workplace Diversity, consistent with its responsibilities under the Public Service Act. DHA is developing a more commercially oriented approach to selecting and retaining staff.

DHA continues to review its staffing structures on an ongoing basis, and is moving towards a streamlined structure that ensures operational needs are met as well as an appropriate return to shareholders. DHA is aware of succession planning issues and has



commenced a succession plan at the senior level. This approach will be broadened to apply to other levels of management.

DHA—Public Service Act staffing



## Remuneration

DHA sets the remuneration for its staff through the Defence Housing Authority Certified Agreement (CA) 2002, which covered 598 staff members at 30 June 2004, and Australian Workplace Agreements (AWAs). Negotiations are well advanced for a new CA to coincide with the end of the 2002 agreement, which expires in September 2004. The number of staff covered by AWAs has increased since last year and now stands at 171, including 7 SES officers.

The table below sets out the normal salary ranges applicable to each classification group for DHA staff. Salary may be individually negotiated when an AWA is entered into.

Classification	Applicable salary range
DHA Level 1	\$26,909 – \$34,383
DHA Level 2	\$35,125 – \$38,599
DHA Level 3	\$39,561 – \$42,435
DHA Level 4	\$43,712 – \$47,188
DHA Level 5	\$48,530 – \$51,252
DHA Level 6	\$52,136 – \$59,380
Executive Level 1	\$66,262 – \$75,300
Executive Level 2	\$75,770 – \$92,000

Remuneration for employees covered by the CA comprises salary payments and employer superannuation contributions. Staff members covered by AWAs also have access to performance payments and limited non-salary benefits. All staff have access to salary sacrifice arrangements.

## Performance pay

A key feature of DHA's remuneration strategy is performance pay. This arrangement is used to foster and enhance a high-performance culture. During the reporting period 147 staff members received performance pay.

## Occupational health and safety

DHA maintains its commitment to providing a safe and healthy workplace, free from discrimination and harassment. The DHA Board receives a monthly report on these matters.

DHA's Occupational Health and Safety (OH&S) Policy sets out the responsibilities of both managers and staff to maintain a safe workplace, together with strategies to achieve this objective. Under the policy, each Regional Office, the Head Office and the NSSC are designated work groups, with their own Health and Safety Representatives. First Aid Officers are also available at each office location.

Health and Safety Representatives are trained to perform initial workstation assessments for employees. DHA uses external OH&S service providers to undertake workplace assessments to meet the OH&S needs of employees with health and safety issues that are identified through initial assessment. In addition, DHA provides confidential counselling services through external providers to staff under its Staff Welfare Policy.

There were 26 OH&S-related incidents reported in 2003–04. Of these incidents, 18 did not result in a compensation claim. There were a total of 23 claims for compensation arising from work-related injuries, of which Comcare accepted liability for 20.

No directions or notices under the *Occupational Health and Safety Act 1991* were given to DHA, and no OH&S audits or investigations were undertaken.

## The future

### DHA's Business Improvement Program

#### OVERVIEW

During the reporting period, DHA continued to explore ways in which to deliver services in the most efficient and cost-effective way to benefit its customers and clients. The Business Improvement Group was established to identify and implement more effective ways of doing business. The group's primary responsibility during the reporting period was to oversee the introduction of the Tenant and Property Management Systems Project. Once implemented, these computer-based systems will increase DHA's ability to effectively manage and monitor its tenant and property management services.

#### TENANT MANAGEMENT SYSTEM

The most significant achievement during the reporting period was the development of the Tenant Management System (TMS). This system was developed to support DHA's Relocation Service and help deliver a more effective service to both ADF members and the Department of Defence. TMS was implemented in mid-July 2004.

TMS provides a simpler data entry channel for operators, reducing a significant amount of rework, resulting in time savings and ensuring better customer service. This new system provides the DHA operator with a single view of the customer records, which results in efficiencies for staff and enhanced customer service.

As a result, DHA will be able to focus more on the customer aspects of the relocation and less on the process. The processes themselves are becoming more back-office functions with less reliance on front-line operators having to also manage the fundamentally process-driven activities.

TMS was developed in conjunction with AMDOCs Pty Ltd and Sun Microsystems.

#### PROPERTY MANAGEMENT SYSTEM

The Property Management System (PMS) will provide a systems-based solution for the effective management of all aspects of DHA's property portfolio, including repairs and maintenance, asset management, allocation and leasing functions. PMS will replace current DHA systems which are no longer effective and no longer supported by suppliers. Implementation of this project is now under way, with roll-out expected to be completed by July 2005.

PMS is being developed in conjunction with Anite International (Australia) Pty Ltd.

#### POSSIBLE FUTURE DEVELOPMENTS

DHA will be looking towards making further improvements in the areas of both systems and processes. Some areas that are currently being examined are:

- an interactive online Application for Relocation form for use by Defence personnel
- streamlining the process of booking accommodation for members by allowing them to interface directly with the providers
- streamlining maintenance services for DHA.

# Governance

## The DHA governance framework

The Defence Housing Authority operates within a governance framework designed to ensure accountable business outcomes and enhanced organisational performance.





## Enabling legislation

### **Defence Housing Authority Act 1987**

DHA was established under the *Defence Housing Authority Act 1987* and commenced operations on 1 January 1988. Under this Act, DHA is required to provide adequate and suitable housing for:

- members of the ADF and their families
- officers and employees of the Department of Defence and their families
- other persons in order to meet the operational needs of the ADF and the requirements of the Department of Defence.

### **Commonwealth Authorities and Companies Act 1997**

DHA also complies with the requirements of the *Commonwealth Authorities and Companies Act 1997* with respect to:

- reporting to ministers and to Parliament
- contents of the annual report
- audit of DHA's financial statements by the Auditor-General
- banking and investments powers of authorities
- compliance with general policies of the Australian Government
- conduct of directors and officers, including the civil consequences of the directors and officers contravening civil penalty provisions.

## Strategic planning

DHA uses a balanced scorecard approach to develop its Corporate Plan. This is a three-year plan updated and rolled forward annually. The Corporate Plan forms the basis of business plans, which are developed annually by each of DHA's business units. In turn, the business plans are cascaded annually into Individual Development Agreements for staff members.

Through this cascading approach, all staff members document their individual roles in delivering the Corporate Plan. Each staff member's performance is measured against his or her Individual Development Agreement. This approach is effective in focusing staff on DHA's strategic priorities.

## DHA's values

DHA is committed to fair dealings in all its activities, including its interaction with the Department of Defence, ADF members and their families, building and maintenance contractors, suppliers, lessors and government authorities. High ethical and accountability standards are set and expected of all staff through DHA values, Standards of Behaviour and Code of Business Ethics. DHA promotes a set of DHA values and characteristics to staff via a range of mechanisms including the intranet.

DHA's culture also embraces a strong commitment to meeting the needs of ADF members 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.

## DHA's organisational and reporting structure as at 30 June 2004



## Shareholder Ministers

DHA is part of the Defence portfolio and at 30 June 2004 was responsible to Senator the Hon. Robert Hill, the Minister for Defence, through the Hon. Fran Bailey, MP, Parliamentary Secretary to the Minister for Defence. Until October 2003, the then Minister Assisting the Minister for Defence, the Hon. Danna Vale, MP, held portfolio responsibility for DHA, following which Ms Bailey assumed responsibility.

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



**Senator the Hon. Robert Hill**  
*Minister for Defence*



**Senator the Hon. Nick Minchin**  
*Minister for Finance and Administration*



**The Hon. Fran Bailey, MP**  
*Former Parliamentary Secretary to the Minister for Defence*



**Senator the Hon. Eric Abetz**  
*Special Minister of State*

### MINISTERIAL DIRECTIONS

No ministerial directions were received under the *Commonwealth Authorities and Companies Act 1997* or the *Defence Housing Authority Act 1987* during the reporting period.

## DHA Board of Directors

During 2003–04, the Board met 11 times. Of these meetings, one was held in Perth, one via teleconference and the remainder were held in Canberra.

The DHA Board comprises 12 Directors:

- 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 ADF member
- five Directors are ex-officio, being the staff occupying the positions for the time being of Head Defence Personnel Executive, the Deputy Chief of Navy, the Deputy Chief of Army, the Deputy Chief of Air Force and the First Assistant Secretary Capability, Investment and Resources
- the Managing Director of DHA (who is also Chief Executive Officer) appointed by the Board of Directors, who is the only Executive Director.

### BOARD MEMBERS FOR 2003–04

The Hon. Peter V Jones AM	Chairman
Mr Keith Lyon	Managing Director DHA
Ms Bonita Boezeman AO	Director
Mr Tom O'Brien AM	Director
Mr John O'Grady	Director
Mr Wayne Stokes	Director
Air Vice Marshal Chris Spence AO	ADF ex-officio Director
Air Vice Marshal Roxley McLennan	ADF ex-officio Director (appointed 6 February 2004)
Rear Admiral Rowan C Moffitt RAN AM	ADF ex-officio Director
Rear Admiral Max Hancock	ADF ex-officio Director (appointed 4 June 2004)
Major General Frank X Roberts AO	ADF ex-officio Director
Major General Ian Gordon AM	ADF ex-officio Director (appointed 19 May 2004)
Dr Ralph Neumann	Defence ex-officio Director
Rear Admiral Brian Adams AO RAN	Defence ex-officio Director
Mrs Caragh Waller	Defence spouse (appointed 18 December 2003)

### Directors ceasing office during 2003–04

The following DHA Board Directors ceased to hold office during 2003–04:

- Air Vice Marshal Chris Spence AO 26 February 2004
- Major General Frank X Roberts AO 19 May 2004
- Rear Admiral Rowan C Moffitt RAN AM 4 June 2004



**The Hon. Peter V Jones AM, FAICD  
Chairman of the DHA Board**

Mr Jones is currently the Chairman of ARC Energy Limited, AMMTEC Ltd, and several private companies. He is Chairman of the Callaway Foundation for Music

Education within the University of Western Australia, and has previously served as Chairman of several listed companies associated with mineral and energy exploration and production.

He has been associated with several government-owned trading enterprises, including the Western Australian Water Corporation, of which he was the founding Chairman and served for eight years until retiring in December 2002.

Mr Jones was born in Tasmania, where he farmed until 1968 when he moved to Western Australia, and continued his farming operations in the Great Southern Region of the state. Between 1974 and 1986, he was a member of the Western Australia Legislative Assembly, and served as a Minister in several portfolios including Education, Resources Development, Mines and Energy.



**Rear Admiral Brian Adams AO,  
RAN**

Rear Admiral Adams joined the Navy as a junior recruit in 1968 and was commissioned in 1969. He has served on a range of Australian Navy ships and

undertaken exchange service with the Royal Navy. He has commanded the ships HMAS *Tarakan* and HMAS *Tobruk*.

During his career, he has worked in joint warfare policy development at the Australian Joint Warfare Establishment and on resource policy and capability development in HQADF on a number of occasions. 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.

He assumed the position of Commandant Australian Defence Force Academy in January 1998 and was appointed Deputy Chief of Navy in 2000. Since mid-

2002 he has been the Head of the Defence Personnel Executive.

Rear Admiral Adams is a graduate of the Australian Army Command and Staff College, the Joint Services Staff College and the Australian College of Defence and Strategic Studies. He holds degrees in Arts and Business Administration. He is a fellow of the Australian Institute of Management, the Australian Institute of Company Directors and the Australian Human Resources Institute.



**Bonita Boezeman AO, 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 corporation's 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. She is also a member of the Advisory Board of the Catholic Development Fund.

For the past 14 years Ms Boezeman has been involved with the Corporate Olympic Committee and has chaired 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, East Asia Advisory Council for the NSW Government 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. She was awarded the Centenary of Federation Medal and was appointed an Officer of the Order of Australia in the Queen's Birthday 2003 Honours list.



**Major General Ian Gordon AM**

Major General Ian Gordon AM graduated from the Royal Military College, Duntroon in 1973 and was allocated to the Royal Australian Corps of Signals. He undertook a range of regimental

and technical staff appointments and attended the Royal Military College of Science at Shrivenham in the United Kingdom. He completed the Army Command and Staff College course at Queenscliff in 1985.

Major General Gordon was the Director of the Australian Army's Automated Tactical Command Support System Project from 1987 until 1989 and in 1990 he was posted to command the 1st Signals Regiment in Brisbane. In 1991 he commanded the first Australian Contingent with the UN Mission for a referendum in Western Sahara, MINURSO. For his service as CO 1 SIG REGT and command of the first contingent for MINURSO he was awarded the AM.

Major General Gordon was Director of the Royal Australian Corps of Signals from 1993 until 1995, and in 1996 he attended the Australian College of Defence and Strategic Studies. In 1997 he was posted to the Defence Department's International Policy Division as the Director of United Nations and Peacekeeping. He was then appointed as Commandant of the Army Command and Staff College. In January 2000, Major General Gordon assumed the appointment of Director General Career Management — Army, within the Defence Personnel Executive. In July 2000, the branch was transferred to Army Headquarters with additional personnel responsibilities, with Major General Gordon assuming the appointment of Director General Personnel — Army.

In 2001, Major General Gordon was promoted to his current rank and posted to East Timor as the Deputy Commander, United Nations Transitional Authority in East Timor (UNTAET), Peace Keeping Force. He

served in this appointment until September 2002, after which he returned to Australia to take up the appointment of Commander, Training Command — Army. He assumed his current appointment as Deputy Chief of the Army in May 2004.



**Rear Admiral R M (Max) Hancock, RAN**

Following schooling in both Victoria and Queensland, Rear Admiral Hancock joined the RAN in 1972 as a Cadet Midshipman. After four years at the Royal

Australian Naval College at Jervis Bay he graduated as a Seaman Officer and spent the majority of his junior officer time at sea. In 1984 he attended the Royal Navy Principal Warfare Officer's course in the United Kingdom, training as a specialist Anti Submarine Warfare Officer. A number of appointments to major combatants followed this training, including two years as the Operations Officer of a Royal Navy frigate in the Arabian Gulf during the Iran-Iraq war and as the Executive Officer in HMAS *Derwent*. His seagoing career highlights include two sea commands — HMAS *Buccaneer*, a patrol boat, and HMAS *Melbourne*, a guided missile frigate, and most recently Commodore Flotillas.

Three years ashore at HMAS *Watson* as a Commander saw him involved in tactical development, warfare officer training and ship command team training, and the Naval Warfare Training Centre Project.

On promotion to Captain in 1997 he was posted as the Director Naval Personnel Management, which later involved a move to the Defence Personnel Executive following ADF restructuring. In 1998 he was appointed as the Director Warfare Policy and Doctrine — Navy in Navy Headquarters, and in 1999 was selected as Chief Staff Officer to Chief of Navy.

In 2000 he was appointed as Chief of Staff and Deputy Maritime Commander and promoted to the rank of Commodore. This was followed in 2002 by his appointment as Commodore Flotillas.

Rear Admiral Hancock was promoted to his current rank in June 2002 and appointed as Director General Coastwatch. He was appointed to his current position as Deputy Chief of Navy in June 2004.



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

Mr Lyon was appointed Managing Director of DHA in September 1999. Previously he was the Deputy President of the

Repatriation Commission, where he played a leading role in developing new health care arrangements for Australian veterans and war widows. He has a strong background in public administration and was a pioneer in introducing purchaser-provider arrangements between the public and private sectors.

Since joining DHA, Mr Lyon has played a major role in the organisation's growth and in making DHA operate on a fully commercial basis as a Government Business Enterprise. He developed agreements with Defence for the provision of housing, tenancy management and relocations. By combining ADF relocations with housing provisioning, most Defence members now preselect their homes and move door to door.

DHA has 16,756 houses under management. Mr Lyon has introduced business line management and strong performance management through a range of measures. In the past four financial years, DHA has returned to the Australian Government \$1.1 billion in special dividends and capital returns.

Mr Lyon has also been instrumental in the continuing development of DHA's Sale and Leaseback Program under the name of Defence Housing Australia and substantially reducing the government's equity in the business. Mr Lyon has a very strong interest in providing customer service and managing substantial change in large organisations.



**Air Vice Marshal Roxley  
McLennan AM, FRAeS**

Air Vice Marshal Roxley McLennan was born in Hobart and graduated from the RAAF Academy, RAAF Point Cook, Victoria, in 1971. On completion of pilot training in

1973, he was posted to No. 36 Squadron, RAAF Richmond, NSW, flying C130A Hercules aircraft. He graduated from the Central Flying School, RAAF East Sale, Victoria, as a qualified flying instructor in 1977. He was posted, first to No. 1 Flying Training School at RAAF Base Point Cook and subsequently, in 1978, to RMAF Alor Setar on loan to the Royal Malaysian Air Force as a flying instructor.

Air Vice Marshal McLennan returned to Australia in 1980 to fly the C130E Hercules with No. 37 Squadron and, on promotion to Squadron Leader, was appointed Training Flight Commander from 1981 until 1983. Following graduation from the United States Air Force Institute of Technology in 1984, he joined the Materiel Division of the Department of Defence (Air Force Office) in Canberra as the Vote Co-ordinator (finance program manager) for minor capital equipment. He was promoted to Wing Commander in 1986.

In 1987 Air Vice Marshal McLennan returned to RAAF Base Richmond as the Commanding Officer of No. 37 Squadron. In 1989 he was again posted to Air Force Office, this time to the Officers' Manning Directorate of Personnel Division. After completion of the Joint Services Staff College he was promoted to Group Captain in 1992 and was appointed Commander of Operational Support Group with Headquarters at RAAF Townsville, Queensland. Air Vice Marshal McLennan subsequently served as Air Adviser at the Australian High Commission in London from 1993 until January 1997. Following graduation from the Australian College of Defence and Strategic Studies, he took up the appointment of Director Policy and Planning — Air Force in late 1997. Air Vice Marshal McLennan was appointed Deputy Chief of Air Force on 26 February 2004.



**Rear Admiral Rowan C Moffitt  
RAN AM**

Rowan Moffitt assumed duties as Deputy Chief of Navy and DHA Board member when he was promoted to Rear Admiral in mid-2002.

Born and schooled in Sydney, Admiral Moffitt is a Seaman Officer graduate of the Royal Australian Naval College, Jervis Bay. He is qualified in surface warfare, specialising in navigation, and has served in a range of ships and shore positions over his 30-year career. His noteworthy appointments have included a period as RAN Contingent Commander on board Her Majesty's Yacht *Britannia*, being the first commanding officer of the new frigate HMAS *Newcastle*, and command of the destroyer HMAS *Brisbane*. He has also held several other command positions and is a Master of Business Administration.



**Dr Ralph Neumann, PhD, FAICD**

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.

Dr Neumann 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-focused committee in Defence) and a member of the Defence Capability Committee, and chairs the Defence Materiel Organisation Vehicles and Land Operations Governance Board. He is also a director of a private company.



**Tom O'Brien AM, BCom (Hons),  
BEcon, 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 has served on a number of boards.

He is currently Chairman of Church Resources, CCI Investment Management Ltd, Domaines Tatiarra Limited, Healthpoint Technologies Limited and Genepharm Australasia Limited and is also on the Board of Virtual Communities Limited.



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

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, he was a partner of Fisher Jeffries, an Adelaide commercial law firm, for

over 20 years, serving the last five years as Chairman of Partners. He is an experienced legal practitioner in the areas of Corporate Governance, Property and Government Tendering and Contracting.

He was admitted as a Fellow of the Australian Institute of Company Directors (AICD) in 2000. He is currently a tutor in the AICD Company Directors' Course and is a member of the AICD National Corporate Law Committee.

Mr O'Grady is a past President of the Property Council of Australia (South Australian Division) and served on the National Council for two years.

He has served on several boards and committees, including the Commonwealth Property Committee, the Adelaide Entertainment Centre Board, the Australian Major Events Board and the Barossa Music Festival. He was also Chairman of the South Australian Government Office Accommodation Committee.





**Major General Frank X Roberts, AO**

Major General Frank Roberts entered the Royal Military College, Duntroon in 1970, graduating into the Royal Australian Artillery in 1973. His regimental postings

culminated with command of the 1st Field Regiment in 1991 and 1992.

After a number of appointments as a colonel, Major General Roberts was promoted to Brigadier in 1997 to command the 7th Task Force at Enoggera, Brisbane in 1998 and 1999. He then went on to command the Peace Monitoring Group Bougainville from late 1999 to early 2000, and the Combined Arms Training and Development Centre for the remainder of 2000.

Major General Roberts was promoted to the rank of Major General and appointed as the Commander Training Command—Army in 2001. He was then appointed Deputy Chief of the Army in 2002. His current position is Head of Strategic Policy.

Major General Roberts has attended the Royal School of Artillery and the Royal Military College of Science, the Australian Army Command and Staff College and the Australian College of Defence and Strategic Studies. He holds a Bachelor's degree in Civil Engineering, a Master of Science degree in Gun Systems Design and a Graduate Diploma in Management Studies.

Major General Roberts was appointed a Member of the Order of Australia in 2001 in recognition of his service as Commander of the 7th Task Force and the Peace Monitoring Group.



**Air Vice Marshal Chris Spence AO, BSc, FAICD, FAIM**

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 was appointed Deputy Chief of Air Force in 2001. He assumed his current appointment as Head Strategic Operations Division on 26 February 2004.

Air Vice Marshal Spence was appointed a Member of the Order of Australia on Australia Day 1998 and an Officer of the Order of Australia on Australia Day 2004. He is a graduate of the RAAF Staff College, the United States Air Force Air University in Montgomery, Alabama and the Harvard Advanced Management Program. He is a Fellow of the Australian Institute of Management and a Fellow of the Australian Institute of Company Directors.



**Wayne Stokes**

Mr Wayne Stokes has more than 38 years' experience in the Australian building and development industry and has been a senior contributor to the industry through national roles

with a range of professional bodies and government advisory boards.

Since 1980, Mr Stokes has been managing director of privately owned NL Stokes Pty Ltd, a company founded by his father as a specialist building contractor which has since earned a reputation as a respected developer of quality subdivisions in South Australia and Queensland.

He has served the industry as National and State President of the Urban Development Institute of Australia and is a National and State Life Member of that organisation.

Mr Stokes has also served on the Council and Housing Council of the Master Builders Federation of Australia, is a former President of the Master Builders Association of SA Inc and a former Chairman of the Association's Housing Committee. His service to the Australian Government includes membership of the Board of the National Capital Authority and Chairmanship of the Indicative Planning Council for the Housing Industry (SA Division).

At a state level, Mr Stokes is the former Chair of the Urban and Regional Development Advisory Committee and of the Development Advisory Policy Committee in South Australia. He is a former Board Member of the Land Management Corporation and a former member of the Independent Gambling Authority.



**Mrs Caragh Waller**

Mrs Caragh Waller has held positions with both the Western Australian and South Australian governments, working primarily in public policy areas within the Ministry of Premier and Cabinet.

Mrs Waller commenced as the National Convenor of Defence Families of Australia in July 2003. Her husband Jason is a full-time serving member of the RAAF. She has worked with other Defence community groups in the past, including two terms as the Vice President of the Duntroon Community Centre. Mrs Waller was appointed to the DHA Board on 18 December 2003.

## Directors' attendance at Board and committee meetings 2003–04

	DHA Board meetings		Board Audit Committee meetings		Property Committee meetings		Nomination and Remuneration Committee meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Peter Jones	11	11			6	5	3	3
Keith Lyon	11	11						
Bonita Boezeman	11	11	4	4			3	3
Tom O'Brien	11	11	4	4			3	3
John O'Grady	11	11	4	4	6	6	3	3
Wayne Stokes	11	11			6	6	3	3
Roxley McLennan	5	4						
Rowan Moffitt	10	4						
Frank Roberts	9	7						
Ralph Neumann	11	9	4	3				
Brian Adams	11	4						
Caragh Waller	6	6						
Chris Spence	7	3	2	0				
Ian Gordon	2	1						
Max Hancock	1	1						

## Board committees

### AUDIT COMMITTEE

The Board Audit Committee meets quarterly and reports to the full Board on its activities at least twice a year. During 2003–04, all four meetings were held in Canberra.

During the reporting year, committee membership comprised:

- Mr Tom O'Brien (Chairman)
- Mr John O'Grady
- Dr Ralph Neumann
- Ms Bonita Boezeman (from 5 November 2003)
- Air Vice Marshal Chris Spence (ceased to hold office 26 February 2004).

### FUNCTIONS

The role of the Board Audit Committee is to:

- enhance the management and internal control framework
- ensure that appropriate risk identification and management practices are in place
- improve the objectivity and reliability of financial reporting
- assist Board compliance with all governance and other obligations
- ensure adequate procedures on matters of audit independence.

### NOMINATION AND REMUNERATION COMMITTEE

The Board established the Nomination and Remuneration Committee in 2003. The committee meets on an ad hoc basis several times a year. During 2003–04 its three meetings were held in Canberra. During the year committee membership comprised:

- The Hon. Peter Jones (Chairman)
- Ms Bonita Boezeman
- Mr John O'Grady
- Mr Tom O'Brien
- Mr Wayne Stokes.

### FUNCTIONS

The Nomination and Remuneration Committee is responsible for:

- advising ministers on the skills and experience necessary for new directors
- overseeing and providing advice to the Managing Director on senior executive appointments and remuneration, and overall remuneration strategies
- assisting the Board in relation to the review of the Managing Director's performance and remuneration
- ensuring the provision of appropriate induction and continuing education programs for directors.

### PROPERTY COMMITTEE

The Property Committee was established by the Board in 2003 and meets quarterly and on an ad hoc basis. During 2003–04, it met six times: once in Perth, once in Sydney, three times in Canberra and once via teleconference.

Committee membership comprises:

- Mr John O'Grady (Chairman)
- The Hon. Peter Jones
- Mr Wayne Stokes.

### FUNCTIONS

The committee is convened when matters are referred to it by the Board or DHA management. This was usually in relation to land purchases or disposal which required Board approval. The role of the committee is to:

- fully inform itself as to the existing processes and procedures being followed in connection with property purchases, management and related matters
- discuss and evaluate project proposals with management, to determine feasibility, risk and whether the proposals meet corporate objectives

- review Board submissions to ensure that they contain all necessary information for the Board so that fully informed decisions can be made
- assist in developing a standard format for Board reporting
- if requested by management, provide other advice or assistance such as site inspections or ministerial representations.

## Board evaluation and review

During the year, the Board and management progressed the implementation of initiatives and measures recommended in previous Board reviews. The Board also agreed that there should be an annual review of Board performance and processes. The review, conducted by an independent consultant, began in May 2004, with results expected to be considered by the Board early in 2004–05.

Regular, independent assessment of Board performance provides an opportunity for individual directors to take stock and to make arrangements to undertake any skills update necessary in line with the requirement to fulfil their duties to the best of their abilities, as required by the Board Charter. The assessment also provides an independent confirmation that the Board, as a decision-making body, is working within the principles and practices of good governance as detailed in the charter.

## Risk management

Robust risk management is an integral element of DHA's business operations. DHA's Strategic Risk Management Plan is based on the methodology set out in the Australian/New Zealand Standard AS/NZS 4360:1999. It addresses both governance and business risks, is updated annually and is approved by the Board with oversight by the Board Audit Committee.

Implementation of the plan is monitored by DHA's Executive Management and the Board Audit Committee. The Risk Management Plan is complemented by risk assessment and mitigation at business unit level.

## Fraud prevention measures

DHA undertakes a regular Fraud Risk Assessment (FRA) consistent with the requirements of the Commonwealth Fraud Control Guidelines 2002. The FRA identifies areas within an Authority that are potentially at risk from fraudulent or corrupt practices.

The DHA Fraud Control Plan (FCP) is based on the FRA and summarises fraud control strategies to meet the Australian Government's requirements for fraud prevention, detection, investigation, prosecution and civil rights/privacy processes. The FCP also provides guidance to agency staff on action to be taken to deter fraud and to detect fraud when it occurs.

DHA recently revised its FRA and FCP and both were endorsed by the Board Audit Committee and approved by the DHA Board. The FRA and FCP were prepared in accordance with Australian/New Zealand Standard AS/NZS 4360:1999.

DHA has made staff aware of the revised documents. DHA treats fraud seriously and has a section on 'whistleblowers' in the FCP that reflects best practice. DHA's Internal Audit Manager provides annual updates to the Board Audit Committee on the quality of internal controls that prevail, and on efforts to mitigate exposures to fraud.

## The Executive Team



**KEITH LYON**  
**Managing Director**

Please see page 58 for Mr Lyon's biographical details.



**RICHARD BEAR**  
**General Manager Development and Sales**

Richard Bear has been General Manager Development and Sales since joining DHA in January 2000.

Richard's early career was in the insurance industry, during which time he held various executive positions in Melbourne, New Zealand and the United Kingdom. In 1981 he was appointed Director Insurance with the Defence Service Homes Organisation. In 1992 he was appointed Assistant Secretary in the Department of Veterans' Affairs, responsible for the department's financial accounting and management activities. In 1998 Richard held the position of General Manager of the Child Support Agency.

His past experience has included executive responsibility for financial management, information technology and human resources management.

Richard has a Bachelor of Commerce degree with a major in Accounting from Otago University, New Zealand.

#### Responsibilities

- Development and construction
- Sales and leasing
- DHA acquisitions and disposals



**MICHAEL DEL GIGANTE**  
**Chief Operating Officer**

Michael Del Gigante was appointed DHA's Chief Operating Officer in April 2004. Before joining DHA, Michael was Chief Executive Officer of

TransACT Communications. He joined TransACT Communications in 2001 after completing the Advanced Management Program at the Harvard Business School in the United States. He was Chief Financial Officer of ActewAGL, a large electricity, water and gas utility company in Canberra.

Michael has held senior positions with the World Bank and the Inter-American Investment Corporation in Washington DC. He has also worked for a large American telecommunication company (Verizon — previously GTE) both in Europe and the United States, and for the Banco di Santo Spirito in Italy.

His qualifications include a Bachelor (Honours) degree in Commerce, a Masters Degree in Commerce from the University of New South Wales, and a Masters in Business Administration from Boston University. He has completed the Advanced Management Program at Harvard Business School. He is a Fellow of CPA Australia and of the Institute of Company Directors. He is also a member of the Advisory Board of the Royal Australian Mint.

#### Responsibilities

- Human Resources
- Information Technology
- Business Improvement Program
- Service delivery
- NSSC
- 15 HMCs and 12 local offices
- Property Management
- Tenancy Management
- HomeFind and Housing Allocations
- Relocations



**JOHN KITNEY**  
**Chief Financial Officer**

John Kitney joined DHA in February 2004, before which he was General Manager Finance for Sydney Water Corporation. He has held similar positions with

the National Rail Corporation Limited, the Maritime Services Board of NSW and the University of New South Wales. John has a Diploma in Commerce (NSWIT) and a Master of Business Administration degree (Syd). He is a Fellow of CPA Australia and of the Australian Institute of Company Directors. John is also a director of Company B at Belvoir Street Theatre and of the Theatre of Image.

**Responsibilities**

- Financial planning
- Financial and procurement policies
- External financial reporting
- Financial management reporting
- Financial systems
- Treasury
- National corporate services



**NEIL SMITH**  
**General Manager Strategy and Client Management**

Air Vice Marshal Neil Smith retired from the Royal Australian Air Force in January 2001 and joined DHA in the following month. In

an air force career that spanned 39 years, Neil held a wide variety of operational and staff appointments. Specific highlights include Support Commander for Air Force, with associated responsibility for the logistic support for all Australian military aircraft and command of RAAF Base Pearce, the country's busiest flying base. Other appointments ranged from staff positions in Canberra to command and technical positions in operational units.

Neil is a member of both the Order of the British Empire and the Order of Australia. He has a Bachelor of Aeronautical Engineering from the University of Sydney and is a fellow of the Royal Aeronautical Society and the Australian Institute of Company Directors.

He job-shares the role of General Manager Strategy and Client Management with Roger Powell.

**Responsibilities**

- Corporate planning
- Client management
- Customer relations
- Performance measurement



**ROGER POWELL**  
**General Manager Strategy and Client Management**

Major General Roger Powell (retired) joined the DHA Executive team in July 2002 following a 34-year career in the Australian

Army. He brings to the role extensive knowledge and experience in leadership, having had exposure at all levels and having served throughout the world in operational, training and staff environments.

Highlights of his military career include leading peacekeeping assignments on Bougainville in 1998 and as the senior Australian Military Officer in East Timor in 2001 as Deputy Commander on the UN's Peace Keeping Force Headquarters. He has had extensive experience in strategic planning and performance improvement in senior Defence appointments.



**BRENDAN CLARKE**  
**Internal Audit Manager**

Brendan Clarke was the Senior Operations Auditor with Woodside Australian Energy in Western Australia for eight years, on the North West Shelf Gas Project. He was also the Chief Internal Auditor for Post and Telecommunications in Papua New Guinea for three years and extended his contract for another two years, serving in such positions as Executive Manager Commercial Accounts, Inventory Control Manager and Management Accountant for the Supply Base. Brendan returned to Australia in 1993 and took up a position as Internal Audit Manager with the Civil Aviation Safety Authority in Canberra. During this period, Brendan was asked to act as the Corporate Accountant for one year. In March 2003, Brendan moved to his current position as Internal Audit Manager with DHA.

Brendan is an FCPA, a Graduate of the Australian Institute of Company Directors (GAICD), a Branch Councillor with the Institute of Internal Auditors (MIIA), an Associate Fellow of the Australian Institute of Purchasing and Materials Management (AFAIPMM) and passed with high distinctions as an Audit Team Leader for Quality Assurance Systems. Only recently, Brendan has attained the award of Certificate IV in Government (Fraud Control Investigator).

**Responsibilities**

- Coordinate Board Audit Committee meetings
- Corporate governance
- Fraud control
- Manage Internal Audit Contract and Internal Audit program
- Conduct special investigations



**GARY KENT**  
**Company Secretary**

Gary Kent was appointed Company Secretary of DHA in 2003. Previously he worked in the Australian Public Service before occupying positions as Adviser and Chief of Staff to several federal ministers. Gary has Bachelors degrees in Commerce and Law from the University of Melbourne and a Graduate Diploma in Public Law from the Australian National University. He is a graduate of the Australian Institute of Company Directors course.

**Responsibilities**

- Communications
- General Counsel
- Board Secretariat
- Parliamentary liaison



## Internal and external review

### Internal audit

Last financial year, DHA appointed KPMG to undertake its internal auditing activities. During the reporting period, KPMG successfully completed the internal auditing program.

### Freedom of Information

DHA complies with the *Freedom of Information Act 1982* (the FOI Act). During 2003–04, twelve requests were made under the FOI Act for access to certain information. In each case, after consideration by DHA's Freedom of Information Officer, the requested information was made available to the relevant applicant.

Requests under the FOI Act for access to information should be made in writing to:

Freedom of Information Officer  
Defence Housing Authority  
26 Brisbane Avenue  
BARTON ACT 2600

### Parliamentary committees and government inquiries

DHA met with members of the Joint Standing Committee on Public Works during the year to provide an overview of current and future DHA activities.

During 2003–04, DHA provided three submissions to the Committee in relation to major projects during the year.

One submission was for a 40-house development at the former Pitch and Putt site in Queanbeyan, New South Wales. The Committee considered the proposal at a public hearing on 3 November and in its report in December 2003 recommended the project proceed at a cost of \$12 million.

DHA made two further submissions in relation to land for Defence housing in Darwin (May 2004) and at McDowell in Brisbane (June 2004).

DHA made no other submissions to government inquiries during the year.

The Joint Committee of Public Accounts and Audit tabled its report *Review of Auditor-General's Reports 2002–03: Fourth Quarter* on 30 March 2004. The Committee considered the Australian National Audit Office (ANAO) *Audit Report No. 51, 2002–03, Defence Housing and Relocation Services* and recommended the following:

- that the *Defence Housing Authority Act 1987* be amended to remove the provision that the DHA Board include three members of the Australian Defence Force, and that the Defence–DHA Services Agreement be amended to allow for a formal consultative process to enable the Department of Defence to advise DHA of ADF housing requirements
- that the Department of Defence report to the Committee within six months on its progress towards addressing outstanding issues from the ANAO report.

### Privacy

DHA strictly adheres to its responsibilities under the *Privacy Act 1988* in respect of any release of information to the public. DHA lodges an annual Personal Information Digest (PID) entry with the Office of the Federal Privacy Commissioner.

## Ombudsman

During the reporting period, DHA received no enquiries from the Commonwealth Ombudsman.

## The Courts and Administrative Tribunals

During the reporting year, there were no judicial decisions or decisions of administrative tribunals that had a significant impact on the operation of DHA.

## Annual surveys

DHA undertakes the following major surveys each year in accordance with guidelines laid down by the Office of the Federal Privacy Commissioner. Feedback from these surveys provides DHA with essential information upon which to plan continuous improvement of its services.

These surveys include:

- **Client Survey** — sent annually to Senior Defence Organisation (ADO) and ADF personnel to measure the working relationship between DHA and its key ADF and ADO client stakeholders.
- **Annual Tenant Survey** — sent annually to a random sample of DHA tenants who have been in a Service Residence for 12 months or longer, to determine satisfaction with their current accommodation.
- **Rent Allowance Survey** — sent annually to all ADF Members with Dependants (MWD) who have been living in a private rental property and receiving Rent Allowance for 12 months or longer, to determine satisfaction with their current accommodation.
- **New Constructions Survey** — sent annually to members living in a property that was constructed by DHA in the past year, to determine their level of satisfaction with the home.
- **Defence Choice Housing Survey** — sent annually to all members who are occupying a Defence Choice Housing property to determine their level of satisfaction with the home.

- **Defence HomeOwner Survey** — sent annually to all members who successfully applied for the Defence HomeOwner scheme, to determine their satisfaction with DHA's service.
- **Lessor Survey** — sent annually to a random sample of owners of DHA leased homes (post-1996 leases), to determine if they are satisfied with their lease and DHA's leasing services.
- **Maintenance Survey** — sent weekly to a random sample of tenants who have received responsive maintenance, to gauge DHA's performance in responding to the maintenance needs of tenants.
- **Relocation Survey** — sent weekly to all Members With Dependants who experience a relocation, to determine satisfaction with all aspects of DHA's relocation service.
- **Residential Investment Property Survey** — sent monthly to purchasers of Sale and Leaseback properties, to determine if they are satisfied with their sale process and DHA lease administration.

## Consultancy services

DHA engages the services of a limited number of companies and consultancy services for their expertise. A summary list of such consultancies is presented to the Board Audit Committee on a six-monthly basis.

## Indemnities and insurance

DHA maintains insurance cover for directors' and officers' liability and company reimbursement, in order 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.

## Disability Action Plan

Wherever possible, DHA ensures that policies, programs and services are as accessible to people with disabilities as they are to every other member of the Australian community.

DHA works with Defence to ensure ADF members and families with special needs have access to a fair and equitable process for modifying DHA homes to meet their needs.

## Corporate documents

In accordance with the *Commonwealth Authorities and Companies Act 1997* and the *Public Service Act 1999*, DHA is required to prepare an annual report, Corporate Plan and Statement of Corporate Intent. Financial statements prepared by DHA are subject to audit by the Australian National Audit Office.

## Categories of documents

DHA holds no registers or similar documents that are open to the public upon payment of a fee nor does DHA hold any documents that are available for purchase.

## Access to documents

Copies of the *Defence Housing Authority Act 1987* are available from Canprint Information Services, or over the counter from Standards Australia outlets and the Information Victoria bookshop. For contact details, see [www.publications.gov.au/?legislation](http://www.publications.gov.au/?legislation).

An online version of the Act is available to download from the Scaleplus section of the Attorney-General's Department website: [www.ag.gov.au](http://www.ag.gov.au). DHA's annual report is available free of charge on request from DHA. This report is also available for download from DHA's website [www.dha.gov.au](http://www.dha.gov.au). The DHA also produces and distributes brochures and other promotional material. Requests for copies of DHA documents can be made to:

Mr Ken Thornton  
Communication and Media Manager  
Defence Housing Authority  
26 Brisbane Avenue  
BARTON ACT 2600

# Financial Statements

**2003-04**

DEFENCE HOUSING AUTHORITY ANNUAL REPORT



## INDEPENDENT AUDIT REPORT

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

### Scope

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

of the Defence Housing Authority, for the year ended 30 June 2004.

The Directors of the Defence Housing Authority are responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

### *Audit approach*

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

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

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Defence Housing Authority's financial position, and of its performance as represented by the statements of financial performance, and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Defence Housing Authority Board.

#### **Independence**

In conducting the audit, I have followed the independence requirements of the ANAO, which incorporate Australian professional ethical pronouncements.

#### **Audit Opinion**

In my opinion, the financial statements:

- (i) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* and applicable Accounting Standards; and
- (ii) give a true and fair view, of the matters required by applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the Finance Minister's Orders, of the financial position of the Defence Housing Authority as at 30 June 2004, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Ian P. Goodwin  
Executive Director

Delegate of the Auditor-General  
CANBERRA

13 August 2004

DEFENCE HOUSING AUTHORITY  
FINANCIAL STATEMENTS  
For The Year Ended 30 June 2004

- Statement by Directors
- 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

**DEFENCE HOUSING AUTHORITY**

**STATEMENT BY DIRECTORS**

In our opinion, the attached financial statements for the year ended 30 June 2004 are based on properly maintained financial records and 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*.

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

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



**The Hon Peter Jones AM**  
*Chairman*

13 September 2004



**Keith Lyon**  
*Managing Director*

13 September 2004



**DEFENCE HOUSING AUTHORITY**  
**Statement of Financial Performance**  
**for the year ended 30 June 2004**

	Note	2004 \$'000	2003 \$'000
<b>REVENUES</b>			
<b>Revenues from ordinary activities</b>			
Housing services provided	6	330,150	340,585
Relocation services provided	7	68,133	31,877
Revenue from sale of assets	11	434,295	478,212
Interest income		8,852	8,850
Other income		713	618
<b>Total Revenues from ordinary activities</b>		<b>842,142</b>	<b>860,142</b>
<b>EXPENSES</b>			
<b>Operating expenses from ordinary activities</b>			
Employee expenses	8	(45,103)	(41,916)
Lease rental expenses		(155,969)	(154,071)
Rates, repairs & maintenance	9	(60,798)	(64,866)
Depreciation & amortisation	10	(16,843)	(17,550)
Defence member relocation expenses		(53,458)	(17,641)
Value of assets sold	11	(402,483)	(444,416)
Other expenses		(24,477)	(29,646)
<b>Total operating expenses from ordinary activities</b>		<b>(759,132)</b>	<b>(770,106)</b>
Borrowing costs expense		(12,599)	(6,288)
<b>Profit result from ordinary activities before income tax</b>		<b>70,412</b>	<b>83,748</b>
Income tax expense	2	-	-
<b>Profit result from ordinary activities after income tax</b>		<b>70,412</b>	<b>83,748</b>
<b>Net profit</b>	12	<b>70,412</b>	<b>83,748</b>
Increase in asset revaluation reserve	13	137,570	134,701
<b>Total revenues, expenses and valuation adjustments</b>		<b>137,570</b>	<b>134,701</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	15	<b>207,982</b>	<b>218,449</b>
<b>Dividends paid</b>			
Annual dividends paid	3, 12	80,698	66,525
Special dividends paid	4, 12	150,000	307,000
<b>Total dividends paid</b>		<b>230,698</b>	<b>373,525</b>

The accompanying notes form an integral part of these statements.

**DEFENCE HOUSING AUTHORITY**  
**Statement of Financial Position**  
**as at 30 June 2004**

	Note	2004 \$'000	2003 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash assets	16	107,096	170,080
Receivables	17	27,304	21,456
Other financial assets	18	11,454	10,697
Land and buildings	21, 23	114,213	66,778
Lease receivables	22	9,209	9,709
<b>Total Current Assets</b>		<b>269,276</b>	<b>278,720</b>
<b>Non-Current Assets</b>			
Inventories	19	1,175	1,094
Plant and equipment	20, 23	21,860	12,804
Land and buildings	21, 23	1,278,431	1,144,433
Lease receivables	22	296,263	333,927
<b>Total Non-Current Assets</b>		<b>1,597,729</b>	<b>1,492,258</b>
<b>Total Assets</b>		<b>1,867,004</b>	<b>1,770,978</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Provisions	24	6,219	5,279
Payables	25	21,427	22,245
Interest bearing liabilities	26	35,000	-
Other	27	10,198	14,454
<b>Total Current Liabilities</b>		<b>72,844</b>	<b>41,978</b>
<b>Non Current Liabilities</b>			
Interest bearing liabilities	26	265,000	200,000
Provisions	28	56,089	51,288
<b>Total Non Current Liabilities</b>		<b>321,089</b>	<b>251,288</b>
<b>Total Liabilities</b>		<b>393,932</b>	<b>293,266</b>
<b>Net Assets</b>		<b>1,473,072</b>	<b>1,477,712</b>
<b>EQUITY</b>			
Commonwealth contributions	14	249,148	249,572
Reserves	13	1,103,179	1,115,609
Retained profits	12	120,745	112,531
<b>Total Equity</b>	15	<b>1,473,072</b>	<b>1,477,712</b>

The accompanying notes form an integral part of these statements.

**DEFENCE HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**for the year ended 30 June 2004**

	Note	2004 \$'000	2003 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash Received</b>			
Sales of goods and services		360,837	312,810
Interest		8,619	9,223
Other		29,548	23,244
<b>Total cash received</b>		<b>399,004</b>	<b>345,277</b>
<b>Cash Used</b>			
Suppliers		(287,296)	(239,351)
Employees		(44,659)	(40,302)
Interest		(12,599)	(6,288)
<b>Total Cash Used</b>		<b>(344,554)</b>	<b>(285,941)</b>
<b>Net Cash From Operating Activities</b>	29	<b>54,450</b>	<b>59,336</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash Received</b>			
Proceeds from sales of property, plant and equipment		417,381	466,849
Other - receipts from joint ventures		305	621
<b>Total cash received</b>		<b>417,686</b>	<b>467,470</b>
<b>Cash Used</b>			
Purchase of property, plant and equipment		(422,617)	(340,932)
Other - contributions to joint ventures		(305)	(621)
<b>Total Cash Used</b>		<b>(422,922)</b>	<b>(341,553)</b>
<b>Net Cash From Investing Activities</b>		<b>(5,236)</b>	<b>125,917</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash Received</b>			
Proceeds from debt		100,000	100,000
Tax equivalent reimbursement from Defence		18,500	-
<b>Total cash received</b>		<b>118,500</b>	<b>100,000</b>
<b>Cash Used</b>			
Dividends paid		(230,698)	(373,525)
<b>Total Cash Used</b>		<b>(230,698)</b>	<b>(373,525)</b>
<b>Net Cash From Financing Activities</b>		<b>(112,198)</b>	<b>(273,525)</b>
Net Decrease in Cash Held		(62,984)	(88,272)
Cash at 1 July 2003		170,080	258,352
<b>Cash at 30 June 2004</b>	16	<b>107,096</b>	<b>170,080</b>

The accompanying notes form an integral part of these statements.

**DEFENCE HOUSING AUTHORITY**  
**Schedule of Commitments**  
**as at 30 June 2004**

	2004 \$'000	2003 \$'000
<b>By Type</b>		
<b>Capital commitments</b>		
Land and buildings	55,905	81,088
<b>Total capital commitments</b>	<b>55,905</b>	<b>81,088</b>
<b>Other commitments</b>		
Housing lease rentals	905,335	822,274
Other	24,496	22,475
<b>Total other commitments</b>	<b>929,831</b>	<b>844,749</b>
<b>Total commitments</b>	<b>985,736</b>	<b>925,837</b>
<b>By Maturity</b>		
<b>Capital commitments</b>		
One year or less	55,905	81,088
From one to five years	-	-
Over five years	-	-
<b>Total capital commitments</b>	<b>55,905</b>	<b>81,088</b>
<b>Other commitments</b>		
One year or less	165,010	158,834
From one to five years	514,217	456,075
Over five years	250,604	229,840
<b>Total other commitments</b>	<b>929,831</b>	<b>844,749</b>
<b>Total commitments</b>		
One year or less	220,915	239,922
From one to five years	514,217	456,075
Over five years	250,604	229,840
<b>Total commitments</b>	<b>985,736</b>	<b>925,837</b>

The accompanying notes form an integral part of these statements.

**DEFENCE HOUSING AUTHORITY****Schedule of Contingencies  
as at 30 June 2004**

	2004 \$'000	2003 \$'000
<b>Contingent liabilities</b>		
Joint venture guarantees <sup>1</sup>	1,387	3,480
Bank guarantees <sup>2</sup>	200	200
Claims for damages/costs <sup>3</sup>	202	39
<b>Total contingent liabilities</b>	<b>1,789</b>	<b>3,719</b>
<b>Contingent assets</b>		
Claims for damages/costs <sup>4</sup>	660	-
<b>Total contingent assets</b>	<b>660</b>	<b>-</b>
<b>Net contingent liabilities</b>	<b>1,129</b>	<b>3,719</b>

1. Contract performance guarantees and development works relating to joint ventures;

2. Bank guarantees relating to construction work;

3. Estimated costs associated with legal matters; and

4. Estimated recoveries associated with legal matters.

**Unquantifiable Contingencies**

The DHA 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 2004**

<b>Note</b>	<b>Description</b>
1	Summary of Significant Accounting Policies
2	Tax
3	Annual Dividends
4	Special Dividends
5	Adoption of Australian Equivalents to International Financial Reporting Standards from 2005/06
6	Housing Services Provided
7	Relocation services provided
8	Employee Expenses
9	Rates, Repair & Maintenance
10	Depreciation & Amortisation
11	Profit result from Ordinary Activities before Income Tax Expense
12	Retained Profits
13	Reserves
14	Commonwealth Contributions
15	Total Equity
16	Cash Assets
17	Receivables
18	Other Financial Assets
19	Inventories
20	Plant & Equipment
21	Land and Buildings
22	Lease Receivables
23	Movement summary 2003/04 for Land, Buildings, Plant and Equipment
24	Current Provisions
25	Payables
26	Interest Bearing Liabilities
27	Other Current Liabilities
28	Non Current Provisions
29	Cash Flow Reconciliation
30	Superannuation
31	Directors' and Executives' Remuneration
32	Audit Remuneration
33	Related Parties
34	Economic Dependency
35	Segment Reporting
36	Joint Venture Developments
37	Financial Instruments
38	Staffing Levels

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

**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 (FMOs) (being the *Financial Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 30 June 2004)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- the Consensus Views of the Urgent Issues Group.

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 DHA.

**1.2 Changes in Accounting Policy**

The accounting policies used in the preparation of the financial statements are consistent with those used in 2002/03.

In prior years, relocation payments to Defence members and suppliers have been netted off against funds received in advance from Defence. From February 2003 the DHA recovered the expenses from Defence after member and supplier payments were made. The revenues and expenses have been grossed up in 2003/04 to reflect the change. Prior year comparisons have also been adjusted.

**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 accounted for 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.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at 30 June each year. Provisions are made when collectability of the debt is judged to be less rather than more likely.

**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.

	<b>2003/04</b>	<b>2002/03</b>
Off-base Properties	50 years	50 years
On-base Properties	15 years	15 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 the DHA owned properties is capitalised and depreciated over the remaining life of the asset.

#### **1.6 Repairs and Maintenance**

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

#### **1.7 Income Tax**

The DHA is exempt from all forms of taxation except fringe benefits tax and the goods and services tax. However the DHA does pay a tax equivalent payment to shareholders in the form of a dividend. Refer also Note 2.

#### **1.8 Dividends**

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date. Dividend liability is determined by the DHA 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 DHA pursuant to the provisions of Section 60 of the *Defence Housing Authority Act 1987*. A Services Agreement between the DHA 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 DHA comprise 'off-base' properties in major cities and a few on-base properties and are classified as non-current assets, unless otherwise described.

#### **Revaluations**

The DHA properties are subject to annual revaluation 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 2004 on one third of the total housing stock, with the balance of stock being revalued using a DHA developed index, other than properties identified for disposal. The index is developed from the one third of houses that have been independently revalued and the valuations on leased properties completed at 31 December 2003. Properties identified for disposal are recognised at Directors' estimate of fair value.

Properties transferred to the DHA as off-base houses where title does not reside with the 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 equal to the DHAs weighted average cost of capital of 10.24%.

Increments and decrements are treated on an asset class basis and not on an individual asset basis. Where land and housing stock are sold, the amounts in the Asset Revaluation Reserve relating to those assets are 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 removed from the Asset Revaluation Reserve and the remaining carrying value offset against 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 DHA for more than 3 years, is revalued at 'fair value'. All vacant land which was greater than 3 years old was revalued at 30 June 2004, 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.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of 30 June 2004 are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2004 and is recognised at its nominal amount including on costs. This approximates the amounts which are expected to be paid when the liability is settled.

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 2004, based on the short hand method provided in Finance Brief 13.

#### **1.14 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. Operating leases result in the lessor retaining substantially all such risks and benefits of the asset.

##### ***Operating Lease***

The DHA maintains a Sale and Leaseback program for the provision of housing. The leases are considered operating leases. Operating lease payments, in the form of rental payments, are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

##### ***Finance Lease***

The Services Agreement between the DHA 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 note 1.11). Consequently, these properties are disclosed as finance lease receivables (refer note 22).

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 requirements of the Department of Defence, the unrecovered capital value is charged to the Department of Defence.

#### **1.15 Sale and Leaseback Provision**

As outlined in Note 1.14 above, the DHA sells certain properties and leases these back by way of operating lease. The operating lease agreements obligate the DHA to undertake prescribed maintenance at the end of the lease period ("make good" expenditure).

AAS 17 requires that where a sale and leaseback transaction involves a leaseback, which is classified as an operating lease by the lessee and the sale price is above fair value, the excess of sale price over fair value must be deferred and amortised by the lessee in proportion to the rental payments over the lease term.

On the basis that it is not possible to reliably estimate the component of the profit from sale and leaseback transactions that is above fair value, no profit is separately identified for recording in accordance with AAS 17. The DHA records the entire sale proceeds as revenue at the time of settlement.

At the time of recording the sale, a provision is also raised to recognise the make good obligation. This provision is based on an assessment of the present value of the necessary costs to make good properties at the end of the lease term. The estimate includes an inflation factor of 3.0% (2003: 2.8%) and a discount rate of 5.7% (2003: 6.4%), being the long term bond rate.

Actual make good expenditure is charged against the provision as incurred. The estimate of future make good maintenance is reviewed annually to ensure the sale and leaseback provision is adequate. Amounts set aside to/from the provision are disclosed in Note 11.

#### **1.16 Joint Ventures**

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

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

The DHA's enabling Act provides that the DHA is not subject to taxation. However, in accordance with the Federal Government's Competitive Neutrality policy, in January 2001, the then Minister for Financial Services and Regulation agreed to the DHA complying with a Tax Equivalent Regime (TER). The TER to which the DHA is subject provides for Federal income tax and State and Territory tax equivalents to be paid by way of dividend. Land tax and stamp duty (other than on new constructions) were specifically excepted from the TER to facilitate the DHA's capital restructuring program. In May 2004, the DHA was advised by Shareholder Ministers that the DHA's remaining exemptions for land tax and stamp duty would cease from 1 July 2003. The DHA has proposed legislative amendments, including the removal of the tax exemption, to be presented to Parliament, which would result in the DHA being subject to State and Federal taxes, administered by the Australian Taxation Office. Tax effect accounting principles would apply under these circumstances and require the reporting of deferred tax balances.

### **3. Annual Dividends**

The Board has declared a final dividend for the year ending 30 June 2004 of \$52.6 million (2003: \$62.2 million), comprising of the following:

- i) a profit component of \$28.4 million representing 60% of adjusted net profit after tax equivalents (2003 : \$33.1 million); and
- ii) a tax equivalent component of \$24.2 million representing company tax, payroll tax and stamp duty on new constructs as if the DHA had been legally liable to these taxes (2003: \$29.1 million),

and these amounts will be paid to the Government in 2004/05.

Annual dividends of \$80.7 million were paid to the Government in 2003/04 (2003: \$66.5 million). The annual dividend for 2002/03 of \$62.2 million was paid in October 2003. An interim tax equivalent payment of \$18.5 million was paid on 28 June 2004, arising from the removal of the DHA's remaining exemptions from land tax and stamp duty equivalents from 1 July 2003. The interim tax equivalent payment was recovered by payment of \$18.5m from the Department of Defence.

#### **4. Special Dividends**

A special dividend payment of \$150 million was paid on 28 June 2004 out of Capital Profits Reserve (2003: \$307m paid out of Retained Profits).

#### **5. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005/06.**

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005/06. The new standards are the Australian Equivalents to International Financial Reporting Standards (IFRS) which are issued by the International Accounting Standards Board. The new standards can not be adopted early. The standards being replaced are to be withdrawn with effect from 2005/06, but continue to apply in the meantime. The new standards will apply to the DHA for the year ending 30 June 2006.

The purpose of issuing Australian Equivalents to IFRS is to enable Australian entities reporting under the Corporations Act 2001 to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying fully with the Australian Equivalents will be able to make an explicit and unreserved statement of compliance with IFRS and well as with the Australian Equivalents.

It is expected that the Finance Minister will continue to require compliance with the Accounting Standards issued by the AASB, including the Australian Equivalents to IFRS, in his Orders for the Preparation of Authorities' financial statements for 2005/06 and beyond.

The Australian Equivalents contain certain additional provisions which will apply to not-for-profit entities, including AMODEL Non-Commercial Authority. Some of these provisions are in conflict with the IFRS and therefore AMODEL Authority will only be able to assert compliance with the Australian Equivalents to the IFRS.

Existing AASB standards that have no IFRS equivalent will continue to apply.

Accounting Standard AASB 1047 Disclosing the Impact of Adopting Australian Equivalents to IFRS requires that the financial statements for 2003/04 disclose:

- An explanation of how the transition to the Australian Equivalents is being managed, and
- A narrative explanation of the key differences in accounting policies arising from the transition.

The purpose of this Note is to make these disclosures.

#### *Management of the transition to AASB Equivalents to IFRS*

The DHA has taken the following steps in preparation towards the implementation of Australian Equivalents:

- The DHA's Board Audit Committee is tasked with oversight of the transition to and implementation of the Australian Equivalents to IFRS. The Chief Financial Officer is formally responsible for the project and reports regularly to the Board Audit Committee on progress.
- Major accounting policy differences between current AASB standards and the Australian Equivalents to IFRS have been identified and reported to the Board Audit Committee prior to 30 June 2004. The likely impact of implementing the Australian Equivalents to IFRS were identified as High, Medium and Low. Those areas that are considered to potentially have a material impact are considered below.

- In planning for the adoption of the Australian Equivalents to IFRS the DHA has applied the steps recommended in Finance Brief 18, International Adoption – Planning and Transition.
- The following key steps have been identified:
  - Identification of systems changes necessary to be able to report under the Australian Equivalents, including those necessary to enable capture of data under both sets of rules for 2004/05, and the testing and implementation of those changes.
  - Preparation of a transitional Balance Sheet as at 1 July 2004, under Australian Equivalents, by 31 December 2004.
  - Preparation of an Australian Equivalent Balance Sheet at the same time as the 30 June 2005 statements are prepared.
  - Meeting reporting deadlines set by the Department of Finance and Administration for 2005/06 Balance Sheet under Australian Equivalent Standards.
- Consultants have been engaged where necessary to assist with each of the above steps.

*Major changes in accounting policy*

*Investment Properties*

Currently the DHA accounts for owned properties as depreciable Property, Plant & Equipment (PP&E) which are revalued on a class basis. Movements in revaluation are made directly to the Asset Revaluation Reserve.

The Investment Property standard is a new standard under Australian Equivalents to IFRSs, which may apply to the DHA. Accounting for properties as Investment properties will require movements in fair value to be recognised in the Income Statement and properties will not be depreciated.

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

	2004 \$'000	2003 \$'000
<b>6. Housing services provided</b>		
Defence rent and charges	284,067	288,535
Defence housing allocation fees	5,422	7,886
Defence other charges	13,331	19,024
Lessor management fees	21,452	18,927
Other revenue	5,878	6,213
Total revenues from housing services provided	330,150	340,585
<b>7. Relocation services provided</b>		
Relocation administration fees	14,826	14,236
Relocation defence member recoveries	53,307	17,641
Total revenues from relocation services provided	68,133	31,877
<b>8. Employee expenses</b>		
Remuneration for services provided	44,115	41,717
Separation and redundancy	988	199
Total employee expenses	45,103	41,916
<b>9. Rates, repairs &amp; maintenance</b>		
Rates & taxes	12,504	13,087
Repairs & maintenance	32,759	33,943
Other	15,535	17,836
Total rates, repairs & maintenance	60,798	64,866
<b>10 Depreciation and amortisation</b>		
Depreciation - housing stock	12,757	13,661
Depreciation - property, plant and equipment	4,086	3,889
Total depreciation and amortisation	16,843	17,550

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

	2004 \$'000	2003 \$'000
<b>11. Profit result from ordinary activities before income tax expense</b>		
Revenue from sale of land, building, plant and equipment	388,808	437,790
Revenue from sale of properties under finance lease receivables	45,487	40,422
Revenue from sale of assets	434,295	478,212
Expenses from sale of land, building, plant and equipment	(352,445)	(396,290)
Expenses from sale of properties under finance lease receivables	(45,487)	(40,422)
Movement in sale and leaseback provision	(4,551)	(7,704)
Value of assets sold	(402,483)	(444,416)
Gain on sale of land, building, plant and equipment	31,812	33,796
<b>12. Retained profits</b>		
Opening balance as at 1 July 2003	112,531	335,783
Net profit attributable to members of the DHA	70,412	83,748
Transfers from capital profits reserve	150,000	-
Tax equivalent dividend reimbursement from Defence	18,500	-
Annual dividends provided for in prior year	-	66,525
Annual dividends paid (note 3)	(80,698)	(66,525)
Special dividends paid (note 4)	(150,000)	(307,000)
Retained profits as at 30 June 2004	120,745	112,531
<b>13. Reserves</b>		
Opening balance as at 1 July 2003	1,115,609	980,908
Increase in asset revaluation reserve	137,570	134,701
Transfers to retained profits	(150,000)	-
Reserves as at 30 June 2004	1,103,179	1,115,609
The reserves comprise of the following:		
a) Asset revaluation reserve		
Opening balance as at 1 July 2003	526,509	496,272
Increase in asset revaluation reserve	137,570	134,701
Transfer to capital profits reserve on realisation of sold assets	(162,884)	(104,464)
	501,195	526,509
b) Capital profits reserve		
Opening balance as at 1 July 2003	588,100	483,636
Transfers to retained profits	(150,000)	-
Transfer from asset revaluation reserve on realisation of sold assets	162,884	104,464
	600,984	588,100
c) Insurance reserve	1,000	1,000
Total reserves as at 30 June 2004	1,103,179	1,115,609
<b>14. Commonwealth contributions</b>		
Opening balance as at 1 July 2003	249,572	249,572
Return of properties to Defence	(424)	-
Commonwealth contributions as at 30 June 2004	249,148	249,572

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

	2004 \$'000	2003 \$'000
<b>15. Total equity</b>		
Total equity as at 1 July 2003	1,477,712	1,566,263
Total changes in equity recognised in the statement of financial performance	207,982	218,449
Transactions with owners as owners	-	-
Tax equivalent reimbursement from Defence	18,500	-
Capital returns	(424)	-
Dividends paid	(230,698)	(307,000)
Total equity as at 30 June 2004	1,473,072	1,477,712
<b>16. Cash assets</b>		
At bank	7,490	27,829
On hand	20	11
Short term investments	99,586	142,240
Total cash assets	107,096	170,080
<b>17. Receivables</b>		
Amounts receivable from the Department of Defence	9,109	10,184
House sales receivables	13,283	4,273
Accrued Income	1,631	3,423
Other debtors	3,280	3,576
Total receivables	27,304	21,456
Debtors have repayment terms between 7 and 30 days.		
<b>Receivables are aged as follows:</b>		
Less than 30 days	27,199	10,967
30 to 60 days	64	8,954
60 to 90 days	11	301
More than 90 days	30	1,234
	27,304	21,456
<b>18. Other financial assets</b>		
Prepaid property rentals	10,896	10,328
Other prepayments	558	369
Total other financial assets	11,454	10,697

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

	2004 \$'000	2003 \$'000
<b>19. Inventories</b>		
Land held for resale at cost	1,175	1,094
<b>Total inventories</b>	<b>1,175</b>	<b>1,094</b>
<b>20. Plant and equipment</b>		
Plant, equipment and software development at cost	36,397	22,940
Accumulated depreciation	(14,537)	(10,136)
<b>Total plant and equipment</b>	<b>21,860</b>	<b>12,804</b>
<b>21. Land and buildings</b>		
Houses at valuation - off base	562,136	520,372
Accumulated depreciation	(209)	-
Land at valuation	653,171	570,520
<b>Total Land and buildings at valuation</b>	<b>1,215,097</b>	<b>1,090,892</b>
On base buildings	2,062	1,709
<b>Total on base buildings at valuation</b>	<b>2,062</b>	<b>1,709</b>
<b>Works in progress</b>		
Land at cost and valuation	2,830	57,259
Development and construction costs	172,654	61,351
<b>Total work in progress</b>	<b>175,484</b>	<b>118,610</b>
<b>Total land and buildings</b>	<b>1,392,644</b>	<b>1,211,211</b>
<b>Shown as:</b>		
Current assets	114,213	66,778
Non current assets	1,278,431	1,144,433
<b>Total land and buildings</b>	<b>1,392,644</b>	<b>1,211,211</b>
<b>22. Finance lease receivables</b>		
Current finance lease receivables		
Due not later than 1 year	9,209	9,709
<b>Total current finance lease receivables</b>	<b>9,209</b>	<b>9,709</b>
Non-current finance lease receivables		
Due later than 1 year not later than 5 years	43,734	46,662
Due later than 5 years	252,529	287,265
<b>Total non-current finance lease receivables</b>	<b>296,263</b>	<b>333,927</b>
<b>Total finance lease receivables</b>	<b>305,472</b>	<b>343,636</b>



**DEFENCE HOUSING AUTHORITY**

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2004

**23. Movement Summary 2003/04 for 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 2003</b>	<b>689,130</b>	<b>522,081</b>	<b>1,211,211</b>	<b>22,940</b>	<b>1,234,149</b>
Additions	213,183	231,681	444,864	13,951	458,815
Revaluations	80,624	46,583	127,207	-	127,207
Disposals	(154,282)	(236,147)	(390,429)	(494)	(390,923)
<b>Gross value as at 30 June 2004</b>	<b>828,655</b>	<b>564,198</b>	<b>1,392,853</b>	<b>36,397</b>	<b>1,429,248</b>
<b>Accumulated depreciation / amortisation as at 1 July 2003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,136</b>	<b>10,136</b>
Depreciation / amortisation	-	12,442	12,442	4,401	16,843
Adjustment for revaluations	-	(10,363)	(10,363)	-	(10,363)
Adjustment for disposals	-	(1,870)	(1,870)	-	(1,870)
<b>Accumulated depreciation / amortisation as at 30 June 2004</b>	<b>-</b>	<b>209</b>	<b>209</b>	<b>14,537</b>	<b>14,746</b>
<b>Net book value as at 30 June 2004</b>	<b>828,655</b>	<b>563,989</b>	<b>1,392,644</b>	<b>21,860</b>	<b>1,414,502</b>
<b>Net book value as at 1 July 2003</b>	<b>689,130</b>	<b>522,081</b>	<b>1,211,211</b>	<b>12,804</b>	<b>1,234,149</b>

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

	2004 \$'000	2003 \$'000
<b>24. Current provisions</b>		
Liabilities to employees		
Long service leave	2,233	1,909
Annual leave	3,610	3,245
Total liabilities to employees	5,843	5,154
Other provisions	376	125
Total other provisions	376	125
<b>Total provisions</b>	<b>6,219</b>	<b>5,279</b>
<b>25. Payables</b>		
Trade creditors are normally settled on 30 day terms.		
Trade creditors	5,279	4,764
Accrued expenses	11,129	11,146
Accrued repairs and maintenance	3,416	2,777
Other	1,602	3,558
<b>Total payables</b>	<b>21,427</b>	<b>22,245</b>
<b>26. Interest bearing liabilities</b>		
Loan from Government	300,000	200,000
<b>Maturity schedule for loans payable:</b>		
Within one year	35,000	-
In one to five years	205,000	140,000
In more than five years	60,000	60,000
	<b>300,000</b>	<b>200,000</b>
<b>27. Other current liabilities</b>		
Rental receipts in advance from the Department of Defence	10,198	14,454
	<b>10,198</b>	<b>14,454</b>
<b>28. Non-current provisions</b>		
Liabilities to employees		
Long service leave	1,293	1,043
Total liabilities to employees	1,293	1,043
Other		
Sale and leaseback provision	54,796	50,245
Total other provisions	54,796	50,245
<b>Total non-current provisions</b>	<b>56,089</b>	<b>51,288</b>

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

	2004 \$'000	2003 \$'000
<b>29. Cash Flow Reconciliation</b>		
<b>Reconciliation of net cash flows from operating activities to operating profit</b>		
Operating profit	70,412	83,748
<b>Non-cash items</b>		
Depreciation - housing stock	12,757	13,661
Depreciation - other	4,086	3,889
Profit on the disposal of assets	(31,812)	(33,796)
Share of net (profit)/loss from joint ventures	155	132
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in accounts receivable	864	(10,488)
(Increase)/decrease in prepayments	(568)	210
Increase/(decrease) in employee provisions	939	1,059
Increase/(decrease) in creditors	(2,383)	921
<b>Net cash provided by operating activities</b>	<b>54,450</b>	<b>59,336</b>

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

**30. Superannuation**

Staff of the DHA 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 DHA 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 DHA for the reporting period are:

- CSS members: Contributions at the rate of 27.2% (2003: 18.1%) of salary for superannuation purposes, amounting to \$0.417 million (2003, \$0.258 million), and
- PSS members: Contributions at the rate of 12.1 % (2003: 10.9%) of salary for superannuation purposes, amounting to \$4.836 million (2003, \$4.068 million).

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

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

**a) Remuneration of Directors**

	<b>2004</b>	<b>2003</b>
Number of directors whose total remuneration received or due and receivable from the DHA falls within the following bands:	Number	Number
\$ 0 - \$ 10,000	10	9
\$ 10,001 - \$ 20,000	1	1
\$ 20,001 - \$ 30,000	1	2
\$ 30,001 - \$ 40,000	3	2
\$ 50,001 - \$ 60,000	0	1
\$ 60,001 - \$ 70,000	1	0
\$300,001 - \$310,000	0	1
\$340,001 - \$350,000	1	0
Total income received, or due and receivable by all directors (including the Managing Director).	<b>\$545,568</b>	<b>\$497,202</b>

Nine directors (2003: nine) did not receive any remuneration from the DHA.

**b) Remuneration of Executives**

	<b>2004</b>	<b>2003</b>
Number of executive whose total remuneration received or due and receivable from the DHA falls within the following bands:	Number	Number
\$100,001 - \$110,000	1	0
\$110,001 - \$120,000	1	3
\$130,001 - \$140,000	1	1
\$150,001 - \$160,000	1	0
\$160,001 - \$170,000	2	1
\$180,001 - \$190,000	2	0
\$190,001 - \$200,000	0	2
\$200,001 - \$210,000	0	1
\$210,001 - \$220,000	1	0
\$220,001 - \$230,000	1	0
The aggregate of the remuneration received or receivable from the DHA by executive officers (excluding the Managing Director) whose income exceeds \$100,000, including performance based payments.	<b>\$1,636,763</b>	<b>\$1,237,416</b>

The director and executive remuneration includes wages and salaries, leave accruals, performance and other bonuses, superannuation, motor vehicles, any other allowances and fringe benefits included in remuneration agreements. 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 2004**

	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>32. Audit Remuneration</b>		
Amount received or due and receivable by auditors <sup>1</sup> :		
Australian National Audit Office (ANAO) for the		
Audit of financial statements <sup>2</sup>	153,450	146,300

Ernst & Young 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 have earned the following fees for consulting where they have been separately contracted by the Defence Housing Authority.

	52,514	-
	19,800	27,000

Audit fees relating to the audit of joint ventures paid to KPMG.

The DHA 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 2004**

**33. Related Parties**

**Directors**

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

ADAMS, Rear Admiral, Brian, AO RAN	
BOEZEMAN, Ms, Bonita AO	
GORDON, Major General, Ian AM	<i>(appointed 19 May 2004)</i>
HANCOCK, Rear Admiral, Max RAN	<i>(appointed 4 June 2004)</i>
JONES, The Hon, Peter AM	
LYON, Mr, Keith	
MCLENNAN, Air Vice-Marshal, Roxley	<i>(appointed 26 February 2004)</i>
MOFFITT Rear Admiral, Rowan RAN	<i>(resigned 4 June 2004)</i>
NEUMANN, Dr, Ralph	
O'BRIEN, Mr Tom AM	
O'GRADY, Mr, John	
ROBERTS, Major General, Frank AM	<i>(resigned 19 May 2004)</i>
SPENCE, Air Vice-Marshal, Chris AO	<i>(resigned 26 February 2004)</i>
STOKES, Mr, Wayne	<i>(appointed 25 June 2003)</i>
WALLER, Mrs, Caragh	<i>(appointed 18 December 2003)</i>

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

Blake Dawson Waldron, which employs John O'Grady as a Special Counsel, was engaged by the DHA during the reporting period to provide legal services to the value of \$48,152. These services were provided based on normal commercial terms and conditions. John O'Grady was not personally involved in providing any of those services, nor was he involved in any way in any decision by the DHA to engage Blake Dawson Waldron.

The DHA is part of the Defence portfolio. The directors listed below held ex officio director positions in their capacity as employees of the Department of Defence or members of the Australian Defence Force. None of the ex officio directors received remuneration from the DHA.

ADAMS, Rear Admiral, Brian, AO RAN  
GORDON, Major General, Ian AM  
HANCOCK, Rear Admiral, Max RAN  
MCLENNAN, Air Vice-Marshal, Roxley  
MOFFITT Rear Admiral, Rowan RAN  
NEUMANN, Dr, Ralph  
ROBERTS, Major General, Frank AM  
SPENCE, Air Vice-Marshal, Chris AO

Caragh WALLER is an Australian Defence Force spouse representative director and receives remuneration from the DHA.

**34. Economic Dependency**

The DHA depends on the Department of Defence in accordance with the Services Agreement on Housing and Relocation Services Agreement between Defence and the DHA.

**35. Segment Reporting**

The DHA operates in a single segment within Australia providing housing and related services.

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

**36. Interest in Joint Venture Developments**

The DHA holds a 50 per cent 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.

The following represents the DHA's total interest in the joint venture developments at 30 June 2004. The profit and statement of financial position items have been incorporated in the financial statements under their respective classifications.

	2004 \$'000	2003 \$'000
Profit		
Revenues	1	2
Expenses	(156)	(134)
<b>Total Profit</b>	<b>(155)</b>	<b>(132)</b>
Current assets		
Cash	8	29
Receivables	7	9
Total current assets	15	38
Non current assets		
Property, plant and equipment	-	1
Inventories	1,175	1,094
Total non current assets	1,175	1,095
Current liabilities		
Creditors	150	163
<b>Net Assets</b>	<b>1,040</b>	<b>970</b>
<b>Equity</b>	<b>1,040</b>	<b>970</b>



**DEFENCE HOUSING AUTHORITY**

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

**37. Financial Instruments**

**Interest Rate Risk**

a) The following table provides information on the DHAs exposure to interest rate risk at 30 June 2004.

	Note	Floating		Fixed 1 year or less		Fixed more than 1 year		Non Interest Bearing		Total		Average interest rate					
		2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	Floating		Fixed			
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	2004	2003	2004	2003		
<b>Financial Assets</b>																	
Cash and short term investments	16			99,586	142,240						107,096	170,080					4.82%
Receivables for goods & services	17	7,510	27,840	9,209	9,709	296,263	333,927	27,304	21,456	27,304	27,304	21,456					5.41%
Finance Lease Receivables	22, 1, 14										305,472	343,636	3.81%	3.50%			7.40%
<b>Total Financial Assets</b>		<b>7,510</b>	<b>27,840</b>	<b>108,795</b>	<b>151,949</b>	<b>296,263</b>	<b>333,927</b>	<b>27,304</b>	<b>21,456</b>	<b>439,872</b>	<b>535,172</b>						
<b>Financial Liabilities</b>																	
Payables	25										21,427	22,245					5.41%
Loan	26			35,000			35,000				35,000	35,000					5.81%
	26					35,000	35,000				30,000	30,000					6.12%
	26					35,000	35,000				35,000	35,000					6.13%
	26					35,000	35,000				35,000	35,000					6.37%
	26					35,000	35,000				35,000	35,000					6.57%
	26					35,000	35,000				35,000	35,000					5.88%
	26					30,000	30,000				30,000	30,000					6.08%
<b>Total Financial Liabilities</b>				<b>35,000</b>		<b>265,000</b>	<b>200,000</b>	<b>21,427</b>	<b>22,245</b>	<b>321,427</b>	<b>222,245</b>						

**DEFENCE HOUSING AUTHORITY**  
**Notes to and forming part of the Financial Statements**  
**for the year ended 30 June 2004**

**37. Financial Instruments (continued)**

**b) Credit Risk**

Represents the extent of credit related losses that the DHA 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 the DHA entered into a 10 year Loan Agreement with the Minister for Finance and Administration. The Agreement provides the DHA with a \$425m loan facility which can be drawn down based on fixed or floating interest rates.

**d) Loans**

i) The 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) The DHA drew down \$100m of debt on 1 June 2003 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%

iii) The DHA drew down \$100m of debt on 1 June 2004 with the following maturity profile:

	Interest Rate
\$35m for 3 years (expiring 1 June 2007)	5.855%
\$35m for 5 years (expiring 1 June 2009)	5.950%
\$30m for 7 years (expiring 1 June 2011)	6.072%

## DEFENCE HOUSING AUTHORITY

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2004

### 37. Financial Instruments (continued)

#### e) Net Fair Values of Financial Assets and Liabilities

	Note	2004		2003	
		\$'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	7,490	7,490	27,829	27,829
Cash on hand	16	20	20	11	11
Short term investments	16	99,586	99,586	142,240	142,240
Receivables for goods and services	17	27,304	27,304	21,456	21,456
Other financial assets	18	11,454	11,454	10,697	10,697
<b>Total Financial Assets</b>		<b>145,854</b>	<b>145,854</b>	<b>202,233</b>	<b>202,233</b>
<b>Financial Liabilities</b>					
Payables	25	21,427	21,427	22,245	22,245
Loans	26	300,000	298,746	200,000	207,659
<b>Total Financial Liabilities</b>		<b>321,427</b>	<b>320,173</b>	<b>222,245</b>	<b>229,904</b>

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

i) Cash, cash equivalents and short term investments:

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

ii) 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.

	2004	2003
	\$'000	\$'000
<b>Available and Unused Loan Facilities</b>		
Available Department of Finance and Administration	425,000	425,000
Used	300,000	200,000
<b>Unused</b>	<b>125,000</b>	<b>225,000</b>

	2004	2003
	\$'000	\$'000
<b>Available and Unused Overdraft Facilities</b>		
Available from Commonwealth Bank of Australia	4,922	4,922
Used	-	-
<b>Unused</b>	<b>4,922</b>	<b>4,922</b>

### 38. Staffing Levels

The staffing levels for the DHA  
as at 30 June were:

	2004	2003
	736	759

## Compliance index

The following table shows compliance with Commonwealth Authorities and Companies (Report of Operations) Orders 2002 issued by the Minister for Finance and Administration on 30 June 2002.

Reporting requirement	Page	Reporting requirement	Page
Board of Directors		Factors, events, trends	18–70
• Director details	55–61	Financial statements	71–102
• Meeting attendance	62	• Significant changes in overall financial structure and condition over the year	None to report
• Board member induction and education	63	• Events or uncertainties that would skew financial results	4–9
• Reviewing board performance	64	• Dividends paid	6,8,9, 13,36
• Risk management	51,63,64		
• Ethical standards	51,52	Fraud prevention measures	64
Board committees		Freedom of Information	68
• Rights and responsibilities	63–64	Environment protection and biodiversity conservation requirements	44
• Membership	63	General government policies	52
• Meeting attendance	62	Indemnity and insurance premiums for officers	69
Clear links between outcomes, strategies and principal outputs	11–15	Independent audit report	68
Commonwealth Disability Strategy requirements	70	Judicial decisions and administrative tribunal decisions	69
Community service obligations	14,43,44	Letter of transmittal	iii
Corporate governance	6,51–70	Location of major activities and facilities	26, 105–107
Corporate plan	52	Ministers, responsible federal ministers	53,54
Directors' reports	4–7	Ministerial directions	54
Directors' resolution on financial statements	75	Occupational health and safety	49
Developments since the end of the financial year	None to report	Organisational structure	53
Efficiency and effectiveness in producing outputs	11–15		
Enabling legislation	52		
• Legislative objectives and functions			

Reporting requirement	Page
Operational and financial results	18–70
<ul style="list-style-type: none"> <li>• Principal outputs</li> <li>• Major investing and financial activities</li> <li>• Key financial and non-financial performance indicators</li> </ul>	8–9, 71–102 11–15
Principal outputs and contribution to outcomes	11–15 18–70
Reports by Auditor-General, Parliamentary committees or Commonwealth Ombudsman	68,69,70
Significant events	10,28–33
Statutory objectives and functions	2,52,68

While not required as a statutory authority to do so, DHA has also compiled this report with regard to the *Requirements for Departmental Annual Reports* approved by the Joint Committee of Public Accounts and Audit under subsections 63(2) and 70(2) of the *Public Service Act 1999* on 27 June 1999.

## Acronyms and abbreviations

ACS	Australian Customs Service
ADF	Australian Defence Force
ANAO	Australian National Audit Office
AWA	Australian Workplace Agreement
CA	Certified Agreement
COO	Chief Operating Officer
DFA	Defence Families Australia
DHA	Defence Housing Authority
DSNSG	Defence Special Needs Support Group
EBIT	Earnings Before Interest and Tax
FCP	Fraud Control Plan
FOI	Freedom of Information
FRA	Fraud Risk Assessment
HMC	Housing Management Centre
HMI	Housing Management Instructions
ICT	Information and Communication Team
IT	Information Technology
ITS	Information Technology Services
KPI	Key Performance Indicator
L&D	Learning and Development
MWD	Member With Dependents
NSSC	National Service Support Centre
OH&S	Occupational Health and Safety
PMS	Property Management System
PWC	Public Works Committee
RAAF	Royal Australian Air Force
ROA	Return on Assets
SCG	Staff Consultative Group
SES	Senior Executive Service
SDM	Service Delivery Model
SOP	Standard Operating Procedures
SVA	Shareholder Value Added
TMS	Tenant Management System

## Defence Housing Authority locations

### HEAD OFFICE

Defence Housing Authority  
26 Brisbane Avenue  
BARTON ACT 2600

Switchboard: (02) 6217 8444  
Fax: (02) 6217 8500  
Website: [www.dha.gov.au](http://www.dha.gov.au)

### NATIONAL SERVICE SUPPORT CENTRE

24 Mort Street  
BRADDON ACT 2612

Telephone: (02) 6268 3800  
Fax: (02) 6279 3963  
Customer Service Line: 1800 249 711

### AUSTRALIAN CAPITAL TERRITORY

#### Canberra

Ground Floor  
26 Mort Street  
BRADDON ACT 2612

Telephone: (02) 6268 3700  
Fax: (02) 6268 3760

### NEW SOUTH WALES

#### Sydney

Level 5, 79 George Street  
PARRAMATTA NSW 2124

Telephone: (02) 8836 5700  
Fax: (02) 8836 5790

#### National Sales Office

80 George Street  
PARRAMATTA NSW 2124

Telephone: (02) 9762 5800  
Fax: (02) 9762 5688  
Toll-free line: 1800 813 621

### Hurstville

Suite 107, Level 1  
9 Gloucester Road  
HURSTVILLE NSW 2220

Telephone: (02) 8567 1200  
Fax: (02) 8567 1209

### Pennant Hills

Suite 9, 380 Pennant Hills Road  
PENNANT HILLS NSW 1715

Telephone: (02) 9875 8600  
Fax: (02) 9857 8660

### Richmond

14 McNamara Avenue  
RAAF Base  
RICHMOND NSW 2755

Telephone: (02) 4588 1000  
Fax: (02) 4588 1060

### Defence Plaza

270 Pitt Street  
SYDNEY NSW 2000

Telephone: (02) 9377 2167  
Fax: (02) 9377 2175

### HMAS Kuttabul Shopfront

14 Wylde Street  
POTTS POINT NSW 2011

Telephone: (02) 9359 2944  
Fax: (02) 9359 2394

### Hunter Valley

Corner of Kangaroo and Adelaide Streets  
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) 4421 1560

**Wagga Wagga**

11–15 Fitzmaurice Street  
WAGGA WAGGA NSW 2650

Telephone: (02) 6933 7200  
Fax: (02) 6933 7260

**QUEENSLAND****Brisbane**

Defence Relocations Centre  
S7 Gallipoli Barracks  
ENOGGERA QLD 4051

Telephone: (07) 3355 8800  
Fax: (07) 3355 8860

**Canungra**

Kokoda Barracks  
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

**Ipswich**

Shop 12, Yamanto Shopping Centre  
Cnr Warwick and Powells Road  
YAMANTO QLD 4305

Telephone: (07) 3294 2600  
Fax: (07) 3294 2660

**Toowoomba**

162 Hume Street  
TOOWOOMBA QLD 4350

Telephone: (07) 4699 1300  
Fax: (07) 4699 1360

**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 7162

**Tindal**

Shop 2, 42 Katherine Terrace  
KATHERINE NT 0850

Telephone: (08) 8972 8000  
Fax: (08) 8972 8060

**Alice Springs**

15 George Crescent  
ALICE SPRINGS NT 0871

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

VICTORIA

**Melbourne**

Level 2, 391 St Kilda Road  
MELBOURNE VIC 3004

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) 9591 4401

Fax: (08) 9591 4460

**Bullsbrook**

C/- RAAF Base Pearce  
BULLSBROOK WA 6084

Telephone: (08) 9571 3352

Fax: (08) 9571 3285



# Index

## A

acquisition of houses, 5, 7, 27, 37, 38–39, 63  
administrative tribunal decisions, 69  
agency agreements, 8, 22, 23, 45, 47, 68  
Amenities Upgrade Program, 38  
asset management, 8, 9, 36, 40, 50  
Audit Committee of the Board, 63  
audits, 51, 63, 68  
Australian Customs Service, 6, 22, 23  
Australian Workplace Agreement, 45  
awards to staff, 45–46

## B

Board committees, 63–64  
Board of Directors, 55–62  
Board Property Committee, 63  
Business Improvement Program, 4, 18, 50  
business processes, 14, 47  
business risks, 64

## C

call centre numbers, 2, 34  
capital structure, 9  
case management system, 4, 18–19, 20  
Case Manager, 18, 19  
Certified Agreement, 45, 47  
Chatterbox, 43  
Chief Operating Officer, new position, 6  
choice of houses, 2, 6, 7, 18, 22  
Client Survey, 69  
clients, 2, 5, 12, 22–23  
commercial responsibilities, 2, 6, 13, 36–40  
*Commonwealth Authorities and Companies Act 1997*,  
52

Communication and Media team, 44  
communications and public relations, 25, 44  
community service, 43  
construction of houses, 5, 7, 38–39  
consultancy services, 69  
contacts, 105–107  
corporate citizen, 14  
corporate knowledge, 15  
corporate plan, 52  
credit rating, 9, 36  
customer satisfaction, 4, 18, 19, 21  
customer service centres, 26–34  
Customer Service Charter, 21  
customers, 2, 4, 11–12, 18–21, 26–34

## D

Defence Business Forum, 22  
Defence Choice Housing Survey, 69  
Defence-DHA Services Agreement, amended, 68  
Defence Families Australia, 23, 43  
Defence HomeOwner, 20  
Defence HomeOwner Survey, 69  
*Defence Housing Authority Act 1987*, 2, 52  
*Defence Housing Authority Act 1987*, amended, 68  
Defence Housing Forecast 2003–04, 8  
Defence Special Needs Support Group, 43  
Department of Defence, 2, 4, 5, 8, 22–23, 40, 50  
Direct Leasing Program, 24, 38, 40  
Disability Action Plan, 70  
disaster recovery practices, ITS, 42  
dividends, 9  
documents, categories of, 70  
Domiciliary Operations Committee, 22

## E

energy rating, 5, 44  
environmentally sustainable development, 5, 44  
ethical standards, 51, 52  
evaluation, 51, 64  
executives, 6, 63, 65–67  
expenditure, repairs and maintenance, 8, 37

## F

families with special needs, 43, 70  
family profiles, 18  
Fast Connect, 20  
financial performance, 8–9, 36–37  
financial reporting, 63  
financial statements, 72–102  
financial targets, 4  
fraud control, 6, 64  
Fraud Control Plan, 64  
Fraud Risk Assessment, 64  
freedom of information, 68  
fundraising, 43  
future, 5, 6, 22, 50

## G

governance, 6, 51–70

## H

Headquarters Joint Operations Command, 7  
HMCs, 2, 5, 18, 26–33  
home loan scheme, 20  
home ownership, 22  
HomeFind, 20  
hotline, emergency relocations, 34  
houses, 5, 11, 18, 27, 38–40  
houses, choice of, 2, 6, 7, 18, 22  
housing, location of, 26  
Housing Management Centres (HMCs), 2, 5, 18, 26–33

Housing Management Instructions, 5, 22

housing selection aid, 20

Housing to the Future initiative, 5, 22

## I

indemnities, 69  
induction programs, 47, 63  
information and decision support, 51  
Information Technology Services (ITS), 42  
insurance, 69  
investment, new housing and land, 37  
investment properties, 25  
investors, 12  
ITS, 42

## J

Joint Standing Committee on Public Works,  
    submissions to, 68  
judicial decisions, 69

## K

key achievements, 11–15, 22, 24, 36, 38, 42, 45  
key performance indicators, 6, 11–15, 18, 22  
key strategies and activities, 11–15

## L

Learning and Development Working Group, 47  
learning and growth, 15  
leasing, houses, 24, 25, 27, 38, 40  
legislation, 2, 52, 68  
*Lessor News*, 24, 25  
Lessor Survey, 24, 25, 69  
lessors, 24–25  
loan scheme, home, 20  
local offices, HMCs, 26, 28–33  
locations, Defence Housing Authority, 105–107  
locations, housing, 26

## **M**

maintenance of houses, 2, 5, 6, 21, 23, 24, 50  
Maintenance Survey, 21, 69  
market conditions, 4, 40  
ministerial directions, 54  
mission statement, 2

## **N**

National Service Support Centre, 2, 18, 34  
New Constructions Survey, 69  
Nomination and Remuneration Committee of the Board, 63

## **O**

objectives, 11–15  
occupational health and safety, 49  
ombudsman, 69  
operating costs, 8  
operational excellence, 2, 14–15, 42–70  
organisational change, 5  
organisational structure, 53  
outcomes, 2, 22, 51

## **P**

performance payments, 49  
planning and performance, monitoring, 51  
policy development, housing, 22  
privacy, 68  
profit, 36  
Property Committee of the Board, 63  
Property Consultant's Training Package, 45, 47  
property management, 2, 5, 21, 23, 24, 63  
Property Management System, 4–5, 50  
property market, 7, 9, 40  
Public Private Partnerships, 9  
public relations, 44

## **R**

refurbishment of houses, 5, 38  
regional grouping of HMCs, 5  
regional offices, HMCs, 26, 28–33  
relationships, 12, 22, 43, 51, 52, 69  
    with Australian Customs Service, 23  
    with Defence Families Australia, 23, 43  
    with Department of Defence, 5, 8  
relocation services, 2, 5, 18–20, 21, 22, 50, 69  
Relocation Survey, 19, 69  
Relocations Services Agreement, 8, 22  
remuneration, 49, 63  
Rent Allowance, 8  
Rent Allowance Survey, 69  
rental revenues, 8  
repairs to houses, 21, 50  
reporting structure, 53  
residential development programs, 7  
Residential Investment Property Survey, 24, 25, 69  
Residential Maintenance Service Panel, 21  
returns to government, 9  
review, Board performance, 6, 51, 64  
risk management, 6, 51, 63, 64

## **S**

Sale and Leaseback Program, 5, 24, 25, 38, 40  
sales, houses, 27, 40  
service charter, 21  
service continuity, ITS, 42  
Service Delivery Model, 4, 47  
Services Agreement, 8, 22  
services to clients, 22–23  
Shareholder Ministers, 9, 53, 54  
shareholder return, 8, 13, 37  
significant events, 10, 28–33  
special needs, families, 43, 70

sponsorship program, 43  
staff, 4, 5, 6, 15, 36, 45–49, 52  
    by classification, 48  
remuneration by classification, 49  
Staff Consultative Group, 47  
Staff Opinion Survey, 6, 47  
Standard and Poor's credit rating, 9, 36  
Strategic Change Management Framework, 45  
strategic planning, 4, 52  
Strategic Risk Management Plan, 64  
strategic themes, 2, 11–15  
surveys, 6, 19, 21, 24, 47, 69

## **T**

targets, 4, 6  
tax status, 9  
team environment, 15  
tenant management, 21  
Tenant Management System, 4, 47, 50  
tenant satisfaction, 4, 38  
Tenant Survey, 69  
training and development, staff, 47

## **U**

upgrading of houses, 5, 7, 38

## **V**

vacancy levels, houses, 8, 22  
value for money, 12, 22  
values, 52  
vision statement, 2

## **W**

websites, 25, 40, 105  
Work Level Standards and Competency Framework, 45  
workplace relations, 47



