

STATEMENT OF CORPORATE INTENT 2010/11

DEFENCE HOUSING AUSTRALIA

Vision

Excellence in Defence housing and related services.

Mission

To deliver efficiently housing and related services that meet Defence operational and personnel needs.



DHA Overview

Defence Housing Australia (DHA) is established as a statutory authority, under the *Defence Housing Australia Act 1987*. DHA commenced operation on 1 January 1988 and became a Government Business Enterprise (GBE) in 1992.

Our primary function is to provide adequate and suitable housing and related services to members of the Australian Defence Force (ADF) and their families in order to facilitate the operational needs and other requirements of Defence. DHA's achievement of high levels of ADF member and family satisfaction enhances Defence's retention, recruitment and capability objectives. DHA has an agreement with the Department of Defence to provide housing and related services to ADF personnel. Housing services are also provided to staff of the Australian Customs Service (Customs) under a Heads of Agreement.

DHA is a commercial GBE and is not directly funded from the budget. Over the past ten years, DHA has returned \$1.8 billion to the Australian Government through return of capital and the payment of dividends.

We execute a comprehensive construction and acquisition program to meet Defence housing requirements, with capital expenditure of approximately \$1.4 billion planned over the next three years. Approximately 2,600 new properties will be supplied through construction and acquisition over the next three years, including the constructions funded under the Government's Nation Building - Economic Stimulus Plan.

This substantial capital program is affected by expiring leases that cannot be renewed, changes in force disposition of the ADF, as well as a ten year plan to transition all DHA leased and owned properties to meet Defence minimum amenity standards.

DHA Managed Properties by Ownership (as at 31 March 2010)

Defence Owned and Annuities	2,484
DHA Owned	3,492
Leased Properties	11,640
Customs Properties	107

DHA manages around 17,700 residences, representing over \$7.8 billion worth of housing stock.

Securing a home in their new locations can be a major stress factor for Defence members and their families. DHA provides Defence families housing opportunities which are especially important in tight rental markets. We also provide a complete tenancy and maintenance service to all ADF and Customs tenants.

Nation Building - Economic Stimulus Plan




The Federal Government has provided \$245.58 million to DHA as part of the Nation Building - Economic Stimulus Plan, DHA expects to complete 829 houses from this funding by March 2011. These additional houses will supply needed accommodation to serving Australian Defence Force members and their families in line with the ongoing operational requirements of the Australian Defence Force. Jobs have been created directly and indirectly through housing construction activity with additional work placements supported through DHA's Apprenticeship Support Scheme (DASS).

Construction Completion Summary

Scheduled for Completion by end FY 09/10	Scheduled for Completion in FY 10/11	Total Program
641 ¹	188	829

¹Includes 3 properties completed before July 2009

DHA's Strategic Objectives

-  Housing supplied and managed effectively against the Defence Housing Forecast
-  Sustainable Long Term Financial Structure
-  Enhancing Customer Service Experience and Perceptions
-  Motivated and Engaged Staff
-  Information Technology Solutions Supporting Business Capabilities

Selected DHA Priorities

Deliver houses for 2010/11 to meet Defence housing requirements.

DHA aims to achieve a return on equity of 6.3 per cent.

Meet the revenue target of \$375 million for the Sale and Leaseback (SLB) Program.

Construct houses funded as part of the Federal Government's Nation Building - Economic Stimulus Plan.

Provide training that enhances core skills and professional standards across all business areas.

Provide annuity funding to Defence of \$245 million over 10 years.

Undertake projects at the request of Defence to increase the quality and amenity standard of housing across the portfolio, including major upgrades, air-conditioning and security retrofits.

Undertake projects to refine DHA's electronic communication with DHA lessors and contractors.

Performance in 2009/10

DHA has had a successful year. The Provisioning Schedule agreed with Defence was achieved, with adjustments to the methods of supply in order to respond to market conditions. Most Corporate Plan KPI's were achieved.

Selected Performance Targets 2010/11

Key Performance Indicator	Target 2010/11
Net Profit After Tax (NPAT)	\$81.8m
Return on Equity (ROE)	6.3%
Gearing	34.6%
Return on Capital Employed	7.9%
ADF Member pre-allocation of service residences	75%
ADF Member satisfaction with completed maintenance	80%
Lessor satisfaction	95%

DHA's Capital Program 2010/11

Defence Capital Program Additions Stock Summary	
Constructions*	919
Acquisitions	201
Lease Renewals and Options	1,046
Direct Leases	162
Total Additions	2,328
Disposals	270
Lease Ends	1,619
Total Subtractions	1,889

*Includes the Nation Building - Economic Stimulus Plan

Through the capital program, the portfolio is maintained in line with the New Housing Classification Policy standards. The Program will involve the expenditure of over \$540 million this year (2010/11). This will be financed by sales of approximately \$432 million (SLB and disposal of investment properties), funds provided under the Nation Building Economic Stimulus Plan and using cash holdings.

Governance

DHA is within the Defence portfolio. The Minister for Defence and the Minister for Finance and Deregulation are Joint Shareholder Ministers of DHA.

In accordance with the *Commonwealth Authorities and Companies Act 1997*, DHA produces an Annual Report which is tabled in Federal Parliament. DHA's Corporate Plan is submitted to Shareholder Ministers each May. The plan sets out the strategic direction of DHA for the following three years. Once the Corporate Plan is finalised a Statement of Corporate Intent, approved by Ministers, is tabled in Parliament. DHA's performance against its Key Performance Indicators identified in the Statement of Corporate Intent forms part of its Annual Report. The Shareholder Ministers monitor DHA's ongoing performance on a quarterly basis.

The DHA Board currently has eight directors with one position vacant:

- a Chairman appointed by the Shareholder Ministers and four directors with expertise in residential property, real estate, building, social planning or finance;
- three directors nominated respectively by the Chief of the Defence Force, and the Secretaries of the Departments of Defence and Finance and Deregulation; and
- the Managing Director of DHA (also the Chief Executive Officer) appointed by the Board; who is the only Executive Director.

DHA is subject to the requirements of the *Defence Housing Australia Act 1987* and the *Commonwealth Authorities and Companies Act 1997*.

DHA Values

DHA aims to have the highest ethical standards and provides a workplace that embodies the following values:

Respect

Excellence

Integrity

Enthusiasm

Innovation

Teamwork

DHA also complies with the *Public Service Act 1999*, upholding and promoting the Australian Public Service Values and Code of Conduct. We are committed to providing a safe workplace, free from discrimination and harassment, and recognising the individual and team contributions of our staff members. We are also committed to high standards in our contractual relationships with our clients as well as maintenance and other contractors and private investors for whom we have property-management responsibilities.