

DEFENCE HOUSING AUSTRALIA

AGENCY RESOURCES AND PLANNED PERFORMANCE

Section 1: Agency overview and resources

- 1.1 Strategic direction
- 1.2 DHA resourcing

Section 2: Outcomes and planned performance

- 2.1 Outcomes and performance information

Section 3: Explanatory tables and budgeted financial statements

- 3.1 Explanatory tables
- 3.2 Budgeted financial statements

DEFENCE HOUSING AUSTRALIA

Section 1: Agency overview and resources

1.1 Strategic direction

The primary function of Defence Housing Australia (DHA), as set out in the *DHA Act 1987*, is to provide housing and related services for members of the Australian Defence Force (ADF) and their families in line with Defence operational requirements. DHA seeks to deliver positive outcomes for Defence while also functioning as a Government Business Enterprise charged with maintaining a healthy balance sheet and delivering shareholder return targets.

DHA is working with Defence to ensure that funding is spent on priority areas. DHA is focused on achieving positive results against all contractual KPIs. This includes ensuring Rent Allowance levels remain within the thresholds in the Services Agreement.

The major factors that determine changes to DHA's housing portfolio are: DHA's need to replace expiring leases that cannot be renewed; changes to the Defence Housing Forecast; and changes to Defence housing policy and standards. DHA adds properties to the portfolio through the renewal of expiring leases, constructions, acquisitions and leasing from private investors or in bulk from property developers. Land acquisition opportunities are actively sought, depending on funding constraints, in order to secure supplies for future construction programs.

On 3 February 2009, the Federal Government announced details of funding to be provided to DHA as part of its Nation Building – Economic Stimulus Plan (NBESP). The focus of the funding is on jobs creation and securing long term economic growth. As part of the NBESP, \$245.58m has been provided to DHA to construct an additional 802 new residential houses throughout Australia. DHA expects to complete 829 houses from this funding by July 2011.

These additional houses will supply much needed accommodation to serving ADF members and their families and will also materially increase the supply of residential housing at a time of historically low national rental vacancy. This will assist with improving rental accommodation affordability for the community.

DHA has supported the creation of 20 new apprenticeship places in the residential construction industry. This is known as the DHA Apprenticeship Support Scheme. The Scheme supports the Government's employment creation objectives and demonstrates DHA's commitment to supporting and strengthening the residential construction industry.

ORGANISATIONAL STRUCTURE

The DHA Board members are:

Chairman	Mr D Volker AO
Managing Director	Mr M Del Gigante
Commercial Director	Ms M Walker
Commercial Director	Ms C Holley
Commercial Director	The Hon JAL (Sandy) Macdonald
Commercial Director	Vacant
Finance Nominee	Mr G Potts
Nominee Secretary of Defence	Mr P Sharp
Nominee Chief of Defence Force	Air Vice Marshal G Beck AO (rtd)

DHA has an Advisory Committee which is attended by:

Chairman	Air Vice Marshal G Beck AO (rtd)
Head, Defence Personnel Executive	Major General C Orme AM, CSC
Head, Navy People and Reputation	Rear Admiral T Jones, DSC, AM, RAN
Deputy Chief of Army	Major General P Symon AO
Deputy Chief of Air Force	Air Vice Marshal G Brown AM
Convener of Defence Families Australia	Ms J Blackburn

1.2 DHA resourcing

Table 83: DHA resource statement — Budget estimates for 2010-11 as at Budget May 2010^{[1][2]}

Source	Estimate of prior year amounts available in 2010-11 \$'000	+ Proposed at budget 2010-11 \$'000	= Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Opening balance/Reserves at bank	-	162,608	162,608	-
REVENUE FROM GOVERNMENT				
Other services^[3]				
Bill 2-Non-Operating-Equity	-	-	-	161,000
Bill 2-Non-Operating-Loan	-	44,100	44,100	40,480
Total other services	-	44,100	44,100	201,480
Total annual appropriations	-	44,100	44,100	201,480
Payments from related entities^[4]				
Department of Defence	-	523,983	523,983	563,625
Total	-	523,983	523,983	563,625
Total funds from Government	-	568,083	568,083	765,105
FUNDS FROM INDUSTRY SOURCES				
FUNDS FROM OTHER SOURCES				
Interest	-	7,084	7,084	15,713
Sale of goods and services	-	347,783	347,783	306,260
Total	-	354,867	354,867	321,973
Total net resourcing for agency	-	922,950	922,950	1,087,078

Notes

1. DHA is not directly appropriated as it is a CAC Act Body. Appropriations are made to Defence which are then paid to DHA and are considered 'departmental' for all purposes.
2. All figures are GST exclusive.
3. Appropriation Bill (No.2) 2010-11.
4. Revenue for sale of goods and services provided by Defence that is not specified within the annual appropriation bills as a payment to the CAC Act body.

1.3 Budget measures

Budget measures relating to DHA are detailed in Budget Paper No. 2.

Table 84 provides a summary of government measures and identifies the relevant program associated with each measure.

Table 84: DHA 2010-11 Budget measures^[1]

Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Capital measures (if applicable)					
NBJP-DHA Funding For Additional Dwellings. Measure No: F237923C ^[2]					
Departmental capital	201,480	44,100	-	-	-
Total	201,480	44,100	-	-	-
Total capital measures					
Departmental	201,480	44,100	-	-	-
Total	201,480	44,100	-	-	-

Notes

1. Prepared on a Government Financial Statistics (fiscal) basis.
2. The lead agency for NBJP- DHA Funding for Additional Dwellings relating to measure number F237923C is Defence. The full measure description and package details appear in Budget Paper 2 under the Defence portfolio.

Section 2: Outcomes and planned performance

2.1 Outcomes and performance information

Each outcome is described below by program, specifying the performance indicators and targets used to assess and monitor the performance of DHA in achieving government outcomes.

Outcome 1: To contribute to Defence outcomes by providing total housing services that meet Defence operational and client needs through a strong customer and business focus

OUTCOME 1 STRATEGY

DHA will continue to meet this outcome through the execution of the Services Agreement on Housing and Related Matters (Services Agreement) between the Commonwealth of Australia (Defence) and DHA.

Under the terms of the Service Agreement, DHA provides a provisioning schedule to Defence in response to the Defence Housing Forecast (DHF). A Capital Program is also developed which is the detailed financial program of capital expenditure and income related to the provisioning schedule. The key drivers of DHA's Capital Program are changes to ADF strength and disposition; changes to Defence housing policy and standards; and DHA's need to replace expiring leases that cannot be renewed.

Table 85: Budgeted Expenses and Resources for Outcome 1

Outcome 1: To contribute to Defence outcomes by providing total housing services that meet Defence operational and client needs through a strong customer and business focus	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Other Departmental- DHA		
Revenue from Government	-	-
Payment from related entities	563,249	512,273
Revenues from other independent sources	280,076	320,967
Total for Program 1.1	843,325	833,240
Total expenses for Outcome 1	843,325	833,240
	2009-10	2010-11
Average Staffing Level (number)	695	575

CONTRIBUTIONS TO OUTCOME 1

Program 1: The provisioning of Defence housing and housing related services

Program 1 objective

- Provide modern quality housing that meets Defence requirements and community standards
- Meet agreed provisioning targets.

Program deliverables

Deliverables	2009-10 Revised Budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Acquisitions	229	201	299	198	132
Constructions	958	919	554	501	481
Direct leasing	175	162	160	185	190
Lease renewals	1,289	1,080	1,721	1,150	1,128

Program 1 Provisioning of Defence housing and housing related services expenses

- Refer to section 3.2 for Financial Statements.

Program 1 key performance indicators

Key performance indicators	2009-10 Revised budget	2009-10 On target	2010-11 Budget target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Pre-allocation	75%	Yes	75%	75%	75%	75%
Quality of housing maintenance services	95%	Yes	95%	95%	95%	95%

Section 3: Explanatory tables and budgeted financial statements

3.1 Explanatory tables

Not applicable to DHA.

3.2 Budgeted financial statements

3.2.1 DIFFERENCES IN AGENCY RESOURCING AND FINANCIAL STATEMENTS

Not applicable to DHA.

3.2.2 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The Hon Mr Greg Combet AM MP, the then Minister for Defence Personnel, Materiel and Science, announced on 24 November 2009 that Toll Transport Pty Ltd, trading as Toll Transitions Pty Ltd, had been selected as the preferred tenderer for the provision of Removal and Relocation Administration Services to ADF members. Therefore from 1 July 2010, DHA will no longer provide these services to Defence. In 2009-10, the contract will generate approximately \$19m in direct revenues to DHA and about \$64m in relocation recoverable revenues and expenses. These figures will not appear in the budget and forward estimate years.

DHA received \$201.48m in funding for Defence housing under the Federal Government's Nation Building - Economic Stimulus Plan (NBESP) in 2009. DHA is expected to receive an additional \$44.1m NBESP funding in 2010. This will enable DHA to build an additional 829 new residential houses throughout Australia during 2009-10. The construction program is expected to be completed by 30 June 2011. This increase in the asset base is accompanied by increased draw downs of debt and increased equity in 2009-10 and 2010-11 with these levels sustained in forward years.

Revenue received from the sale and leaseback program is expected to increase in the budget and forward years. The increased revenue will be used to fund DHA's capital program to meet Defence objectives.

3.2.3 BUDGETED FINANCIAL STATEMENTS TABLES

Table 86: Comprehensive departmental income statement (for the period ended 30 June) ^[1]

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	56,905	50,606	52,764	54,854	57,008
Supplier expenses	727,903	725,747	812,986	786,452	771,440
Depreciation and amortisation	21,824	22,497	23,058	22,392	21,413
Finance costs	30,193	34,390	34,390	34,390	34,390
Write-down and impairment of assets	6,500				
Income Tax Expenses	24,297	21,126	23,319	26,959	28,422
Total expenses	867,622	854,366	946,517	925,047	912,673
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and services	337,420	365,724	448,143	407,951	365,629
Share of net profit from associates	14	768	397	840	274
Interest	15,341	6,982	4,862	3,148	3,272
Total revenue	352,775	373,474	453,402	411,939	369,175
Gains					
Sale of assets	69	115	70	89	135
Total gains	69	115	70	89	135
Total own-source income	352,844	373,589	453,472	412,028	369,310
Net cost of services	514,778	480,777	493,045	513,019	543,363
Revenue from Government	563,249	512,273	536,582	557,670	586,373
Surplus (Deficit) attributable to the Australian Government	48,471	31,496	43,537	44,651	43,010
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	18,236	18,263	19,153	18,508	17,533
Total other comprehensive income	18,236	18,263	19,153	18,508	17,533
Total comprehensive income	66,707	49,759	62,690	63,159	60,543
Total comprehensive income attributable to the Australian Government	66,707	49,759	62,690	63,159	60,543

Note

1. Prepared on Australian Accounting Standards basis.

Table 87: Budgeted departmental balance sheet (as at 30 June) [1]

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	162,608	77,798	90,743	73,205	115,178
Trade and other receivables	155,665	166,502	194,775	208,847	228,133
Investments accounted for under the equity method	4,781	3,196	2,243	1,083	-
Accrued Revenue	24,204	22,372	23,238	24,211	24,850
Other Financial Assets	23,540	23,537	25,161	25,627	27,376
Total financial assets	370,798	293,405	336,160	332,973	395,537
Non-financial assets					
Land and buildings	1,720,041	1,690,938	1,725,343	1,680,081	1,622,584
Property, plant and equipment	7,414	5,414	5,293	5,843	6,597
Inventories	544,243	697,038	643,594	694,552	716,544
Tax Assets	28,188	25,345	26,593	28,772	28,772
Total non-financial assets	2,299,886	2,418,735	2,400,823	2,409,248	2,374,497
Assets held for sale	59,708	49,668	49,226	62,966	46,117
Total assets	2,730,392	2,761,808	2,786,209	2,805,187	2,816,151
LIABILITIES					
Payables					
Suppliers	5,599	5,229	5,325	5,627	5,949
Current tax liabilities	17,365	3,363	7,038	7,857	6,893
Dividends	48,987	46,393	49,040	50,229	52,054
Other payables and accrued expenses	30,742	34,594	35,693	36,540	38,009
Total payables	102,693	89,579	97,096	100,253	102,905
Interest bearing liabilities					
Loans	465,480	509,580	509,580	509,580	509,580
Total interest bearing liabilities	465,480	509,580	509,580	509,580	509,580
Provisions					
Employee provisions	14,175	16,991	19,285	21,623	22,786
Provisions for restoration	77,057	77,057	77,057	77,057	77,058
Other	9,885	4,132	5,072	5,628	4,282
Total provisions	101,117	98,180	101,414	104,308	104,126
Total liabilities	669,290	697,339	708,090	714,141	716,611
Net assets	2,061,102	2,064,469	2,078,119	2,091,046	2,099,540
EQUITY [2]					
Parent entity interest					
Contributed equity	410,148	410,148	410,148	410,148	410,148
Reserves	1,565,021	1,583,284	1,602,437	1,620,945	1,638,478
Retained surplus	85,933	71,037	65,534	59,953	50,914
Total parent entity interest	2,061,102	2,064,469	2,078,119	2,091,046	2,099,540

Notes

1. Prepared on Australian Accounting Standards basis.
2. 'Equity' is the residual interest in assets after deduction of liabilities.

Table 88: Budgeted departmental statement of cash flows (for the period ended 30 June) ^[1]

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	869,738	871,767	972,299	952,743	939,647
Interest	15,714	7,083	4,840	3,220	3,096
Other	146				
Total cash received	885,598	878,850	977,139	955,963	942,743
Cash used					
Employees	55,119	47,660	50,363	52,268	55,518
Suppliers	759,763	869,691	776,209	838,962	797,576
Borrowing costs	30,193	34,390	34,390	34,390	34,390
Taxes paid	19,293	32,284	20,890	28,318	29,386
Total cash used	864,368	984,025	881,852	953,938	916,870
Net cash from (used by) operating activities	21,230	(105,175)	95,287	2,025	25,873
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	108,966	146,227	104,478	123,006	164,976
Total cash received	108,966	146,227	104,478	123,006	164,976
Cash used					
Purchase of property, plant and equipment	284,390	120,975	140,427	93,527	98,645
Total cash used	284,390	120,975	140,427	93,527	98,645
Net cash from (used by) investing activities	(175,424)	25,252	(35,949)	29,479	66,331
FINANCING ACTIVITIES					
Cash received					
Contributed equity	161,000	-	-	-	-
Proceeds from issuing financial	40,480	44,100	-	-	-
Total cash received	201,480	44,100	-	-	-
Cash used					
Dividends paid	47,344	48,987	46,393	49,041	50,230
Total cash used	47,344	48,987	46,393	49,041	50,230
Net cash from (used by) financing activities	154,136	(4,887)	(46,393)	(49,041)	(50,230)
Net increase (decrease) in cash held	(58)	(84,810)	12,945	(17,537)	41,974
Cash and cash equivalents at the beginning of the reporting period	162,666	162,608	77,798	90,743	73,206
Cash and cash equivalents at the end of the reporting period	162,608	77,798	90,743	73,206	115,180

Note

1. Prepared on Australian Accounting Standards basis.

Table 89: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)^[1]

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	85,933	1,565,021	-	410,148	2,061,102
Opening balance	85,933	1,565,021	-	410,148	2,061,102
Comprehensive income					
Comprehensive income recognised directly in equity:					
Gain/loss on revaluation of property	31,496	-	-	-	31,496
	-	18,264	-	-	18,264
Sub-total comprehensive income	31,496	18,264	-	-	49,760
Total comprehensive income recognised directly in equity	117,429	1,583,285	-	410,148	2,110,862
Transactions with owners					
Distributions to owners					
Returns on capital					
Dividends	46,393	-	-	-	46,393
Sub-total transactions with owners	46,393	-	-	-	46,393
Estimated closing balance as at 30 June 2011	71,036	1,583,285	-	410,148	2,064,469

Note

1. Prepared on Australian Accounting Standards basis.

Table 90: Departmental capital budget statement ⁽¹⁾

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Equity injections - Bill 2	161,000	-	-	-	-
Loans - Bill 2	40,480	44,100	-	-	-
Total capital appropriations	201,480	44,100	-	-	-
Total new capital appropriations					
Represented by:					
Purchase of non-financial assets	201,480	44,100	-	-	-
Total Items	201,480	44,100	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	201,480	44,100	-	-	-
Funded internally from departmental resources ⁽²⁾	32,601	33,094	107,311	61,580	65,550
TOTAL	234,081	77,194	107,311	61,580	65,550
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	234,081	77,194	107,311	61,580	65,550
plus reclassification	30,235	-	-	-	-
plus other investment assets	20,074	43,781	33,116	31,947	33,095
Total cash used to acquire assets	284,390	120,975	140,427	93,527	98,645

Note

1. Prepared on Australian Accounting Standards basis.
2. Funded internally through proceeds from sale of assets.

Table 91: Statement of Asset Movements (2010-11)

	Land	Buildings	Other property, plant and equipment	Land and buildings, infrastructure, plant and equipment held for sale	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010					
Gross book value	990,662	729,416	35,142	59,708	1,814,928
Accumulated depreciation/ amortisation and impairment	-	-37	-27,728	-	-27,765
Opening net book balance	990,662	729,379	7,414	59,708	1,787,163
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase - Government funding		44,100			44,100
By purchase - other	21,818	9,041	2,235	-	33,094
Total additions	21,818	53,141	2,235	-	77,194
Other movements					
Disposals	-25,594	-25,593	-	-62,915	-114,102
Transfer to assets held for sale	-26,438	-26,437	-	52,875	-
Depreciation	-	-	-4,235	-	-4,235
Total other movements	-52,032	-52,030	-4,235	-10,040	-118,337
As at 30 June 2011					
Gross book value	960,448	730,527	37,377	49,668	1,778,020
Accumulated depreciation/ amortisation and impairment	-	-37	-31,963	-	-32,000
Closing net book balance	960,448	730,490	5,414	49,668	1,746,020

