

2009/10

STATEMENT OF CORPORATE INTENT

DEFENCE HOUSING AUSTRALIA



Vision

Excellence in Defence housing and relocation services.

Mission

To deliver total housing and relocation services that meet Defence operational and client needs through a strong customer and business focus.

About DHA

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 housing and relocation 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 agreements with the Department of Defence to provide housing and relocation services to ADF personnel. Housing services are also provided to staff of the Australian Customs Service (Customs), under a Heads of Agreement.

Within the funding available, DHA executes a comprehensive construction and acquisition program to meet Defence housing requirements, with capital expenditure of approximately \$1.6 billion planned over the next three years. Approximately 3,100 new properties will be provisioned through construction and acquisition over the next three years, including the constructions funded under the Government's Nation Building - Economic Stimulus Plan.

DHA manages around 17,300 residences, representing over \$7.6 billion worth of housing stock. Approximately 64 per cent of these homes are owned by private investors and leased back to DHA, primarily through its Sale and Leaseback (SLB) Program.

Approximately 24,500 relocations each year are arranged by DHA for ADF members and their families. Securing a home in their new location can potentially be a major stress factor for Defence members and their families. DHA provides Defence families guaranteed housing opportunities, which are especially important in tightening rental markets. We also provide a complete tenancy and maintenance service to all ADF and Customs tenants.

DHA's Strategic Objectives



Housing provisioned and managed effectively against the Defence Housing Forecast



Healthy 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 2009/10 to meet Defence requirements.

Meet the revenue target for the individual SLB Program, through strategic pricing and the development of other SLB products.

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.

Streamline workflows to eliminate administrative backlogs and enable Case Managers to focus on servicing customers.

Undertake projects to extend DHA's electronic channel capability to DHA lessors and contractors.

Implement the new Collective Agreement, a key emphasis of the agreement is flexibility, particularly directed towards attraction and retention of staff, and options to better support succession planning strategies.

Selected Financial Performance Targets 2009/10

Key Performance Indicator	Target 2009/10
Net Profit After Tax (NPAT)	\$70.3m
Return on Equity (ROE)	5.9%
Gearing	36.1%
Return on Capital Employed	7.2%

Performance in 2008/09

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

Selected Non-Financial Performance Targets

75% - ADF Member pre-allocation of service residences

95% - ADF member satisfaction with maintenance services

80% - Lessors satisfied with rent review process

DHA's Capital Program 2009/10

Defence Capital Program Stock Summary	
Constructions	
- Business as Usual	345
- Nation Building - Economic Stimulus Plan	620
Acquisitions	321
Lease Renewals and Options	1,220
Direct Leases	147
Total Additions	2,653
Disposals	269
Lease Ends	1,724
Total Subtractions	1,993

DHA Managed Properties

(as at 31 March 2009)

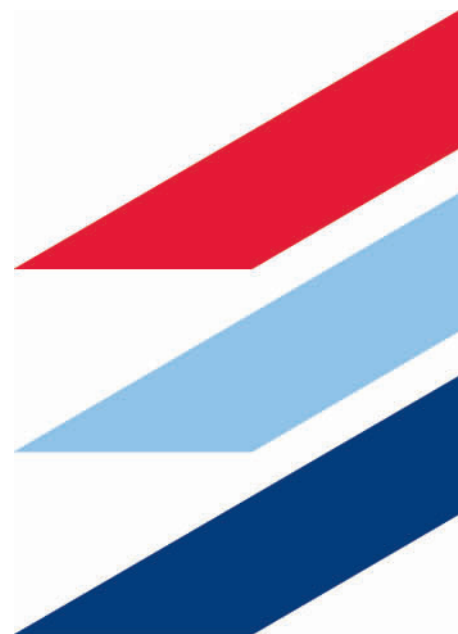
DHA Managed Properties by Ownership	
Defence Owned and Annuities	2,580
DHA Owned Investment	2,464
DHA Owned Inventory	1,085
Leased Properties	11,073
Customs Properties	94

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 \$694 million this year (2009/10). This will be financed by sales of approximately \$330 million (SLB and disposal of investment properties), funds provided under the Nation Building Economic Stimulus Plan (\$200 million), decreasing cash holdings, and the remainder through borrowings (\$75 million).

Nation Building - Economic Stimulus Plan

The \$251.58 million additional funding provided for Defence housing as approved in the Federal Governments "Nation Building - Economic Stimulus Plan" will enable Defence Housing Australia to build an additional 802 new residential houses throughout Australia over the next 2 years. 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. The additional housing will also materially increase the supply of residential housing at a time of historically low national rental vacancy. This will assist with improving rental accommodation affordability for the community.

Construction Scheduled Completion Summary			
	FY 09/10	FY 10/11	Total Program
Adelaide	62	38	100
Brisbane	71	32	103
Cairns	5		5
Canberra	10		10
Darwin	145	40	185
Hunter	28		28
Ipswich	61	72	133
Melbourne	43		43
Melbourne - Hobart	10		10
Melbourne - Sale	13		13
Nowra	16		16
Singleton	2		2
Sydney	20		20
Toowoomba	8		8
Townsville	118		118
Wagga Wagga	2		2
Wodonga	6		6
Total	620	182	802



Governance

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 outlines 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 comprises nine directors:

- 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 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 Values

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

Respect - we collaborate, are ready to listen and learn, show respect for each other, our customers, stakeholders and the community

Excellence - our goals are achieved with a commitment to quality and professionalism in all aspects of our work - with a customer and commercial focus

Integrity - we have moral courage - backed by trust for each other, honesty, responsibility, and accountability for our actions

Enthusiasm - pride and empowerment come from our passion and commitment

Innovation - we initiate and embrace new and better ways of working and improving our business.

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 contribution 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.



26 Brisbane Avenue
Barton ACT 2600
www.dha.gov.au

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

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

DHA employs approximately 679 full time equivalent staff in offices across Australia. We also provide a face-to-face service in the vicinity of most major military establishments around the country.