

# **Defence Housing Australia**

## **Agency Resources and Planned Performance**

**Section 1: DHA Overview and Resources**

**Section 2: DHA Outcomes and Planned Performance**

**Section 3: DHA Explanatory Tables and Budgeted Financial Statements**



# DEFENCE HOUSING AUSTRALIA

## Section 1: DHA Overview and Resources

### 1.1 STRATEGIC DIRECTION STATEMENT

#### DHA Organisational Structure

DHA advises no significant changes to targets published in the *Portfolio Budget Statements 2014-15*. However, the DHA Board composition has changed and is detailed below.

The DHA Board members are:

Chairman (Acting)	The Hon J.A.L. (Sandy) Macdonald
Managing Director	Mr Peter Howman
Commercial Director	Ms Margaret Walker
Commercial Director	Ms Carol Holley
Commercial Director	Vacant
Commercial Director	Vacant
Nominee Secretary of Defence	Mr Martin Brady AO
Nominee Chief of Defence Force	Commodore Vicki McConachie CSC RANR
Nominee Secretary of Finance	Ms Janice Williams

DHA advises no change to the Advisory Committee or the DHA Investment Management Ltd Board since the *Portfolio Budget Statements 2014-15*.

## 1.2 DHA RESOURCE STATEMENT

**Table 109: DHA Resource Statement – Budget Estimates for 2014-15 as at Additional Estimates February 2015<sup>[1]</sup>**

Source	Estimate as at + Budget 2014-15 \$'000	Proposed Additional = Estimates 2014-15 \$'000	Total estimate at Additional Estimates 2014-15 \$'000
<b>Opening balance/Reserves at bank</b>	<b>127,016</b>	<b>154,986</b>	<b>282,002</b>
<b>REVENUE FROM GOVERNMENT</b>			
<b>Other services</b>			
<i>Non-operating</i>	-	-	-
<b>Total other services</b>	-	-	-
<b>Total annual appropriations</b>	-	-	-
<b>Payments from related entities</b>			
Department of Defence	561,491	(12,811)	548,680
<b>Total</b>	<b>561,491</b>	<b>(12,811)</b>	<b>548,680</b>
<b>Total funds from Government</b>	<b>561,491</b>	<b>(12,811)</b>	<b>548,680</b>
<b>FUNDS FROM INDUSTRY SOURCES</b>			
<b>FUNDS FROM OTHER SOURCES</b>			
Interest	4,299	3,071	7,370
Sale of goods and services	578,283	74,266	652,549
<b>Total</b>	<b>582,582</b>	<b>77,337</b>	<b>659,919</b>
<b>Total net resourcing for agency</b>	<b>1,144,073</b>	<b>64,526</b>	<b>1,208,599</b>

Notes

1. DHA is not directly appropriated. Appropriations are made to Department of Defence which are then paid to DHA and are considered "departmental" for all purposes.

### **1.3 BUDGET MEASURES**

There are no measures relating to the 2014-15 Additional Estimates.

## **1.4 ADDITIONAL ESTIMATES AND VARIATIONS**

DHA is not directly appropriated. Appropriations are made to Department of Defence which are then paid to DHA and are considered "departmental" for all purposes.

## **1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL**

DHA is not directly appropriated. Appropriations are made to Department of Defence which are then paid to DHA and are considered "departmental" for all purposes.

## Section 2: DHA Outcomes and Planned Performance

DHA advises no significant changes to targets published in the *Portfolio Budget Statements 2014-15*.

### **2.1 OUTCOME AND PERFORMANCE INFORMATION**



**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**

**Outcome Expense Statement**

**Table 110: Budgeted Expenses 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)	2013-14 Actual expenses \$'000	2014-15 Revised estimated expenses \$'000
<b>Programme 1.1: (Other Departmental - DHA)</b>		
Revenue from Government		
Payment from related entities	593,967	618,540
Revenues from other independent sources	551,791	625,016
<b>Total for Programme 1.1</b>	<b>1,145,758</b>	<b>1,243,556</b>
<b>Total expenses for Outcome 1</b>	<b>1,145,758</b>	<b>1,243,556</b>

**Contributions to Outcome 1**

**Programme 1.1: The provision of Defence housing and housing related services**

Performance information is as reported in the *Portfolio Budget Statements 2014-15*.

## Section 3: DHA Explanatory Tables and Budgeted Financial Statements

DHA advises no significant changes to targets published in the *Portfolio Budget Statements 2014-15*.

### 3.1 EXPLANATORY TABLES

Not applicable to DHA.

### 3.2 BUDGETED FINANCIAL STATEMENTS

#### 3.2.1 Budgeted Financial Statements

**Table 111: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June**

	Actual 2013-14 \$'000	Revised budget 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	1,131,959	1,236,086	1,295,439	1,448,884	1,497,117
Interest	13,799	7,470	3,147	2,059	3,967
<b>Total revenue</b>	<b>1,145,758</b>	<b>1,243,556</b>	<b>1,298,586</b>	<b>1,450,943</b>	<b>1,501,084</b>
<b>Gains</b>					
Sale of assets	1,214	(2,064)	(1,702)	(2,200)	(1,315)
<b>Total gains</b>	<b>1,214</b>	<b>(2,064)</b>	<b>(1,702)</b>	<b>(2,200)</b>	<b>(1,315)</b>
<b>Total income</b>	<b>1,146,972</b>	<b>1,241,492</b>	<b>1,296,884</b>	<b>1,448,743</b>	<b>1,499,769</b>
<b>EXPENSES</b>					
Employee benefits	65,993	72,460	75,135	77,906	80,799
Suppliers	946,965	1,028,423	1,081,772	1,214,877	1,260,971
Depreciation and amortisation	14,604	14,312	14,670	15,037	14,936
Finance costs	28,703	29,636	30,936	32,866	34,175
Write-down and impairment of assets	11,337	11,500	7,500	7,500	7,500
<b>Total expenses</b>	<b>1,067,602</b>	<b>1,156,331</b>	<b>1,210,013</b>	<b>1,348,186</b>	<b>1,398,381</b>
<b>Profit (Loss) before income tax on continuing operations</b>	<b>79,370</b>	<b>85,161</b>	<b>86,871</b>	<b>100,557</b>	<b>101,388</b>
Income tax expense	23,381	26,383	26,566	30,205	28,595
<b>Profit (Loss) after income tax from continuing operations</b>	<b>55,989</b>	<b>58,778</b>	<b>60,305</b>	<b>70,352</b>	<b>72,793</b>

Table 112: Budgeted Departmental Balance Sheet (as at 30 June)

	Actual 2013-14 \$'000	Revised budget 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	282,002	136,236	22,793	40,119	103,740
Trade and other receivables	52,733	105,001	180,134	207,181	208,011
Other investments	2,474	3,502	3,502	-	-
Other financial assets	47,589	59,467	62,929	62,963	62,668
<b>Total financial assets</b>	<b>384,798</b>	<b>304,206</b>	<b>269,358</b>	<b>310,263</b>	<b>374,419</b>
<b>Non-financial assets</b>					
Land and buildings	1,498,768	1,491,243	1,494,101	1,483,527	1,494,705
Property, plant and equipment	13,511	14,978	18,978	22,978	24,874
Tax assets	4,253	22,558	23,122	23,700	4,547
Other non-financial assets	39,018	39,018	39,018	39,018	39,023
<b>Total non-financial assets</b>	<b>1,555,550</b>	<b>1,567,797</b>	<b>1,575,219</b>	<b>1,569,223</b>	<b>1,563,149</b>
Assets held for sale	1,026,098	1,140,641	1,261,024	1,338,671	1,393,562
<b>Total assets</b>	<b>2,966,446</b>	<b>3,012,644</b>	<b>3,105,601</b>	<b>3,218,157</b>	<b>3,331,130</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	11,448	14,091	13,049	12,125	19,838
Dividends	54,037	50,128	50,476	57,390	54,331
Tax liabilities	(5,202)	8,159	8,397	8,163	7,998
Other payables	93,736	61,505	63,303	61,541	96,180
<b>Total payables</b>	<b>154,019</b>	<b>133,883</b>	<b>135,225</b>	<b>139,219</b>	<b>178,347</b>
<b>Interest bearing liabilities</b>					
Loans	509,580	509,580	529,580	569,580	569,580
<b>Total interest bearing liabilities</b>	<b>509,580</b>	<b>509,580</b>	<b>529,580</b>	<b>569,580</b>	<b>569,580</b>
<b>Provisions</b>					
Employee provisions	23,124	32,096	33,138	34,062	26,327
Other provisions	101,117	93,446	96,177	93,501	99,710
<b>Total provisions</b>	<b>124,241</b>	<b>125,542</b>	<b>129,315</b>	<b>127,563</b>	<b>126,037</b>
<b>Total liabilities</b>	<b>787,840</b>	<b>769,005</b>	<b>794,120</b>	<b>836,362</b>	<b>873,964</b>
<b>Net assets</b>	<b>2,178,606</b>	<b>2,243,639</b>	<b>2,311,481</b>	<b>2,381,795</b>	<b>2,457,166</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Contributed equity	396,148	396,148	396,148	396,148	396,148
Reserves	1,754,319	1,810,702	1,868,715	1,926,067	1,982,976
Retained surplus (accumulated deficit)	28,139	36,789	46,618	59,580	78,042
<b>Total parent entity interest</b>	<b>2,178,606</b>	<b>2,243,639</b>	<b>2,311,481</b>	<b>2,381,795</b>	<b>2,457,166</b>
<b>Attributed to Non-Controlling Interest*</b>					
<b>Total non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>2,178,606</b>	<b>2,243,639</b>	<b>2,311,481</b>	<b>2,381,795</b>	<b>2,457,166</b>

Table 113: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	Actual 2013-14 \$'000	Revised budget 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sale of goods and rendering of services	1,086,896	1,200,613	1,229,049	1,421,893	1,494,954
Interest	13,127	7,370	3,047	2,099	3,968
Other	34,217	24,254	24,859	25,481	28,639
<b>Total cash received</b>	<b>1,134,240</b>	<b>1,232,237</b>	<b>1,256,955</b>	<b>1,449,473</b>	<b>1,527,561</b>
<b>Cash used</b>					
Employees	70,625	72,460	75,136	77,906	74,003
Suppliers	1,043,230	1,134,934	1,140,769	1,221,577	1,185,362
Borrowing costs	29,330	29,636	29,836	29,566	34,175
Other	58,386	64,876	63,881	66,916	75,777
<b>Total cash used</b>	<b>1,201,571</b>	<b>1,301,906</b>	<b>1,309,622</b>	<b>1,395,965</b>	<b>1,369,317</b>
<b>Net cash from (used by) operating activities</b>	<b>(67,331)</b>	<b>(69,669)</b>	<b>(52,667)</b>	<b>53,508</b>	<b>158,244</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	83,063	51,600	42,538	54,995	32,887
<b>Total cash received</b>	<b>83,063</b>	<b>51,600</b>	<b>42,538</b>	<b>54,995</b>	<b>32,887</b>
<b>Cash used</b>					
Purchase of property, plant, equipment and intangibles	15,805	73,706	73,186	80,701	70,120
Investments	(3,720)	-	-	-	-
<b>Total cash used</b>	<b>12,085</b>	<b>73,706</b>	<b>73,186</b>	<b>80,701</b>	<b>70,120</b>
<b>Net cash from (used by) investing activities</b>	<b>70,978</b>	<b>(22,106)</b>	<b>(30,648)</b>	<b>(25,706)</b>	<b>(37,233)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Other	-	-	20,000	40,000	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>40,000</b>	<b>-</b>
<b>Cash used</b>					
Dividends paid	51,073	53,991	50,128	50,476	57,390
<b>Total cash used</b>	<b>51,073</b>	<b>53,991</b>	<b>50,128</b>	<b>50,476</b>	<b>57,390</b>
<b>Net cash used by financing activities</b>	<b>(51,073)</b>	<b>(53,991)</b>	<b>(30,128)</b>	<b>(10,476)</b>	<b>(57,390)</b>
<b>Net increase (decrease) in cash held</b>	<b>(47,426)</b>	<b>(145,766)</b>	<b>(113,443)</b>	<b>17,326</b>	<b>63,621</b>
Cash and cash equivalents at the beginning of the reporting period	329,428	282,002	136,236	22,793	40,119
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>282,002</b>	<b>136,236</b>	<b>22,793</b>	<b>40,119</b>	<b>103,740</b>

**Table 114: Departmental Statement of Changes in Equity – Summary of Movement (Budget Year 2014-15)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2014</b>					
Balance carried forward from previous period	28,139	1,754,319	-	396,148	2,178,606
<b>Adjusted opening balance</b>	<b>28,139</b>	<b>1,754,319</b>	<b>-</b>	<b>396,148</b>	<b>2,178,606</b>
<b>Comprehensive income</b>					
Surplus (deficit) for the period	58,778	-	-	-	58,778
<b>Total comprehensive income</b>	<b>58,778</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,778</b>
<b>Transactions with owners</b>					
<b>Distributions to owners</b>					
Returns on capital:					
Dividends	(50,128)	-	-	-	(50,128)
<b>Contributions by owners</b>					
Other	-	56,383	-	-	56,383
<b>Sub-total transactions with owners</b>	<b>(50,128)</b>	<b>56,383</b>	<b>-</b>	<b>-</b>	<b>6,255</b>
<b>Estimated closing balance as at 30 June 2015</b>	<b>36,789</b>	<b>1,810,702</b>	<b>-</b>	<b>396,148</b>	<b>2,243,639</b>

Table 115: Departmental Capital Budget Statement

	Actual 2013-14 \$'000	Revised budget 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources(3)	159,556	144,511	113,161	22,778	
<b>TOTAL AMOUNT SPENT</b>	<b>159,556</b>	<b>144,511</b>	<b>113,161</b>	<b>22,778</b>	-
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	159,556	144,511	113,161	22,778	-
<b>Total cash used to acquire assets</b>	<b>159,556</b>	<b>144,511</b>	<b>113,161</b>	<b>22,778</b>	-

Table 116: Statement of Asset Movements (2014-15)

	Land \$'000	Buildings \$'000	Other property, plant and equipment \$'000	L&B, IP&E held for sale \$'000	Total \$'000
<b>As at 1 July 2014</b>					
Gross book value	811,838	686,975	30,897	39,018	1,568,728
Accumulated depreciation/amortisation and impairment	-	(45)	(17,386)	-	(17,431)
<b>Opening net book balance</b>	<b>811,838</b>	<b>686,930</b>	<b>13,511</b>	<b>39,018</b>	<b>1,551,297</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
By purchase - other	-	-	3,471	-	3,471
<b>Total additions</b>	<b>-</b>	<b>-</b>	<b>3,471</b>	<b>-</b>	<b>3,471</b>
<b>Other movements</b>					
Assets held for sale or in a disposal group held for sale	(240)	(7,285)	-	-	(7,525)
Depreciation/amortisation expense	-	-	(2,004)	-	(2,004)
<b>Total other movements</b>	<b>(240)</b>	<b>(7,285)</b>	<b>(2,004)</b>	<b>-</b>	<b>(9,529)</b>
<b>As at 30 June 2015</b>					
Gross book value	811,598	679,690	34,368	39,018	1,564,674
Accumulated depreciation/amortisation and impairment	-	(45)	(19,390)	-	(19,435)
<b>Closing net book balance</b>	<b>811,598</b>	<b>679,645</b>	<b>14,978</b>	<b>39,018</b>	<b>1,545,239</b>