

IPSWICH

<i>HOUSING STOCK MANAGED</i>	1096
ACQUISITIONS	
<i>CONSTRUCTION</i>	25
<i>PURCHASES</i>	1
<i>TOTAL NEW STOCK</i>	26
Disposals	57
MAINTENANCE & IMPROVEMENTS	SM
<i>IMPROVEMENTS</i>	1.21
<i>REPAIRS & MAINTENANCE</i>	1.33
	2.54



STAN SZYBEL OAM
Regional Manager

Highlights *of the* year

- ❖ 25 houses were constructed at Fairview Rise estate, which is being developed as a joint venture between the Defence Housing Authority and the Mirvac Group.
- ❖ The Amberley Rejuvenation Project was completed, with the erection of attractive fencing, painting of houses and streetscaping. There were 295 houses improved by the Project. The nearby park was upgraded and handed over to the local Council.
- ❖ The co-venture with the Department of Housing, Local Government and Planning to rejuvenate the suburb of Leichhardt continued apace and Stage 1 neared completion at year's end. 115 houses were refurbished, streetscaping was markedly improved and 3 parks were upgraded. The co-venture contributed to the construction of a public swimming pool and a new shopping centre and supported local community groups. A good quality affordable housing estate is now rapidly taking shape. 57 surplus Authority houses were sold, despite a depressed housing market in the area.

- ❖ The general improvements program for the region saw the completion of the fitting of earth leakage circuit breakers and heaters to houses. As required many homes were fitted with aluminium window frames and concreting was carried out.

Overall Progress

- ❖ 575 dwellings are to the required standard.
- ❖ 295 houses at Amberley that are not to the required standard, are subject to a study to determine the feasibility of modernisation.
- ❖ 125 houses leased to the private market pending disposal.
- ❖ 101 houses being refurbished in preparation for disposal.

HUNTER VALLEY

<i>HOUSING STOCK MANAGED</i>	1283
ACQUISITIONS	
<i>CONSTRUCTION</i>	37
<i>PURCHASES</i>	23
<i>TOTAL NEW STOCK</i>	60
Disposals	65
MAINTENANCE & IMPROVEMENTS	SM
<i>IMPROVEMENTS</i>	1.32
<i>REPAIRS & MAINTENANCE</i>	1.36
	2.68



MATT CHAMBERS AM
Regional Manager

Highlights *of the* year

- ❖ 60 good quality houses brought into inventory.
- ❖ 65 unsuitable houses sold.
- ❖ Surveys showed continuous improvement in all facets of maintenance services.
- ❖ In the second phase of the housing upgrade program, 86 older houses which had been upgraded internally had their external appearance improved.
- ❖ As an initiative for the Year of the Family, earth leakage circuit breakers were installed in all houses.

Overall Progress

- ❖ Over 88 per cent of houses occupied by Defence Force families now accord with the Authority's standards.
- ❖ The remainder of the required stock is to be improved or progressively replaced over the next three years.
- ❖ Over 50 surplus houses are to be sold as the local housing market permits.

NOWRA

Highlights *of the year*

- ❖ A major refurbishment of on-base housing at HMAS CRESWELL commenced. A total of 63 houses are to be upgraded and extended by the installation of patios, pergolas and carports. The amenities of heritage houses are to be improved while preserving their distinct characteristics.
- ❖ An overall reduction occurred in the Defence requirement for housing due to ongoing implementation of the Commercial Support Program.
- ❖ Modern gas heaters were installed in homes to replace superseded electric heaters.
- ❖ The improvement program enhanced the comfort of homes. The susceptibility of some houses to draughts was reduced; new fences were erected; and over 40 houses had kitchens and bathrooms upgraded.

Overall Progress

- ❖ Over 97 per cent of all houses are at, or in the process of being brought to, the Authority's standards.
- ❖ The few remaining houses that are below the preferred standard are to be progressively disposed of.

<i>HOUSING STOCK MANAGED</i>	552
ACQUISITIONS	
<i>PURCHASES</i>	17
Disposals	31
MAINTENANCE & IMPROVEMENTS	\$M
<i>IMPROVEMENTS</i>	0.93
<i>REPAIRS & MAINTENANCE</i>	0.66
	1.59



DES McDONALD
Regional Manager

SYDNEY METROPOLITAN

Highlights *of the year*

- ❖ The two Housing Management Centres at Lindfield and Hurstville were amalgamated as two District Offices under one Regional Manager.
- ❖ The Authority has reached the milestone of fully meeting the Defence housing requirement of the current Five Year Housing Plan. A small number of houses below the desired standards are mainly on Defence Force bases and decisions regarding the future of those bases are awaited.

Overall Progress

- ❖ 96 per cent of dwellings meet the Authority's standards.
- ❖ The remaining houses do not meet the Authority's standards and await decisions on their future.
- ❖ Most houses with heritage significance have been upgraded to preserve their character while improving their amenities to contemporary standards.

<i>HOUSING STOCK MANAGED</i>	2144
Disposals	111
MAINTENANCE & IMPROVEMENTS	\$M
<i>IMPROVEMENTS</i>	1.22
<i>REPAIRS & MAINTENANCE</i>	1.34
	2.56



PAUL MARTIN
Regional Manager

MOOREBANK

HOUSING STOCK MANAGED	1925
ACQUISITIONS	
CONSTRUCTION	184
PURCHASES	3
LEASES	10
TOTAL NEW STOCK	197
Disposals	277
MAINTENANCE & IMPROVEMENTS	SM
IMPROVEMENTS	1.37
REPAIRS & MAINTENANCE	2.39
	3.76



WAYNE PRIOR
Regional Manager

Highlights *of the* year

- ❖ Wattle Grove, a site at Holsworthy of 240 hectares, which is being developed under joint venture between the Defence Housing Authority and the Delfin Property Group, provided 139 lots for Service housing. Comprising a mix of traditional, courtyard and villa houses, 168 houses were completed by the Authority.
- ❖ A child care centre, constructed by the joint venture, was opened and passed to the Liverpool City Council, to own and operate.
- ❖ 212 houses were sold at Holsworthy Village, a former Army married quarters estate, which has been extensively refurbished under a joint venture with the Delfin Property Group.
- ❖ The Holsworthy South area was rezoned for residential purposes subject to extensive engineering works and upgrade of roads. 97 new allotments were created of which one third were reserved for Authority use, with the remainder being offered for sale. 17 new houses were constructed by the Authority and development approval was obtained for a medium density complex of 27 units, which will be occupied by Army families. A new preschool and occasional care centre was constructed by the Authority.
- ❖ 4 houses and 25 new allotments at Holsworthy South were sold to the general public.
- ❖ Preliminary work was commenced to develop Remount Park, which is located within the Holsworthy South estate, and has historical military significance, particularly for the Australian Light Horse. A commemorative feature was designed for the park and steps were taken towards fund raising for an appropriate memorial.

Part of 7,000 gathering for "Carols by Candlelight" at Wattle Grove.



- ❖ 10 leases at Chipping Norton were taken up, thus concluding the leasing program for the area.
- ❖ Improvements to houses at Bass Hill, Hammondville and South Holsworthy included renovations to bathrooms and kitchens, external painting, erection of fences and landscaping.
- ❖ The quality of housing continued to be evaluated through the Tenant Consultative Group and post occupancy evaluations by tenants. The evidence points to high levels of tenant satisfaction.
- ❖ Rezoning applications were made in respect of the Authority's housing estates at Ingleburn as a preliminary step to disposing of the holdings.

Overall Progress

- ❖ 80 per cent of houses occupied by Service families are up to the Authority's standards and are located in areas suitable for Service housing.
- ❖ Over 600 houses are not suitable for the Authority's needs and are to be disposed of.
- ❖ Results continue to show that the strategies for disposal of housing at Holsworthy are meeting a market need. On average 17 houses are sold per month, and around 75 per cent of sales are to first home buyers.



SYDNEY WEST

<i>HOUSING STOCK MANAGED</i>	1949
ACQUISITIONS	
<i>CONSTRUCTION</i>	52
<i>PURCHASES</i>	10
<i>TOTAL NEW STOCK</i>	62
Disposals	179
MAINTENANCE & IMPROVEMENTS	SM
<i>IMPROVEMENTS</i>	3.34
<i>REPAIRS & MAINTENANCE</i>	2.29
	5.63



JOHN HEATH
Regional Manager

Highlights *of the* year

- ❖ The composition of the housing stock improved significantly with 62 new houses coming into use and 179 surplus older houses being disposed of, including the return to the Department of Defence of 67 on-base houses no longer required by the Authority.
- ❖ 50 blocks of land were purchased at Bligh Park and 24 houses were constructed. Construction on the remaining blocks was commenced.
- ❖ The leasing program was concluded. The program has provided the Authority with 830 good quality leased homes.
- ❖ Negotiations with the Hawkesbury City Council over the future of Hobartville, where the Authority has large stocks of its older homes, were concluded. The Authority improved over 130 homes prior to sale, while another 96 houses which are to be retained have undergone or are undergoing major refurbishment.
- ❖ Under the Hobartville Neighbourhood Enhancement Program, extensive tree plantings were made, and reserves and parks were upgraded.
- ❖ The home improvement program for the year included welcomed upgrades of kitchens and bathrooms and the construction of pergolas.
- ❖ Consultations with the Tenant Consultative Group brought about desirable changes to building specifications in matters such as types of floor coverings, laundry inclusions, materials used and interior decoration.
- ❖ Various water saving measures both inside and outside homes were instituted. In a year of severe drought the initiatives were especially well received by tenants.

Overall Progress

- ❖ 76 per cent of all required houses meet the Authority's standards.
- ❖ Some 480 properties do not meet the Authority's standards and many are being upgraded as an interim measure. These dwellings will be replaced as funding permits.
- ❖ Over 130 houses are surplus to the Authority's requirements and are leased in the general market or are awaiting sale.
- ❖ Under the improvements program, all homes have been carpeted and security doors and earth leakage circuit breakers have been installed in all houses. Landscaping has improved the external appeal of many houses.

CANBERRA

Highlights *of the year*

- ❖ 74 new dwellings were purchased, and 42 houses constructed to the Authority's specifications, were leased.
- ❖ 46 homes surplus to requirements were sold despite the slowness of the local housing market.
- ❖ The improvements program substantially modernised some of the older stock, with upgrades to bathrooms and kitchens, laying of new carpet, repaints, installation of heaters and insulation, and repairing of roofs.
- ❖ Renovations were carried out on important heritage houses at Duntroon.

Overall Progress

- ❖ 81 per cent of houses are to the Authority's standards.
- ❖ Over 200 houses are to be improved or replaced.

<i>HOUSING STOCK MANAGED</i>	1145
ACQUISITIONS	
<i>PURCHASES</i>	74
<i>LEASES</i>	42
<i>TOTAL NEW STOCK</i>	116
Disposals	46
MAINTENANCE & IMPROVEMENTS	
<i>IMPROVEMENTS</i>	1.63
<i>REPAIRS & MAINTENANCE</i>	1.23
	2.86



TONY BEAUCHAMP
Regional Manager

RIVERINA

Highlights *of the year*

- ❖ 24 houses were constructed at Wagga Wagga and 10 houses purchased at Albury/Wodonga.
- ❖ In a depressed housing market, 50 houses were sold (23 at Albury/Wodonga and 27 at Wagga Wagga). A further 61 of the older style prefabricated houses on bases in the region were sold as transportables.
- ❖ 52 expired leases were not renewed.
- ❖ The improvement program included upgrades to kitchens and bathrooms and the provision of amenities to improve habitability such as pergolas, external awnings, ceiling fans, greater internal storage and extending power and light to carports and detached storage areas.

Overall Progress

- ❖ In Albury/Wodonga all housing is to community standards but there is some imbalance in housing stocks for different ranks. This situation will progressively correct as stock is replaced.
- ❖ In Wagga Wagga there is now a well balanced portfolio of good quality houses for Army families and within the coming year it is expected that the same situation will pertain for RAAF families.
- ❖ The Tenant Consultative Groups are well established as an important source of consumer advice on the acquisition of new homes and setting priorities for the improvement program.

<i>HOUSING STOCK MANAGED</i>	1092
ACQUISITIONS	
<i>CONSTRUCTION</i>	24
<i>PURCHASES</i>	10
<i>TOTAL NEW STOCK</i>	34
Disposals	163
MAINTENANCE & IMPROVEMENTS	
<i>IMPROVEMENTS</i>	1.00
<i>REPAIRS & MAINTENANCE</i>	1.20
	2.20



JOHN BOX
Regional Manager

MELBOURNE WEST

HOUSING STOCK MANAGED	1050
ACQUISITIONS	
CONSTRUCTION	27
PURCHASES	13
TOTAL NEW STOCK	40
Disposals	294
MAINTENANCE & IMPROVEMENTS	\$M
IMPROVEMENTS	0.80
REPAIRS & MAINTENANCE	2.09
	2.89



ROBERT ANTONIS
Regional Manager

Highlights of the year

- ❖ 40 new houses were brought into inventory.
- ❖ As the result of an intense marketing campaign 198 houses were sold.
- ❖ 33 on-base houses below the required standards were handed back to Defence to be used for other purposes or to be demolished.
- ❖ The Authority entered into an agreement with Australian Defence Industries (ADI) under which the Authority is to receive housing in an ADI complex at Maribyrnong to the value of the land that it has transferred to ADI.
- ❖ A development of 11 townhouses owned by the Authority won the Housing Industry of Australia Victoria Division Best Medium Density Award. A renovated house owned by the Authority was a finalist for the Best Renovation in the same Award series.

Overall Progress

- ❖ Virtually all of the housing stock occupied by Defence Force families in the region meets community standards. Just 8 houses currently occupied are below standard and will be disposed of at next vacancy.
- ❖ A surplus stock in excess of 200 older units is to be sold as the market permits.

MELBOURNE EAST (Including Puckapunyal)

HOUSING STOCK MANAGED	1568
ACQUISITIONS	
CONSTRUCTION	123
PURCHASES	2
TOTAL NEW STOCK	125
Disposals	174
MAINTENANCE & IMPROVEMENTS	\$M
IMPROVEMENTS	1.35
REPAIRS & MAINTENANCE	1.41
	2.76



JOHN WILSON
Regional Manager

Highlights of the year

- ❖ 100 houses to the Authority's standards were brought into inventory at Streeton Views.
- ❖ 174 houses below the required standards and in low socio-economic areas were disposed of.
- ❖ The number of houses made available to the Defence Force in Melbourne, combined with a declining requirement, enabled the Defence Force to reduce its reliance on private leasings.
- ❖ Staff of the Housing Management Centre was reduced by four persons.

Overall Progress

- ❖ The joint venture between the Defence Housing Authority and Pioneer Homes at Streeton Views is expected to be completed in calendar year 1996. The development has been a great success both financially and in meeting the local Defence housing requirement. The estate has won many housing awards.
- ❖ The Defence housing requirement in the Melbourne east area has been met in all regards except that there is a mismatch of 69 houses for lower ranks.
- ❖ Housing at Puckapunyal is now of generally good quality, the exception being that 64 houses on-base are prefabricated and 11 houses in Seymour are below the required standard. These houses are planned for disposal in 1995/96 and all housing will then be of community standard.

FRANKSTON

Highlights *of the year*

- ❖ The redevelopment of the housing estate at HMAS CERBERUS commenced. 49 houses were completed and an additional 9 houses were commenced. Negotiations opened between Navy, the local Council and the Authority on excision of on-base housing that would give the Authority ownership.
- ❖ 18 houses were purchased to meet Defence needs at East Sale and at Aspendale.
- ❖ An aggressive marketing program achieved the sale of 131 surplus houses.
- ❖ 11 houses at Portsea were refurbished and the upgrading to contemporary standards of 3 houses of heritage significance was either commenced or completed.
- ❖ Tenant Consultative Groups assisted with design selection, inspection of existing houses, and the selection of colour schemes. They gave evidence to the hearing of the Joint Parliamentary Committee on Public Works on the redevelopment of housing at HMAS CERBERUS. They were active in encouraging water conservation.

Overall Progress

- ❖ 95 per cent of the required housing stock are to the Authority's standards.
- ❖ The remainder are below the required standards and are to be replaced.
- ❖ 82 houses surplus to requirements are to be disposed of.

<i>HOUSING STOCK MANAGED</i>	764
ACQUISITIONS	
<i>CONSTRUCTION</i>	49
<i>PURCHASES</i>	18
<i>TOTAL NEW STOCK</i>	67
Disposals	131
MAINTENANCE & IMPROVEMENTS	<small>SM</small>
<i>IMPROVEMENTS</i>	0.80
<i>REPAIRS & MAINTENANCE</i>	0.76
	1.56



BRUCE ANDERSON
Regional Manager

TASMANIA

Highlights *of the year*

- ❖ The development at Dollery Park, on land which was excised from Brighton Army Camp, was completed. The estate consists of 12 small lot houses and one standard house. The Authority acquired 5 units in the estate.
- ❖ Two houses were constructed and one purchased at Launceston while two houses were purchased at Hobart. Three blocks of land for development were acquired.
- ❖ 19 houses and 3 vacant lots were sold in a difficult housing market.
- ❖ 90 per cent of all houses are to the Authority's standards.
- ❖ Only 12 houses are below the required standards.
- ❖ There is imbalance in the standards of some 37 houses relative to the rank of the occupants. This will be progressively redressed.

Overall Progress

<i>HOUSING STOCK MANAGED</i>	121
ACQUISITIONS	
<i>CONSTRUCTION</i>	11
<i>PURCHASES</i>	3
<i>TOTAL NEW STOCK</i>	14
Disposals	19
MAINTENANCE & IMPROVEMENTS	<small>SM</small>
<i>IMPROVEMENTS</i>	0.23
<i>REPAIRS & MAINTENANCE</i>	0.12
	0.35



PETER MARSHALL
Regional Manager

SOUTH AUSTRALIA

HOUSING STOCK MANAGED	1268
ACQUISITIONS	
CONSTRUCTION	86
PURCHASES	2
LEASES	39
TOTAL NEW STOCK	127
Disposals	176
MAINTENANCE & IMPROVEMENTS	SM
IMPROVEMENTS	1.19
REPAIRS & MAINTENANCE	1.35
	2.54



MAX LEMON AM
Regional Manager

Highlights *of the year*

- ❖ A medium density development of 22 units at Unley was completed and 43 dwellings including some townhouses, either leased to the Authority or built on Authority land, were completed at Barton Vale.
- ❖ 41 houses were constructed in other suburbs.
- ❖ The first stage of a 40 house development adjacent to Hampstead Barracks was completed and 8 houses were brought into inventory.
- ❖ A project to provide new housing for Army personnel at Port Wakefield commenced; 6 houses were completed in the first phase.
- ❖ A major disposal program saw 176 properties sold including on-base housing at Woomera and Inverbrackie which was sold for removal off site.

- ❖ The required level of planned maintenance of housing showed signs of decline as the quality of the stock improved. There was a high level of maintenance associated with preparing older stock for sale.

Overall Progress

- ❖ Over 90 per cent houses in inventory are suitable.
- ❖ Less than 10 per cent of houses need to be replaced in future years.
- ❖ The housing provided at Woomera is satisfactory against the requirement, subject to ongoing maintenance and improvements programs.

WESTERN AUSTRALIA

HOUSING STOCK MANAGED	1258
ACQUISITIONS	
CONSTRUCTION	63
PURCHASES	6
LEASES	5
TOTAL NEW STOCK	74
Disposals	129
MAINTENANCE & IMPROVEMENTS	SM
IMPROVEMENTS	0.23
REPAIRS & MAINTENANCE	1.56
	1.79



BOB CRAZE
Regional Manager

Highlights *of the year*

- ❖ The final 7 houses for RAAF families and additional community facilities at Chittering Gardens were completed.
- ❖ 43 houses for Army families were completed at Seaward Village Swanbourne. Older houses in the estate have had new fences and landscaping provided. The public spaces have been enhanced and sand dunes have been stabilised.
- ❖ 13 additional houses for Navy families at Rockingham were completed.
- ❖ At East Fremantle, a medium density project of 7 dwellings was commenced. The site for a further 18 dwellings was purchased.
- ❖ Over 100 houses were disposed of in a difficult housing market.

Overall Progress

- ❖ Nearly all dwellings are to the Authority's standards.
- ❖ 23 houses are currently under construction.
- ❖ 38 houses do not meet the Authority's standards; those on-base are to be retained while others are to be disposed of as the market permits.

DEFENCE HOUSING AUTHORITY
ANNUAL REPORT 1994 *to* 1995

Financial Statements

FOR THE YEAR ENDED 30 JUNE 1995

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Profit and Loss Statement

for the year ended 30 June 1995

	Notes	1995 \$'000	1994 \$'000
OPERATING REVENUES			
Rental revenue	3	241,342	240,775
Interest		1,494	1,486
Other revenue		8,873	8,031
Net profit on the disposal of assets	4	9,969	10,189
TOTAL OPERATING REVENUES		261,678	260,481
DIRECT OPERATING EXPENSES			
Depreciation - housing stock		32,480	27,409
Insurance		1,184	1,060
Rates & taxes		19,614	19,392
Rent	5	76,871	74,229
Repairs & maintenance		28,047	26,705
Lease establishment costs		268	1,000
Other direct operating expenses		2,666	2,852
Total Direct Operating Expenses		161,130	152,647
ADMINISTRATION EXPENSES			
Audit fees	6	1,026	1,006
Depreciation		2,159	1,785
Provision for employee entitlements		163	374
Salaries and wages		14,418	14,203
Bad debts written off		15	-
Other administration expenses		12,237	10,965
Total Administration Expenses		30,018	28,333
FINANCING EXPENSES			
Interest expense	7	49,666	44,943
Total Financing Expenses		49,666	44,943
TOTAL OPERATING EXPENSES		240,814	225,923
OPERATING PROFIT BEFORE ABNORMAL ITEMS			
Abnormal Items	8	73,129	77,335
OPERATING PROFIT		93,993	111,893
Accumulated profits at beginning of reporting period		254,100	142,207
ACCUMULATED PROFITS AT END OF REPORTING PERIOD		348,093	254,100

The accompanying notes form an integral part of these statements

Balance Sheet

as at 30 June 1995

	Notes	1995 \$'000	1994 \$'000
CURRENT ASSETS			
Cash	9	6,043	7,171
Receivables	10	30,274	23,969
Investments	12	33,000	65,000
Inventories	13	36,448	44,441
Other	14	7,588	4,949
Total Current Assets		113,353	145,530
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,067,045	1,916,657
Inventories	13	92,315	100,730
Total Non-Current Assets		2,159,360	2,017,387
TOTAL ASSETS		2,272,713	2,162,917
CURRENT LIABILITIES			
Creditors	16	115,579	111,123
Borrowings	17	195,467	155,412
Provisions	18	2,362	2,404
Total Current Liabilities		313,408	268,939
NON-CURRENT LIABILITIES			
Borrowings	17	388,260	416,172
Provisions	18	477	273
Total Non-Current Liabilities		388,737	416,445
TOTAL LIABILITIES		702,145	685,384
NET ASSETS		1,570,568	1,477,533
EQUITY			
Commonwealth contribution	19	805,713	811,460
Reserves	20	416,762	411,973
Accumulated profits		348,093	254,100
TOTAL EQUITY		1,570,568	1,477,533

The accompanying notes form an integral part of these statements

Statement of Cash Flows

for the year ended 30 June 1995

	Notes	1995 \$'000	1994 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows</i>			
Receipts from rental operations	21	247,370	309,694
Interest received		1,494	1,416
<i>Outflows</i>			
Payments relating to direct operating costs		(129,589)	(132,811)
Payments to other creditors and employees		(25,591)	(25,709)
Interest paid		(54,001)	(53,837)
Net Cash Provided By Operating Activities	21	39,683	98,753
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Inflows</i>			
Proceeds from sale of property, plant and equipment		165,868	193,182
Receipts from joint ventures		21,801	18,942
<i>Outflows</i>			
Payments for property, plant and equipment		(267,203)	(347,505)
Contributions to joint ventures		(3,377)	(4,170)
Net Cash Used By Investing Activities		(82,911)	(139,551)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Inflows</i>			
Proceeds from borrowings		879,284	954,958
Contributions from Commonwealth		0	34,165
<i>Outflows</i>			
Repayment of borrowings		(867,945)	(926,523)
Net cash provided by financing activities		11,339	62,600
Net increase (or decrease) in cash held		(31,889)	21,802
Cash at the beginning of the reporting period		69,471	47,669
Cash at the end of the reporting period	21	37,582	69,471

The accompanying notes form an integral part of these statements

Notes to and forming part of the Financial Statements

as at 30 June 1995

1. Summary of Significant Accounting Policies

The financial statements of the Authority are prepared in accordance with the *Guidelines for Financial Statements of Commonwealth Authorities* issued by the Minister for Finance and are, unless otherwise stated, in accordance with the historical cost convention.

The accounting policies adopted are consistent with Australian Accounting Standards. Significant accounting policies adopted are as follows:

(a) Housing and Land Assets

As at 1 January 1988, housing assets were vested in the Authority pursuant to the provisions of Section 60(1)(a) of the *Defence Housing Authority Act 1987*. These assets are principally located outside the boundaries of military establishments and are the subject of separate titles; they are generally referred to as 'off-base' houses and are included in the financial statements of the Authority at valuation.

Other housing assets have been made available to the Authority under Section 60(1)(b) of the Act and include houses where no separate title exists and/or are located within the boundaries of military establishments; they are generally referred to as 'on-base' houses.

The value of the dwelling improvements located on land without separate title and classified as 'on-base' is included in the financial statements as an asset of the Authority.

All off-base housing and land is subject to annual revaluation as at 31 December. Revaluation is based on independent valuations performed on approximately 20% of the total housing stock each year with the balance of stock being revalued using the House Price Indexes published by the Australian Bureau of Statistics. In 1994/95 however, approximately 60% of the total off-base housing stock was independently revalued to provide further validation of the housing asset values shown in the Authority's balance sheet.

Where a deficit/surplus arises on revaluation, the deficit/surplus is attributed to the land and dwelling improvement as applicable. Where land and housing stock is disposed the revaluation reserve relating to those assets is transferred to the Capital Profits Reserve.

The ownership of on-base properties by the Authority is limited to the use of the dwelling with the ownership of the land occupied by the dwelling being retained by the Commonwealth. These properties were revalued at 31 December 1994. The valuation is determined using the 'Present Value' of future rent stream method over the expected useful economic life and does not include any residual value.

As the valuations for both on-base and off-base properties do not result directly from independent valuations, the valuations are therefore deemed to be directors' valuations.

Works in progress represents the cost of housing assets under development and construction at 30 June 1995.

Expenditure of a capital improvement nature for both on-base and off-base properties has been capitalised and depreciated at the rate applicable to each asset class. Individual asset additions with a cost below \$300 have been fully depreciated in the month of acquisition. Expenditure of a capital nature in respect of Commonwealth State Housing Agreement (Service Personnel) [CSHA(S)] houses which were scheduled for return to the States has been classified as 'Leasehold Improvements' and has been amortised over the remaining term of the lease. At 30 June 1995 all CSHA(S) houses had been returned to the States resulting in the remaining assets being written off during 1994/95.

Notes to and forming part of the Financial Statements

as at 30 June 1995

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.

The expected net cash flows included in determining recoverable amounts for on-base housing have been discounted to present value.

(b) Inventories

Houses leased by the Commonwealth under the CSHA(S) have been made available to the Authority under Section 60(1)(b) of the Act. Payments for houses provided under the CSHA(S) and other leased properties are accounted for as 'Direct Operating Expenses-Rent'. The Commonwealth Government has reached agreement with all States on terms for renegotiation of the CSHA(S). Under these terms, title to half of the CSHA(S) houses (by value) have been transferred to the Authority over a five year period.

The Authority assumed responsibility for the existing outstanding debt of approximately \$111.6 million to the Commonwealth on 1 July 1991 for the CSHA(S) houses to be transferred. The Authority assumed responsibility for an additional \$3.1 million debt on 1 July 1993 for houses transferred from the South Australian Government. It is the intention of the Authority to sell all ex-CSHA(S) properties. These properties have therefore been classified as inventories with the acquisition cost being the value of the debt assumed to which has been added the cost of capitalised improvements to a number of dwellings where applicable.

Inventories also include a proportion of costs where the Authority has the intention to sell that proportion of the developed or constructed properties. Inventories are stated at the lower of cost and net realisable value.

(c) Income Tax and Dividends

These statements have been prepared on the basis that the Authority is not liable for the payment of company tax or to pay a dividend to the Commonwealth.

(d) Depreciation

Assets at valuation or cost are depreciated using the straight line method, at rates based upon the expected useful economic life of the asset or the applicable tax rate of depreciation for house fixtures and fittings. Housing stock located on-base is deemed to have a remaining useful economic life of 25 years and is depreciated at four per cent per annum except for additions after 1 January 1988 which are deemed to have a useful economic life of 50 years and are depreciated at two per cent per annum. Stock located off-base is deemed to have a useful economic life of 50 years and is depreciated at two per cent per annum.

While depreciation expense has been charged to the profit and loss statement, the accumulated provision for depreciation has been written back on assets subject to revaluation in accordance with Australian Accounting Standard AAS10. Furniture, fixtures, computer equipment and motor vehicles are regarded as having a useful economic life of five years. Office buildings have been depreciated at two per cent per annum assuming a useful economic life of 50 years.

(e) Repairs and Maintenance

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

(f) Employee Entitlements

Full provision has been made in the balance sheet for employees entitlements at balance date, for accrued but untaken annual leave and long service leave having regard to relevant employee periods of service and based on pay rates current at 30 June 1995. The Authority recognises liability for long service leave in accordance with the Department of Finance Guidance Release reissued in June 1995 to meet the requirements of Australian Accounting Standard AAS30 - Accounting for Employee Entitlements.

(g) Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts.

Notes to and forming part of the Financial Statements

as at 30 June 1995

2. Borrowings

In June 1989, pursuant to Section 36 of the *Defence Housing Authority Act 1987*, the Minister for Finance determined that all funds provided by the Commonwealth to the Authority, other than commercial rents and related recoveries, shall be by way of loan and further, that such loans shall attract interest at the long term Commonwealth bond rate set at 1 June each year on the total borrowings outstanding and be repayable at call after a period of 15 years. The Minister for Finance, under Section 36 of the *Defence Housing Authority Act*, determined on 18 January, 1993 that:

- \$165m Commonwealth debt be converted to equity with effect from 1 July 1992;
- Commonwealth subventions (being the sum of capital and interest) made in 1992/93 and 1993/94 to be in the proportion of 70% equity and 30% debt;
- subsequent Commonwealth subventions to be in the form of debt, this being subject to review should circumstances change.

The conversion of \$165 million of Commonwealth debt to equity represented a non-cash transaction.

In August 1992 the Government decided that the Authority should repay \$300 million to the Commonwealth by the privatisation of Defence Housing Authority assets. The phasing of the repayment program was as follows:

1993/94	\$60m
1994/95	\$120m
1995/96	\$120m

In May 1994 the Government agreed that the Defence Budget in 1994-95 would meet the previously indicated Authority repayment liability for 1995-96. The Department of Defence and the Authority have subsequently agreed to a repayment program which includes a separate \$60 million loan from the Department of Defence to the Authority in 1994-95 repayable over the following two years. The revised repayment program is as follows:

1993/94	\$60m
1994/95	\$60m
1995/96	\$70m
1996/97	\$70m
1997/98	\$40m

Conditions applicable to borrowings otherwise than from the Commonwealth are determined under Section 37 of the *Defence Housing Authority Act 1987*.

Notes to and forming part of the Financial Statements

as at 30 June 1995

	1995 \$'000	1994 \$'000
3. Rental Revenue		
Authority owned houses	164,033	165,829
CSHA(S) houses	215	2,330
Leased houses	79,442	74,933
Rebate unoccupied houses	(2,348)	(2,317)
TOTAL RENTAL REVENUE	241,342	240,775
4. Profit/(Loss) on Disposal of Assets		
Profit/(Loss) on sale of housing stock	3,331	3,922
Profit on sale of inventories	1,424	1,303
Profit/(loss) on sale of equipment	(88)	106
Profit on sale of assets from joint ventures	5,302	4,858
TOTAL PROFIT/(LOSS) ON DISPOSAL OF ASSETS	9,969	10,189
5. Rent Expense		
Payments to State authorities	134	2,141
Other rent payments	76,737	72,088
TOTAL RENT EXPENSE	76,871	74,229
6. Audit Remuneration		
Amounts received or due and receivable by auditors:		
Australian National Audit Office for the		
Audit of financial statements	186	200
Other Services	3	0
Internal audit services	837	806
TOTAL AUDIT REMUNERATION	1,026	1,006
Fees paid to the Australian National Audit Office relating to the audit of joint ventures.	79	58
The Authority is liable for 50% of these fees.		
No other benefits were received by the auditors.		

Notes to and forming part of the Financial Statements

as at 30 June 1995

	1995 \$'000	1994 \$'000
7. Interest Expense		
Interest - loans from Commonwealth	22,586	23,209
Interest - promissory notes	27,080	21,734
TOTAL INTEREST EXPENSE	49,666	44,943
8. Abnormal Items		
Operating profit is arrived at after crediting the following abnormal item:		
Profit on sale of Ex CSHA(S) houses (inventories)	73,129	77,335
TOTAL ABNORMAL ITEMS	73,129	77,335
9. Cash		
At bank	6,030	6,496
On hand	13	13
Advances	0	662
TOTAL CASH	6,043	7,171
10. Receivables		
Interest receivable	130	61
Sundry debtors	28,517	22,509
Amounts receivable from Commonwealth	1,627	1,399
TOTAL RECEIVABLES	30,274	23,969
11. Overdue Receivables		
Receivables at 30 June which have been overdue for:		
• less than 30 days	53	41
• 30 to 60 days	9	7
• more than 60 days	149	116
TOTAL OVERDUE RECEIVABLES	211	164
12. Investments		
Short Term Deposits	33,000	65,000
TOTAL INVESTMENTS	33,000	65,000

Notes to and forming part of the Financial Statements

as at 30 June 1995

	1995 \$'000	1994 \$'000
13. Inventories		
Inventories - current		
Properties held for resale -		
Cost of acquisition		
Land	13,917	16,321
Houses	18,160	23,405
Development costs	4,371	4,715
TOTAL CURRENT INVENTORIES	36,448	44,441
Inventories - non-current		
Properties held for resale -		
Cost of acquisition		
Land	29,150	38,421
Houses	59,941	59,064
Development Costs	3,224	3,245
TOTAL NON-CURRENT INVENTORIES	92,315	100,730
14. Other Current Assets		
Prepayments	7,588	4,949
TOTAL OTHER CURRENT ASSETS	7,588	4,949
15. Property, Plant and Equipment		
Housing		
Off-base houses		
Houses at valuation	1,008,833	909,792
Accumulated depreciation	(4,792)	-
Land at valuation	680,696	603,999
Acquisitions in progress at cost	7,640	7,642
	1,692,377	1,521,433
On-base houses		
Houses at valuation	273,036	266,915
Accumulated depreciation	(1,863)	-
	271,173	266,915

Notes to and forming part of the Financial Statements

as at 30 June 1995

	1995 \$'000	1994 \$'000
15. Property, Plant and Equipment (continued)		
House inclusions at cost	32,551	24,647
Accumulated depreciation	(13,051)	(8,283)
	19,500	16,364
Works in progress		
Land at cost	45,991	55,241
Development and construction costs	29,409	48,384
	75,400	103,625
Leasehold improvements at cost	0	164
Accumulated amortisation	0	(10)
	0	154
Total Housing	2,058,450	1,908,491
Plant and Equipment		
Furniture, fixtures, motor vehicles, plant and equipment at cost	14,143	13,252
Accumulated depreciation	(7,324)	(5,572)
Total Plant and Equipment	6,819	7,680
Office Buildings		
Office buildings at cost	1,834	528
Accumulated depreciation	(58)	(42)
Total Office Buildings	1,776	486
TOTAL PROPERTY, PLANT AND EQUIPMENT	2,067,045	1,916,657

Notes to and forming part of the Financial Statements

as at 30 June 1995

	1995 \$'000	1994 \$'000
16. Creditors		
Creditors - current		
Unpaid purchase considerations on property acquisitions	5,729	2,830
Trade creditors	4,550	4,259
Rental receipts in advance from the Department of Defence	60,000	60,000
Accruals and other	22,245	17,030
Interest	23,055	27,004
TOTAL CURRENT CREDITORS	115,579	111,123
17. Borrowings		
Borrowings - current		
Loans from Commonwealth	70,967	60,912
Promissory notes	124,500	94,500
TOTAL CURRENT BORROWINGS	195,467	155,412
Borrowings - noncurrent		
Loans from Commonwealth	199,260	227,172
Promissory notes	189,000	189,000
TOTAL NON-CURRENT BORROWINGS	388,260	416,172
The Authority's borrowing facilities are:		
Credit standby arrangements		
Bank overdraft		
Total facility payable at call	5,000	5,000
Amount of credit unused	4,922	4,922
Borrowing facilities		
Short term		
Domestic promissory note facility		
Total facility	150,000	150,000
Amount of facility unused	90,500	55,500
Euro promissory note facility (Issued in Australian dollars)		
Total facility	100,000	100,000
Amount of facility unused	35,000	100,000
Medium term		
Domestic promissory note facility		
Total facility	250,000	250,000
Amount of facility unused	61,000	61,000
The Authority's borrowing program is subject to annual Loan Council limits. Individual issues of medium term notes are subject to the Treasurer's approval. All borrowings under the above facilities are guaranteed by the Commonwealth.		

Notes to and forming part of the Financial Statements

as at 30 June 1995

	1995 S'000	1994 S'000
18. Provisions		
Current		
Long service leave	809	872
Annual leave	1,553	1,532
TOTAL CURRENT PROVISIONS	2,362	2,404
Non-Current		
Long service leave	477	273
19. Commonwealth Contributions		
Opening balance	811,460	777,404
Housing off-base	527	803
Housing on-base	(6,274)	(912)
Other Contributions	-	34,165
TOTAL COMMONWEALTH CONTRIBUTIONS	805,713	811,460
20. Reserves		
Asset revaluation reserve		
Opening balance	358,710	284,917
Revaluation movement	4,789	93,530
Transfer to capital profits reserve	(10,226)	(19,737)
Balance 30 June 1995	353,273	358,710
Capital profits reserve		
Opening balance	52,263	32,526
Realisation on disposal of assets	10,226	19,737
Balance 30 June 1995	62,489	52,263
Insurance reserve		
Balance 30 June 1995	1,000	1,000
TOTAL RESERVES	416,762	411,973

Notes to and forming part of the Financial Statements

as at 30 June 1995

	1995 S'000	1994 S'000
21. Cash Flow Information		
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Total cash	6,043	7,171
Deduct interest in joint venture cash	(1,461)	(2,700)
Add short term investments	33,000	65,000
BALANCES PER STATEMENT OF CASH FLOWS	37,582	69,471
Reconciliation of net cash flows from operating activities to operating profit		
Operating profit	93,993	111,893
Depreciation - housing stock	32,480	27,409
Depreciation - other	2,159	1,785
Provision for employee entitlements	163	374
Net profit on the disposal of assets	(83,098)	(87,524)
Changes in operating assets and liabilities		
Decrease in accounts receivable	304	21,894
Decrease (increase) in prepayments	(2,733)	3,802
Increase (decrease) in creditors	(3,585)	19,120
NET CASH PROVIDED BY OPERATING ACTIVITIES	39,683	98,753
NON-CASH FINANCING AND INVESTING ACTIVITIES		
Movement in Commonwealth Contributions	(5,747)	(109)
Receipts from Rental Operations		
Receipts from Rental Operations for 1993/94 included an advance of rental payments from the Department of Defence for 1994/95 amounting to \$60 million. During 1994/95 this rental advance was fully acquitted and a further advance of rental payments for 1995/96, amounting to \$60 million, was received from the Department of Defence.		

Notes to and forming part of the Financial Statements

as at 30 June 1995

	1995 S'000	1994 S'000
22. Agreements Equally Proportionately Unperformed		
- Capital Expenditure		
Capital expenditure contracted for at 30 June but not provided for and payable:		
Not Later than 1 year	73,920	70,608
Later than 1 year but not later than 2 years	9,797	16,065
Later than 2 years but not later than 5 years	20,421	6,799
Later than 5 years	4,071	-
TOTAL CAPITAL EXPENDITURE AGREEMENTS	108,209	93,472
The above includes capital expenditure relating to joint ventures	60,313	48,447
23. Agreements Equally Proportionately Unperformed		
- Lease Rental		
Future non-cancellable operating lease rentals of housing assets, not provided for and payable:		
Not later than 1 year	75,713	72,840
Later than 1 year but not later than 2 years	70,740	67,484
Later than 2 years but not later than 5 years	185,232	176,906
Later than 5 years	155,242	184,117
TOTAL LEASE RENTAL AGREEMENTS	486,927	501,347
24. Contingent Liabilities		
Contingent liabilities for which no provisions are included in the accounts	365	65
Contingent liabilities relating to joint ventures – contract performance guarantees and development works.	21,361	11,000
25. Economic Dependency		
The normal trading activities of the Authority depend almost wholly on the Department of Defence paying market rents for the housing stock provided.		

Notes to and forming part of the Financial Statements

as at 30 June 1995

26. Superannuation

Staff of the Authority are employed under the *Public Service Act 1922* and are entitled to benefits under the *Superannuation (Productivity Benefit) Act 1988* and from the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS). The Authority 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*.

The Department of Finance 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 organisation. The separate CSS and PSS employer superannuation contribution rates and contributions paid or payable by the Authority for the reporting period are:

- CSS members
Contributions at the rate of 24.3% of salary for superannuation purposes amounting to \$0.609 million, and
- PSS members
Contributions at the rate of 11.3% of salary for superannuation purposes amounting to \$0.722 million

The rates exclude the productivity contribution under the *Superannuation (Productivity Benefit) Act 1988*.

27. Directors' and Executives' Remuneration**Remuneration of Directors**

Number of Directors whose income falls within the following bands:

	1995 Number	1994 Number	1995 \$'000	1994 \$'000
\$ 1 - \$ 10,000	3	4		
\$ 10,001 - \$ 20,000	0	1		
\$ 20,001 - \$ 30,000	1	0		
\$ 80,001 - \$ 90,000	1	1		
\$ 150,001 - \$ 160,000	0	1		
\$ 180,001 - \$ 190,000	1	0		
Total income received, or due and receivable by all Directors			311	276

Seven Directors (1994 - nine) did not receive any remuneration.

Notes to and forming part of the Financial Statements

as at 30 June 1995

27. Directors' and Executives' Remuneration (Continued)

Remuneration of Executives

Number of Executive Officers whose total remuneration received or due and receivable from the Authority falls within the following bands:

	1995 Number	1994 Number	1995 S'000	1994 S'000
\$ 100,001 - \$ 110,000	3	2		
\$ 130,001 - \$ 140,000	1	1		
\$ 150,001 - \$ 160,000	0	1		
\$ 180,001 - \$ 190,000	1	0		
The aggregate of the remuneration received or receivable from the Authority by Executive Officers (including the Managing Director) whose income exceeds \$100,000, including performance based payments.			637	489

Notes to and forming part of the Financial Statements

as at 30 June 1995

28. Related Parties

Directors

The names of each person holding the position of Director of the Authority during the financial year are:

J E Graham	M Forrest	F D Cox
S N Gower	V L Cox	E Jerga
P J Dransfield	W J Kirkby-Jones	P J Ferris
C J Oxenbould	R V Richardson	J P Stevens
R H Tonkin		

Transactions of Directors and Director-Related Entities

A director, Mr P J Dransfield, is a director of Walker Corporation Pty Ltd. The Authority entered into contracts during the reporting period with Walker Corporation Pty Ltd for the construction of dwellings amounting to \$0.144 million and for the leasing of properties to the Authority with lease payments totalling \$0.537 million. These contracts were based on normal commercial terms and conditions.

A director, Mr J E Graham, is a director of Pioneer Housing Group Ltd. The Authority entered into contracts during the reporting period with Pioneer Housing Group Ltd for the construction of dwellings amounting to \$3.069 million. These contracts were based on normal commercial terms and conditions.

A director, Mr W J Kirkby-Jones, is a director of Alexander & Alexander Ltd. The Authority entered into contracts during the reporting period with Alexander and Alexander Ltd for various classes of insurance coverage with premiums totalling \$1.134 million. These contracts were based on normal commercial terms and conditions.

Notes to and forming part of the Financial Statements

as at 30 June 1995

29. Joint Venture Developments

Wattle Grove Development

The Authority holds a 50% interest in the 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.

Streeton Views Development

The Authority holds a 50% interest in the Streeton Views development at Macleod near Melbourne. The principal activity of the joint venture project is to develop housing sites for Defence and private sector housing.

Holsworthy and Anzac Villages Redevelopment

The principal activities of this joint venture project are the redevelopment and sale of houses in Holsworthy and Anzac Villages near Moorebank in Sydney. The Authority has an entitlement to 50% of profits on houses sold to the private sector.

Fairview Rise Development

The Authority holds a 50% interest in the Fairview Rise development at Flinders View near Ipswich. The principal activity of the joint venture project is to develop housing sites for Defence and private sector housing.

Homestead Run Development

The Authority holds a 50% interest in the Homestead Run development at Laverton near Melbourne. The principal activity of the joint venture project is to develop housing sites for Defence and private sector housing.

Willow Gardens Development

The Authority holds a 50% interest in the Willow Gardens development at Kirwan near Townsville. The principal activity of the joint venture project is to develop housing sites for Defence and private sector housing.

Fairway Development

The Authority holds a 50% interest in the Fairway development at Palmerston near Darwin. The principal activity of the joint venture project is to develop housing sites for Defence and private sector housing.

Leichhardt Redevelopment Co-Venture

The Authority entered into a co-venture arrangement on 29 September 1993 with the Department of Housing, Local Government and Planning in Queensland for the rehabilitation and refurbishment of selected parts of the suburb of Leichhardt near Ipswich.

Notes to and forming part of the Financial Statements

as at 30 June 1995

The following represents the Authority's total interest in the continuing joint venture developments at 30 June 1995. The revenue and balance sheet items have been incorporated in the financial statements under their respective classifications.

Interest in Joint Venture Developments	1995 \$'000	1994 \$'000
Revenue		
Profit on sale	5,302	4,858
Other	0	0
TOTAL REVENUE	5,302	4,858
Current assets		
Cash	1,461	2,700
Receivables	4,686	4,311
Inventories	13,242	16,693
Other	76	94
	19,465	23,798
Non-current assets		
Property, plant and equipment	275	248
Inventories	11,501	12,870
	11,776	13,118
Current liabilities		
Creditors	4,462	2,236
NET ASSETS	26,779	34,680

Refer to Note 22 for details of Agreement Equally Proportionately Unperformed and Note 24 for Contingent Liability details.

Statement by Directors

In accordance with a resolution of the members of the Defence Housing Authority we, the Chairman and Managing Director hereby state:

(a) In our opinion:

(i) the accompanying financial statements are drawn up so as to show fairly the Authority's operating profit, the financial position and the cash flows for the year ended 30 June 1995;

(ii) as at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

(b) The financial statements have been made out in accordance with the Guidelines for Financial Statements of Commonwealth Authorities, which require compliance with Statements of Accounting Concepts and applicable Accounting Standards.

Dated this 17th day of August 1995.



J E Graham

Chairman



W J Kirkby-Jones

Managing Director

Audit Report on the Financial Statements

Australian National Audit Office
GPO Box 707
Canberra ACT 2601



INDEPENDENT AUDIT REPORT

To the Minister for Defence Science and Personnel

Scope

I have audited the financial statements of the Defence Housing Authority for the year ended 30 June 1995. The statements comprise:

- Profit and Loss Statement
- Balance Sheet
- Statement of Cash Flows
- Notes to and forming part of the Financial Statements, and
- Statement by Directors.

The directors of the Authority are responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of the financial statements in order to express an opinion on them to the Minister for Defence Science and Personnel.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Concepts and Standards, other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with my understanding of the Authority's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In accordance with sub-section 63H(2) of the *Audit Act 1901*, I now report that the statements are in agreement with the accounts and records of the Authority, and in my opinion:

- (i) the statements are based on proper accounts and records
- (ii) the statements show fairly in accordance with Statements of Accounting Concepts, applicable Accounting Standards and other mandatory professional reporting requirements the financial transactions and results, and cash flows for the year ended 30 June 1995, and the state of affairs of the Authority as at that date
- (iii) the receipt, expenditure and investment of moneys, and the acquisition and disposal of assets, by the Authority during the year have been in accordance with the *Defence Housing Authority Act 1987*, and
- (iv) the statements are in accordance with the Guidelines for Financial Statements of Commonwealth Authorities.

Australian National Audit Office

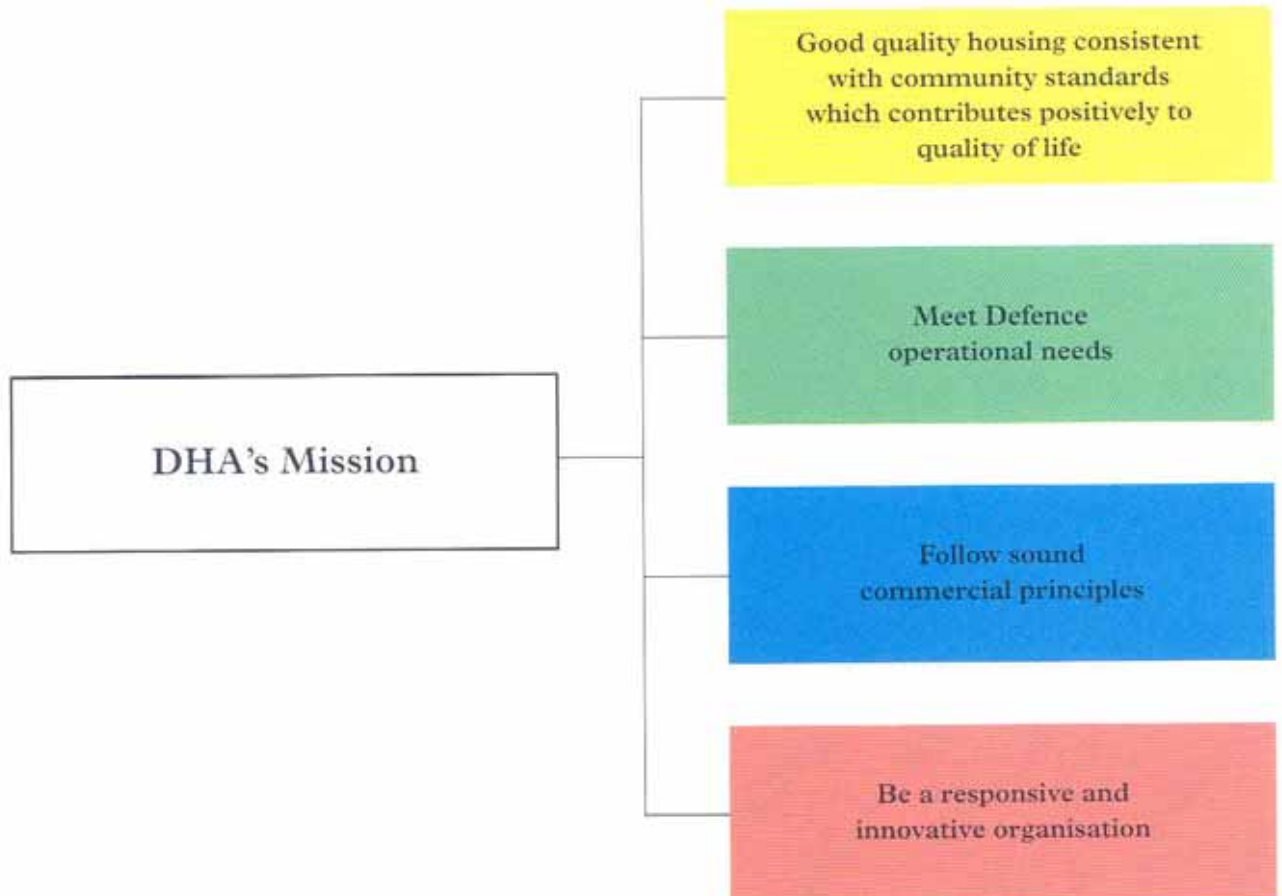
TREVOR BURGESS
Executive Director
For the Auditor-General

Canberra
22 August 1995

Appendix 1

Defence Housing Authority
Key Performance Indicators

Measurement groups from the Mission Statement



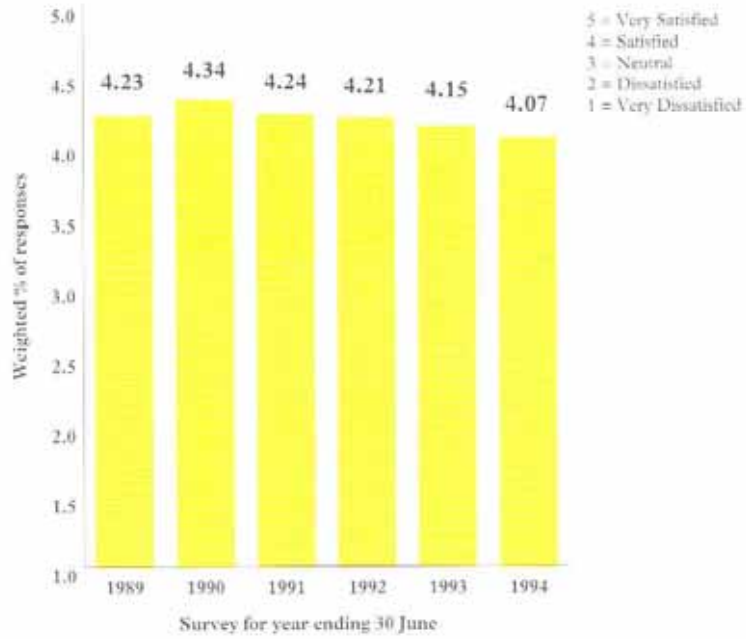
Performance Indicators have been developed to measure the four key aspects of the mission statement.

General Satisfaction with new DHA Houses

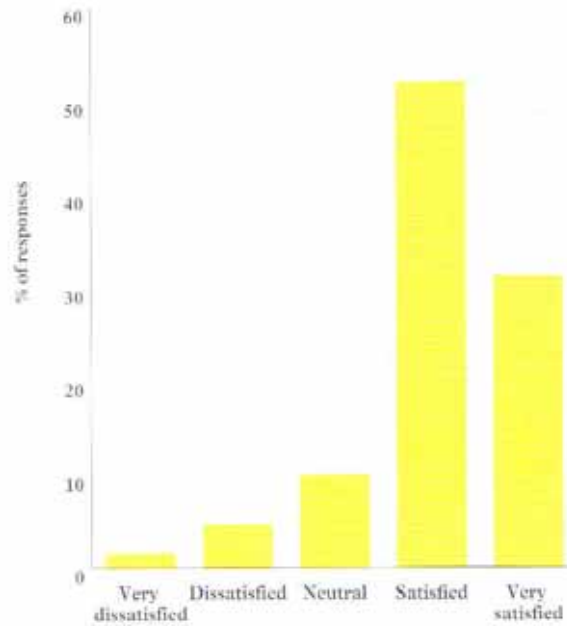
Authority wide tenant satisfaction remains high



OVERALL TENANT SATISFACTION WITH NEW HOUSES

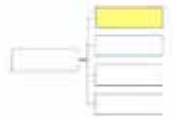


COMPOSITION OF RESPONSES (1994)

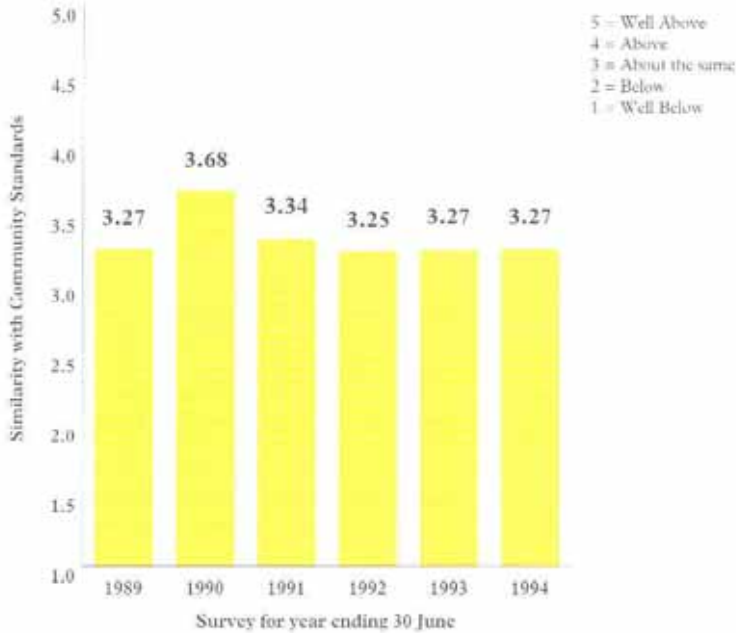


Tenant Rating of new Houses against Community Standards

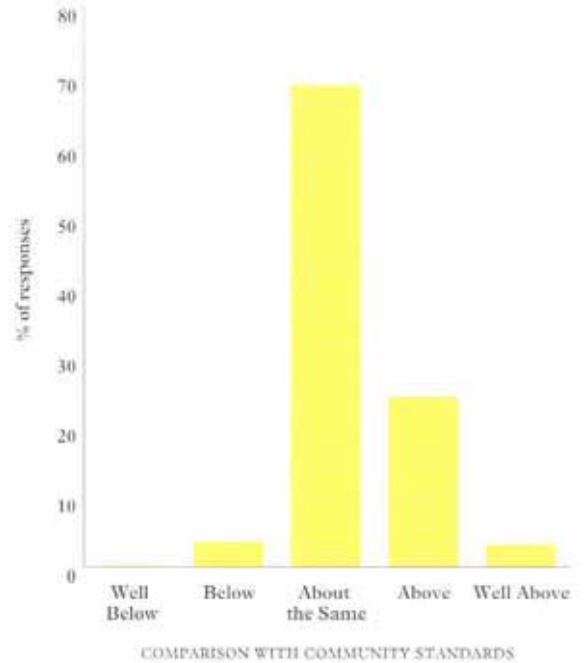
Authority wide tenants believe their new houses are about the same or above community standard



AUTHORITY WIDE TENANT RATING OF NEW HOUSES AGAINST COMMUNITY STANDARDS



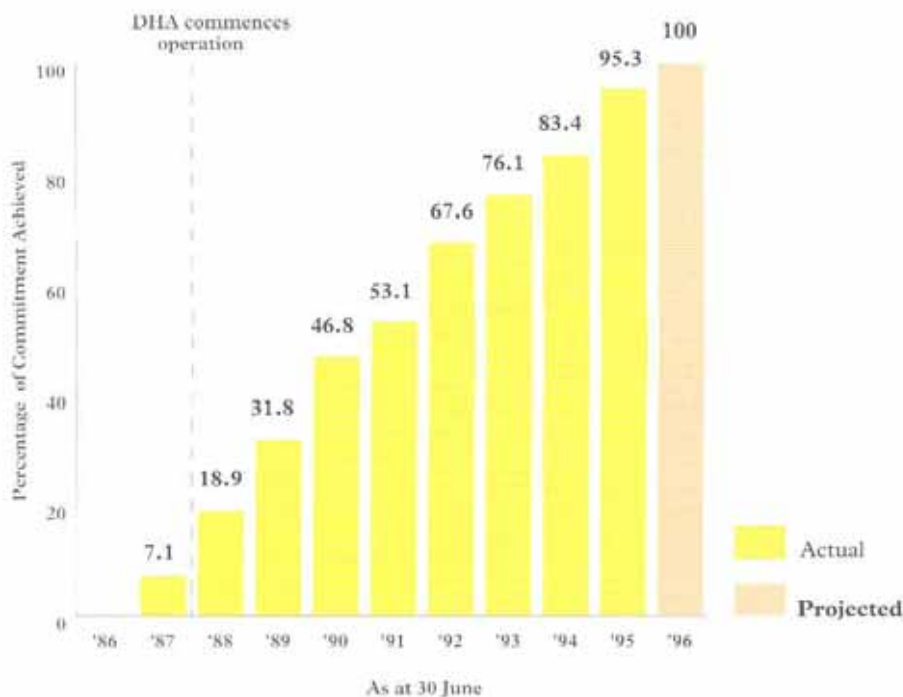
COMPOSITION OF RESPONSES (1994)



Source: Citywide Diagnostics Pty Ltd. "Post Occupancy Evaluation Survey"

Achievement against "\$750 million" Housing Improvement Commitment

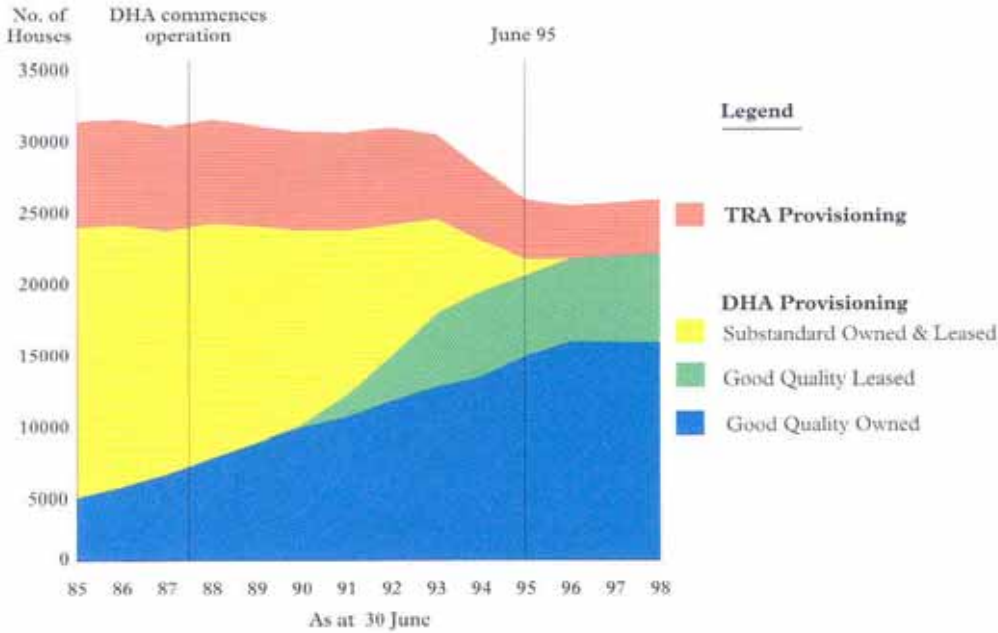
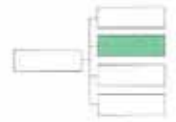
The Authority is on target to meet the government's commitment to invest "\$750 million" (1986 prices) in improved housing over a ten year period ending 1996



Source: District Housing Authority Annual Reports

Quality of Defence Housing Stock

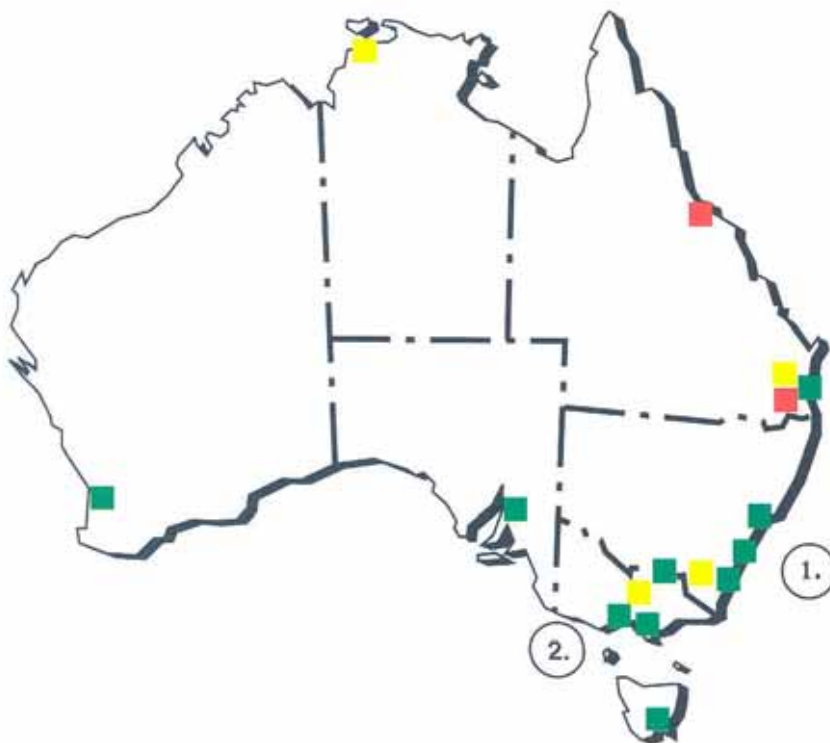
The Authority is on target to solve the Defence housing problem by 1996



Source: DHA Corporate Plan 1985-98

Quality of Housing Provided to Defence

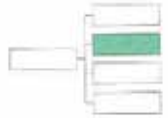
Nationally, over 88% of dwellings supplied to Defence are of good quality



Source: DHA and HQADF data

Component of Defence Housing Needs Provided by DHA

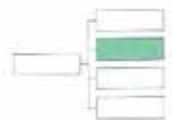
DHA is close to achieving the target of providing 85% of total Defence housing requirements



Source: DHA Annual Reports and HQADF data

Proportion of Total Defence Housing Requirements Being Provided by DHA

Nationally, the Authority is meeting 85% of total Defence housing requirements

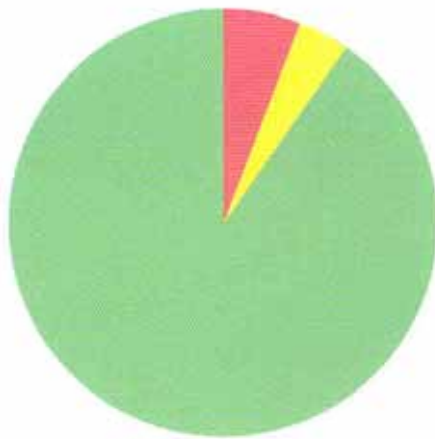
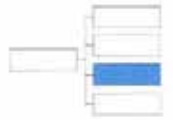


Source: DHA and HQADF data

Note: Current Defence policy is for DHA to provide 85% of total needs.

Component of DHA Houses Earning Income

Approximately 94% of the Authority's housing earns rent



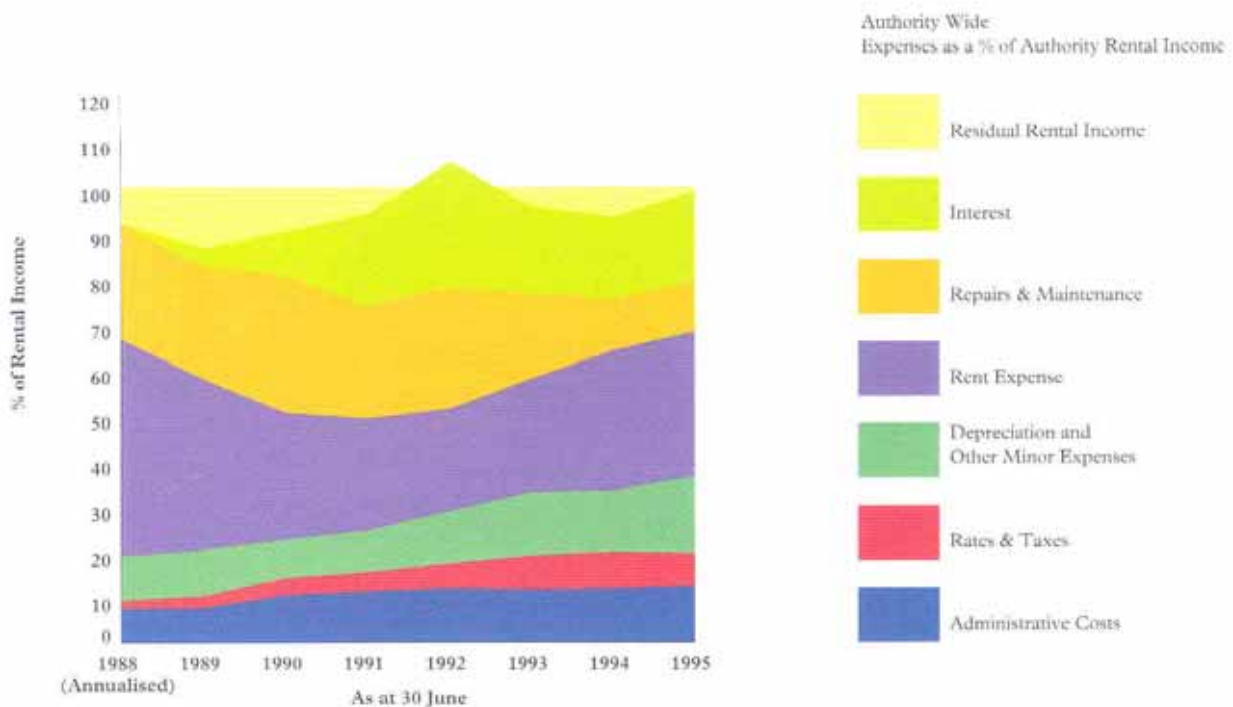
Category	Volume %
Leased to Defence	90.1
Leased to Civilians	4.0
Inactive Housing Stock	5.9
Total	100.00

TOTAL DHA HOUSING STOCK
as at 30 June 1995: 23,442

Source: DHA Integrated Property Management System

Evolution of the Authority's Cost Structure

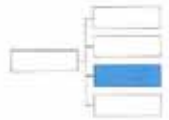
Rental income only marginally covers provisioning expenses



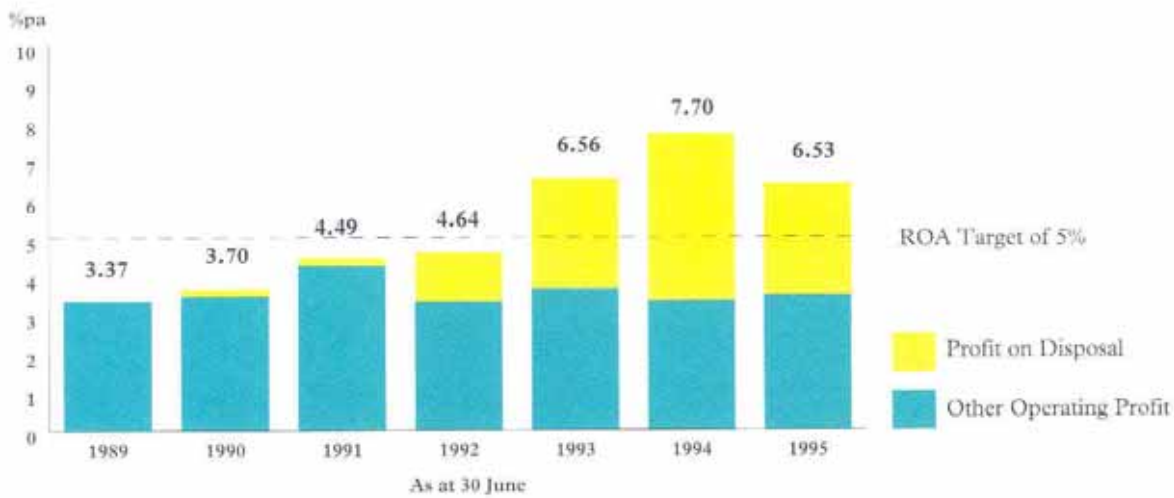
Source: DHA Annual Report

Return on Assets

The Authority's target rate of return of 5% is being realised, due in large part to profits from disposals



RETURN ON ASSETS USING GBE GUIDELINES FORMULA

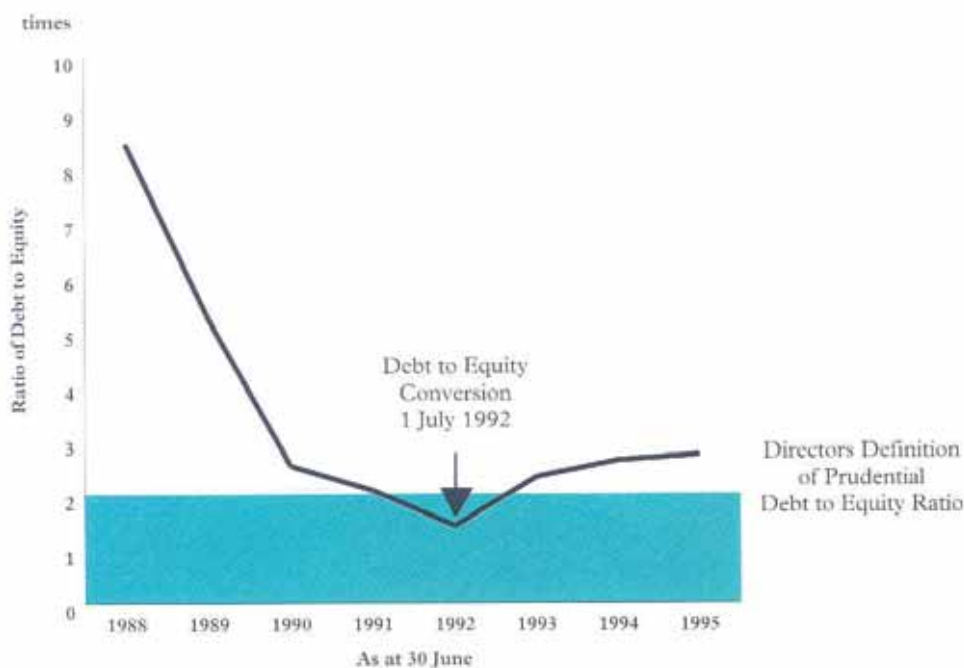
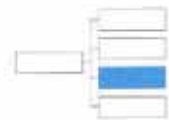


$$ROA = \frac{\text{Earnings Before Interest and Tax}}{\text{Average Total Assets}}$$

Source: DHA Annual Reports

Debt to Equity Ratio

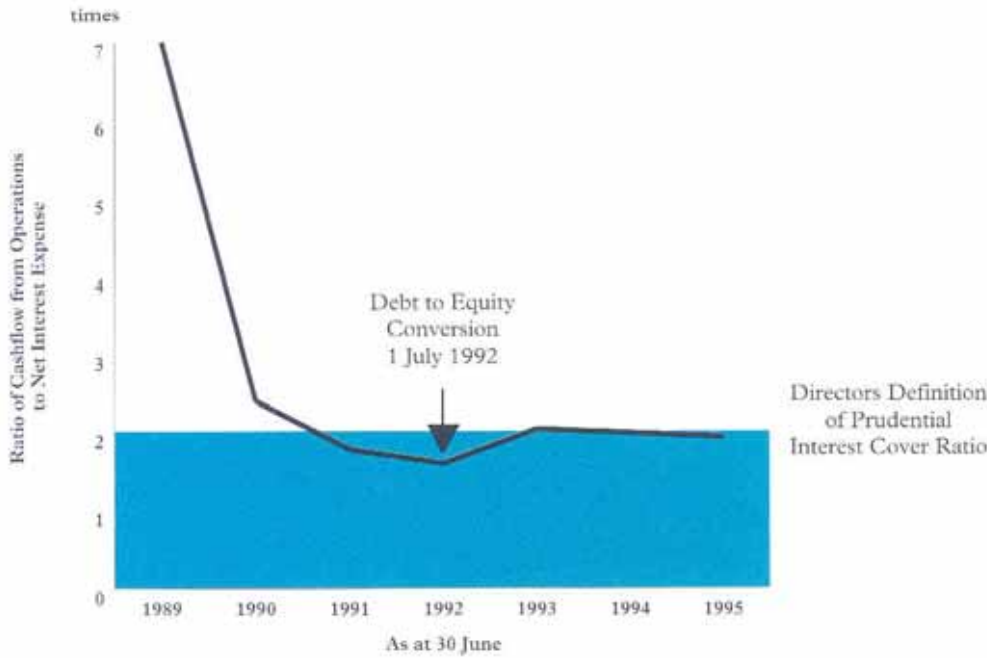
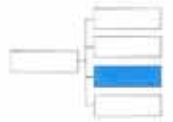
Debt to equity ratio is 1.0:2.7, that is, equity funding is more than twice the level of debt funding



Source: DHA Annual Reports

Interest Cover Ratio

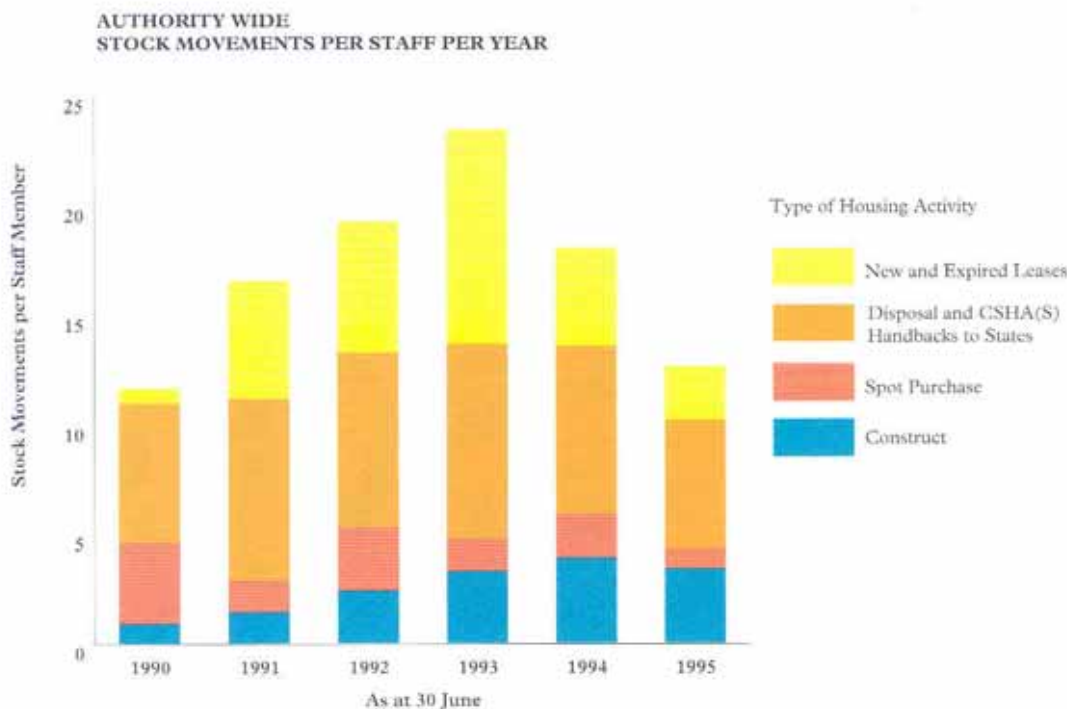
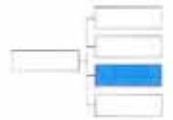
Interest cover ratio is 1.9:1.0, that is residual cash flow from operations approximates twice the level of net interest expense



Source: DHA Annual Reports
Note: Interest cover based on profit calculated before depreciation and profit on disposals

Composition of Staff Activity Level (1)

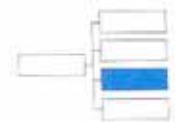
The activity level and composition of staff activity has changed as housing quality improves



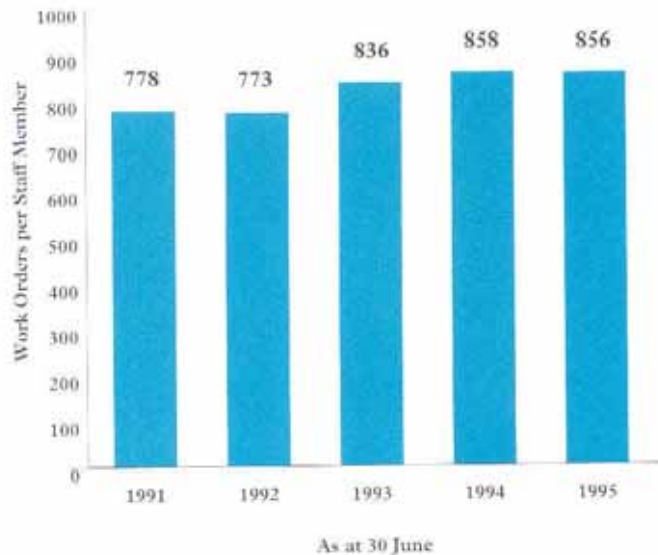
Source: DHA IPMS and Annual Reports

Composition of Staff Activity Level (2)

Maintenance and improvements continue to be a major activity of the Authority



AUTHORITY WIDE WORK ORDERS RAISED PER STAFF PER YEAR



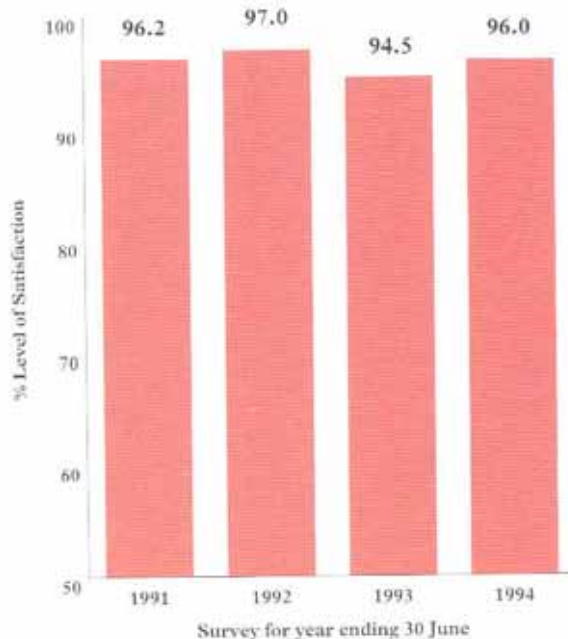
Source: DHA DMS Reports

Courtesy Extended to Tenants by HMC Staff

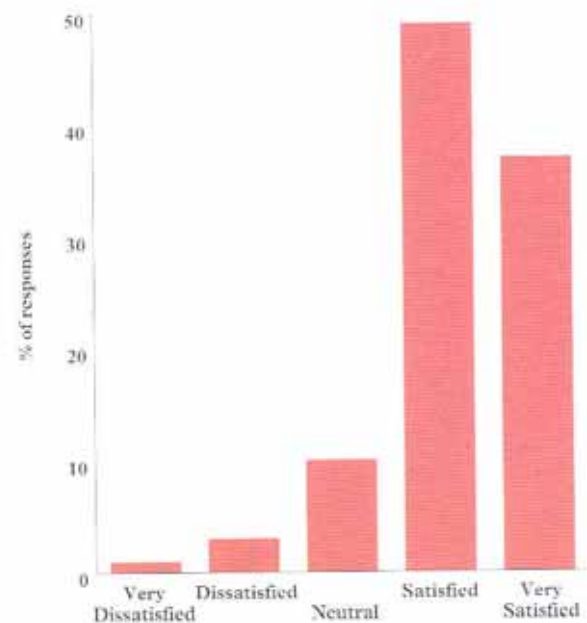
Nationally, tenant satisfaction with the service provided by Authority staff is very high



AUTHORITY WIDE "COURTESY OF HMC STAFF"



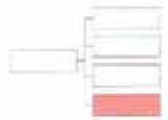
COMPOSITION OF RESPONSES (1994)



Sources: 1991-93 Corporate Diagnostics Pty Ltd. "Responsive Maintenance Survey"
1994 - DHA Program Evaluation Unit "Customer Care Survey"

Quality of Maintenance Service Provided to Tenants

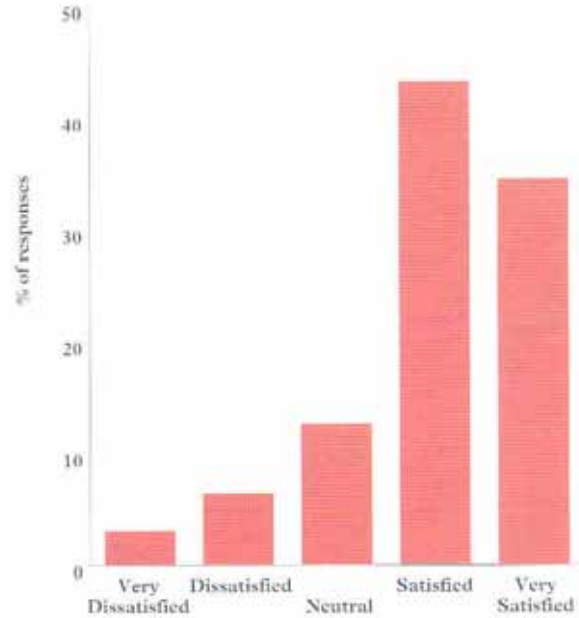
The quality of service provided to tenants remains very high



AUTHORITY WIDE
"OVERALL SATISFACTION WITH MAINTENANCE"



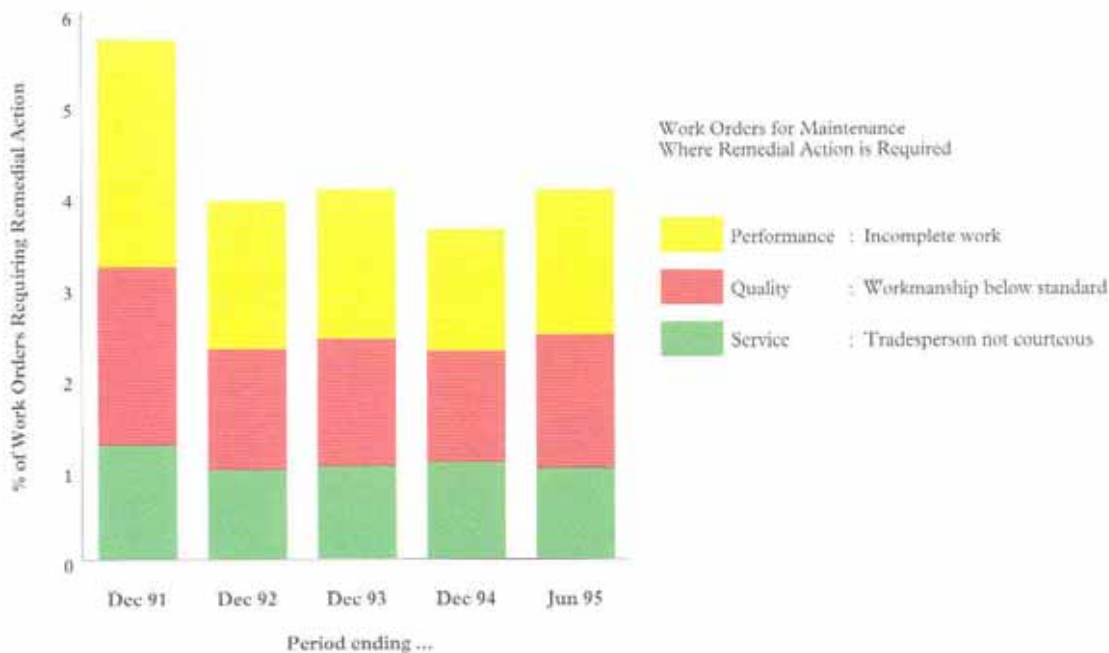
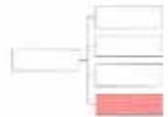
COMPOSITION OF RESPONSES (1994)



Source: Corporate Diagnostics Plc Ltd, "Responsive Maintenance Survey"

Quality of Contractor Work

Currently, on average, approximately 4% of work orders are referred for corrective action



Source: KPMG Peat Marwick Quality Assurance Program

Appendix 2

Staffing Information

SENIOR STAFF OF THE AUTHORITY

Senior Staff of the Authority as at 30 June 1995 were

Managing Director

Mr W J Kirkby-Jones AM

General Manager, Finance and Administration

Mr L F Milkovits

General Manager, Operations

Mr E J S David

General Manager, Capital Projects

Mr S A Quill

General Manager, Defence Liaison

Mr J C Rosser

Financial Controller

Mr W E Foley

Senior Manager, Business Systems Group

Mr M Evans

Senior Manager, Training and Quality

Mr J T Mellington

Manager, Community Relations

MAJGEN P R Phillips AO MC (Retd)

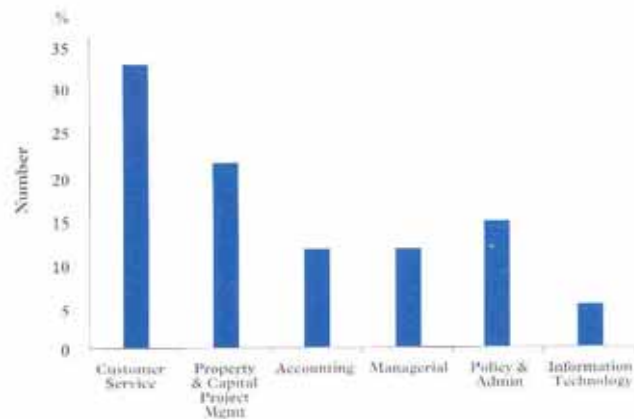
Executive Officer

Mr R D Eames

Staff Composition at 30 June 1995

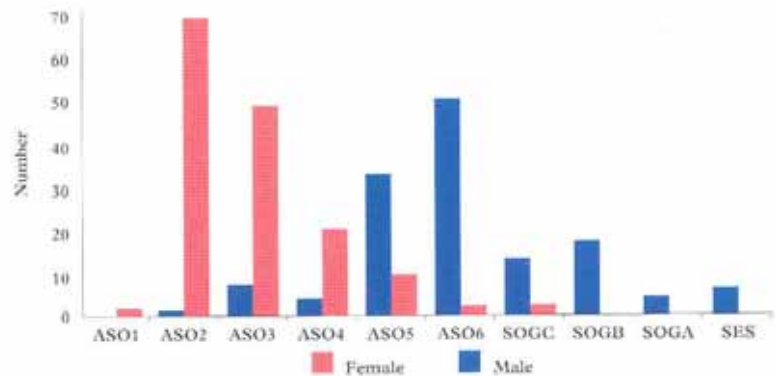
Statutory Appointee	1
Senior Executives	5
Permanent Full Time Officers	226
Permanent Part Time Officers (Full Time equivalent)	7.5
Temporary Full Time Employees	45
Temporary Part Time Employees (Full Time Equivalent)	11.5
Total	296
Positions not filled due to consultancies	10
Total Full Time Positions or Equivalents	306

Organisation By Function



Note: Some positions allotted to more than one function.

Staffing Profile at 30 June 1995



Administrative, Senior or Executive Grades, or Equivalent

Appendix 3

Freedom of Information Statement

The following information is presented according to the requirements of Section 8 of the Freedom of Information Act 1982.

Enabling legislation

The Defence Housing Authority is established under the Defence Housing Authority Act 1987.

Organisation

Information on the organisation and function of the Defence Housing Authority can be found earlier in this report in the section titled Corporate Structure.

Function

The function of the Authority is to provide:

- ❖ Defence Force personnel and their families;
- ❖ officers and employees of the Department of Defence and their families;
- ❖ and other persons, with adequate and suitable housing in order to meet the operational needs of the Defence Force and the requirements of the Department of Defence.

Categories of documents

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

Copies of the *Defence Housing Authority Act 1987* are available for purchase from Commonwealth Government Bookshops in all States and Territories.

Documents available free of charge upon request

The Authority produces an Annual Report and a three year Corporate Plan in accordance with the requirements of its Act.

The Authority also produces a biannual newsletter, issues media statements and distributes brochures and other promotional material.

Consultative Arrangements

The Authority maintains liaison with the Department of Defence, the National Consultative Group of Service Families, and tenants through Tenant Consultative Groups established in each region of Defence housing concentration. There is consultation as needed with State and Local Government authorities and local communities as necessary on specific projects conducted by the Authority.

Individuals or organisations may participate in policy formulation by making written representations to the Minister, the Chairman or the Managing Director. The Authority also encourages direct contact with its regional Housing Management Centres and its Manager Community Relations.

Membership details for the consultative committees with which the Authority liaises are available from the Manager Community Relations on (06) 270 6444.

Categories of Documents

The Authority prepares and holds copies of a wide range of briefing papers, submissions and reports relevant to its function and activities. These papers include those prepared for the Minister, the Chairman and members of the Authority, consultative meetings and conferences. The Authority also holds a wide range of documents related to operational, financial and administrative matters within its function.

One request for documents was made under the Freedom of Information Act to 30 June 1995.

Access to Documents

Access to documents under the Freedom of Information Act can be obtained by making a request in writing, and paying the prescribed fee to:

Freedom of Information Officer, Defence Housing Authority, 2 Brisbane Avenue, Barton ACT 2600
Telephone (06) 270 6444

Appendix 4

HOUSING MANAGEMENT CENTRES

NORTHERN TERRITORY

37 Gregory Street
PARAP NT 0820
(089) 41 2657 FAX (089) 41 2700

TINDAL *

Easton Parade RAAF Base
TINDAL NT 0851
(089) 71 7177 FAX (089) 71 7192

NORTH QUEENSLAND

63 - 65 Bamford Lane
Kirwan TOWNSVILLE QLD 4810
(077) 73 0800 FAX (077) 73 0890

CAIRNS *

3 Jensen Street MANOORA
CAIRNS QLD 4870
(070) 32 1528 FAX (070) 32 1542

SOUTH QUEENSLAND

Dalziel Street
Gallipoli Barrades
ENOGGERA QLD 4052
(07) 335 46922 FAX (07) 3354 6933

DARLING DOWNS

137 Herries Street
TOOWOOMBA QLD 4350
(076) 32 5900 FAX (076) 32 8955

IPSWICH

Cnr East & Brisbane Streets
IPSWICH QLD 4305
(07) 281 8500 FAX (07) 812 1130

HUNTER VALLEY

1/3 Johnson Close
RAYMOND TERRACE NSW 2324
(049) 87 1099 FAX (049) 83 1624

SINGLETON *

Building AC1 Army Camp
SINGLETON NSW 2331
(065) 72 4272 FAX (065) 72 4203

SYDNEY WEST

West Market Street
RICHMOND NSW 2753
(045) 88 5133 FAX (045) 88 5269

MOOREBANK

Rear BASC Liverpool
Moorebank Avenue
MOOREBANK NSW 2170
(02) 821 1800 FAX (02) 821 4505

SYDNEY NORTH *

Suite 2, Lindfield Centre
Cnr Tryon Road & Milray Street
LINDFIELD NSW 2070
(02) 416 2666 FAX (02) 416 1322

SYDNEY SOUTH *

Suite 3, 1st Floor, Metro Centre
124 Forest Road (cnr Hudson St)
HURSTVILLE NSW 2220
(02) 580 9822 FAX (02) 580 9592

NOWRA

Suite 14, 1st Floor Holt Centre
31 Kinghorne Street
NOWRA NSW 2541
(044) 21 7125 FAX (044) 23 0564

ACT (& TRAINING CENTRE)

National Surveyors House
27-29 Napier Close
Deakin ACT 2600
(06) 285 2054 Fax (06) 285 1052

RIVERINA

83 Hume Street
WODONGA VIC 3690
(060) 56 2013 FAX (060) 56 2014

WAGGA WAGGA *

11 Peter Street
WAGGA NSW 2650
(069) 21 6616 FAX (069) 21 6536

MELBOURNE WEST

38 Duncans Road
WERRIBEE VIC 3030
(03) 742 4666 FAX (03) 742 3777

MELBOURNE EAST

Suite 8A 486 Lower Heidelberg Road
HEIDELBERG VIC 3084
(03) 457 6633 FAX (03) 457 7178

PUCKAPUNYAL *

Vivi Street
PUCKAPUNYAL VIC 3662
(057) 93 1168 FAX (057) 93 1436

FRANKSTON

2nd Floor, Landmark Building
454 Nepean Highway
FRANKSTON VIC 3199
(03) 770 1544 FAX (03) 770 1362

SALE *

66 Foster Street
SALE VIC 3850
(051) 44 6200 FAX (051) 43 1258

TASMANIA

11 Albuera St
HOBART TAS 7000
(002) 23 1290 FAX (002) 24 0096

SOUTH AUSTRALIA

62 Orsmond Street
HINDMARSH SA 5007
(08) 340 3535 FAX (08) 340 3515

WOOMERA *

28 Burrinul Street
WOOMERA SA 5720
(086) 73 7730 FAX (086) 73 7026

PERTH

Building 1, Leeuwin Barracks
Riverside Road
EAST FREMANTLE WA 6158
(09) 319 2011 FAX (09) 319 2071

ROCKINGHAM *

23 Simpson Avenue
ROCKINGHAM WA 6168
(09) 592 3300 FAX (09) 592 3302

BULLSBROOK *

RAAF Base Pearce
BULLSBROOK WA 6084
(09) 571 1009 FAX (09) 571 1007

*District Office, reporting to the previously listed Regional Office, except Sydney North and Sydney South which together comprise Sydney Metropolitan Regional Office.

DEFENCE HOUSING AUTHORITY 2 Brisbane Avenue, Barton ACT 2600 Phone (06) 270 6444 Fax (06) 273 4440