

DEFENCE HOUSING AUTHORITY

OVERVIEW

Outcome and Output Information

BUDGETED FINANCIAL STATEMENTS

Budgeted Statement of Financial Performance

Budgeted Statement of Financial Position

Budgeted Cash Flow Statement

Capital Budget Statement

Non-Financial Assets - Summary of Movement

OVERVIEW

The function and activities of the Authority are as reported in the *Portfolio Budget Statements 2004-05*, except for the following changes:

- the Authority lies within the Defence portfolio and is responsible to Senator the Hon Robert Hill, Minister for Defence through the Hon Teresa Gambaro MP, Parliamentary Secretary to the Minister for Defence. Senator the Hon Nick Minchin, the Minister for Finance and Administration, is a joint shareholder minister and has delegated responsibility for Defence Housing Authority issues to Senator the Hon Eric Abetz, Special Minister of State;
- the Authority has made special dividend/capital return payments to the Government of \$1.107 billion in the past four years. The Board is not forecasting any special dividends over the 2004-07 planning period. The Authority is currently negotiating an increase in its loan facility with the Department of Finance and Administration, from \$425m to \$550m. Over the past three years \$350m has been drawn down. The debt draw-downs have maturities of three to seven years and are based on interest rates that were prevailing at the time the Forward Rate Agreements were reached; and
- the Authority plans to acquire or construct new properties during 2004-05 at a cost of \$436m, principally to replace old stock and properties where the lease is expiring. It plans to receive \$362m worth of cash from property sales, under sale and leaseback arrangements, and disposal of houses which are no longer required. Cashflows have been adjusted to reflect the slow down in the residential property market. Forecast borrowings for 2004-05 remain at \$50m, however the Authority may require to drawdown a further \$75m during the year, depending on property market conditions.

OUTCOME AND OUTPUT INFORMATION

Outcome

The Authority outcome remains:

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

Output

The output and performance indicators for the Authority are as reported in the *Portfolio Budget Statements 2004-05*, except for the following:

The provisioning of Defence housing services.

Output Performance Indicators

Quality:	Modern housing.
Quantity:	17,124 houses by 30 June 2005.
Price:	Average rental cost and associated fees to Defence is estimated to be \$342 per week per house.

BUDGETED FINANCIAL STATEMENTS

The following budgeted financial statements for the Defence Housing Authority are presented in this section.

Budgeted Statement of Financial Performance

This statement provides the expected financial results for the Authority by identifying full accrual expenses and revenues, which highlights whether the Authority is operating at a sustainable level in the short to medium term.

Budgeted Statement of Financial Position

This statement shows the financial position of the Authority. It enables decision makers to track the management of the Authority's assets and liabilities.

Budgeted Cash Flow Statement

Budgeted cash flows, as reflected in the statement of cash flows, provide information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Capital Budget Statement

The capital budget shows all proposed capital expenditure funded from internal sources.

Non-Financial Assets - Summary of Movement

This statement shows only the budget year 2004-05.

Table 1: Budgeted Statement of Financial Performance

	Projected Result 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
REVENUE					
Revenue from ordinary activities					
Goods and services	398,996	408,529	445,095	468,882	489,883
Interest	8,852	5,354	2,065	3,535	3,466
Proceeds from sale of assets	434,295	361,930	576,676	431,581	431,581
Revenues from ordinary activities	842,143	775,813	1,023,836	903,998	924,930
EXPENSE					
Employees	45,103	44,012	45,002	46,015	47,395
Suppliers	294,703	296,847	329,585	340,243	349,911
Depreciation and amortisation	16,843	20,743	22,568	23,075	23,916
Value of assets sold	402,483	353,271	560,865	418,222	418,384
Total Goods and Services	759,132	714,873	958,020	827,555	839,606
Borrowing Costs	12,599	21,938	20,475	18,720	20,540
Expenses from ordinary activities	771,731	736,811	978,495	846,275	860,146
Operating Result before Income Tax	70,412	39,002	45,340	57,722	64,784
Income Tax Expense	-	-	13,541	15,742	20,041
Operating Result After Income Tax	70,412	39,002	31,799	41,980	44,743
Net increase/(decrease) to asset revaluation reserve	137,570	177,318	172,864	165,362	57,818
Other movements in reserves		(13,000)			
Total changes in equity excluding transactions with owners	207,982	203,320	204,663	207,342	102,561

Table 2: Budgeted Statement of Financial Position

	Prior Year Actuals 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	107,096	41,326	70,727	69,344	79,177
Receivables	332,776	334,839	337,113	336,737	337,867
Other	11,454	10,990	12,844	12,428	13,031
Total financial assets	451,326	387,155	420,684	418,509	430,075
Non-financial assets					
Land and buildings	1,392,644	1,496,721	1,492,035	1,588,818	1,671,485
Infrastructure, plant and equipment	21,860	27,271	32,024	37,130	33,910
Inventories	1,175	1,200	-	-	-
Total non-financial assets	1,415,679	1,525,192	1,524,059	1,625,948	1,705,395
Total Assets	1,867,005	1,912,347	1,944,743	2,044,457	2,135,470
LIABILITIES					
Interest bearing liabilities					
Loans	300,000	315,000	280,000	310,000	330,000
Provisions and Payables					
Employees	7,136	8,069	8,289	8,515	8,747
Suppliers	14,546	15,076	15,200	15,890	16,023
Other	72,251	78,211	74,076	65,010	58,286
Total Provisions and Payables	93,933	101,356	97,565	89,415	83,056
Total Liabilities	393,933	416,356	377,565	399,415	413,056
Equity					
Total capital	249,148	249,148	249,148	249,148	249,148
Total reserves	1,103,179	1,139,697	1,194,361	1,249,323	1,307,141
Total accumulated results	120,745	107,146	123,669	146,571	166,125
Total equity	1,473,072	1,495,991	1,567,178	1,645,042	1,722,414
Total liabilities and equity	1,867,005	1,912,347	1,944,743	2,044,457	2,135,470

Table 3: Budgeted Statement of Cash Flows

	Prior Year Actuals 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	360,837	363,930	405,480	424,051	442,733
Interest	8,619	5,354	2,065	3,535	3,466
GST input credit and receipts	29,548	32,977	34,607	36,400	38,059
Total cash received	399,004	402,261	442,152	463,986	484,258
Cash used					
Taxes paid	-	20,000	33,541	35,742	40,041
GST payments	32,992	32,977	34,607	36,397	38,059
Employees	44,659	44,012	45,002	46,015	47,395
Suppliers	254,304	246,450	276,690	282,769	290,853
Borrowing costs	12,599	21,938	20,475	18,720	20,540
Total cash used	344,554	365,377	410,315	419,643	436,888
Net cash from/(to) operating activities	54,450	36,884	31,837	44,343	47,370
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	417,686	361,930	576,676	431,581	431,581
Total cash received	417,686	361,930	576,676	431,581	431,581
Cash used					
Purchase of property, plant and equipment	422,922	446,984	528,836	488,225	463,929
Total cash used	422,922	446,984	528,836	488,225	463,929
Net cash from/(to) investing activities	(5,236)	(85,054)	47,840	(56,644)	(32,348)
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowings	100,000	50,000	-	100,000	75,000
Cash received from other financing activities	18,500	20,000	-	-	-
Total cash received	118,500	70,000	-	100,000	75,000
Cash used					
Repayment of borrowings	-	35,000	35,000	70,000	55,000
Dividends paid	230,698	52,600	15,276	19,079	25,189
Total cash used	230,698	87,600	50,276	89,079	80,189
Net cash from/(to) financing activities	(112,198)	(17,600)	(50,276)	10,921	(5,189)
Net increase/(decrease) in cash held	(62,984)	(65,770)	29,401	(1,383)	9,833
Cash at the beginning of the year	170,080	107,096	41,326	70,727	69,344
Cash at the end of the year	107,096	41,326	70,727	69,344	79,177

Table 4: Capital Budget Statement

	Prior Year Actuals 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total loans	-	-	-	-	-
Total	-	-	-	-	-
PURCHASE OF NON CURRENT ASSETS					
Funded internally by					
Departmental resources	422,922	446,984	528,836	488,225	463,929
TOTAL	422,922	446,984	528,836	488,225	463,929

Table 5: Non-Financial Assets – Summary of Movement (Budget Year 2004-05)

	Land	Buildings	Total Land and Buildings	Other infrastructure plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Value as at 1 July 2004	828,655	564,198	1,392,853	36,397	1,429,250
Additions	196,008	239,565	435,573	11,411	446,984
Disposals	(159,846)	(195,368)	(355,214)	-	(355,214)
Revaluation increments	22,283	14,435	36,718	-	36,718
Other Movements	(13,000)	-	(13,000)	-	(13,000)
Gross value 30 June 2005	874,100	622,830	1,496,930	47,808	1,544,738
Accumulated Depreciation as at 1 July 2004	-	209	209	14,537	14,746
Charge for the year	-	14,743	14,743	6,000	20,743
Disposals	-	1,943	1,943	-	1,943
Revaluations	-	12,800	12,800	-	12,800
Accumulated Depreciation as at 30 June 2005	-	209	209	20,537	20,746
Net Book Value as at 30 June 2005	874,100	622,621	1,496,721	27,271	1,523,922