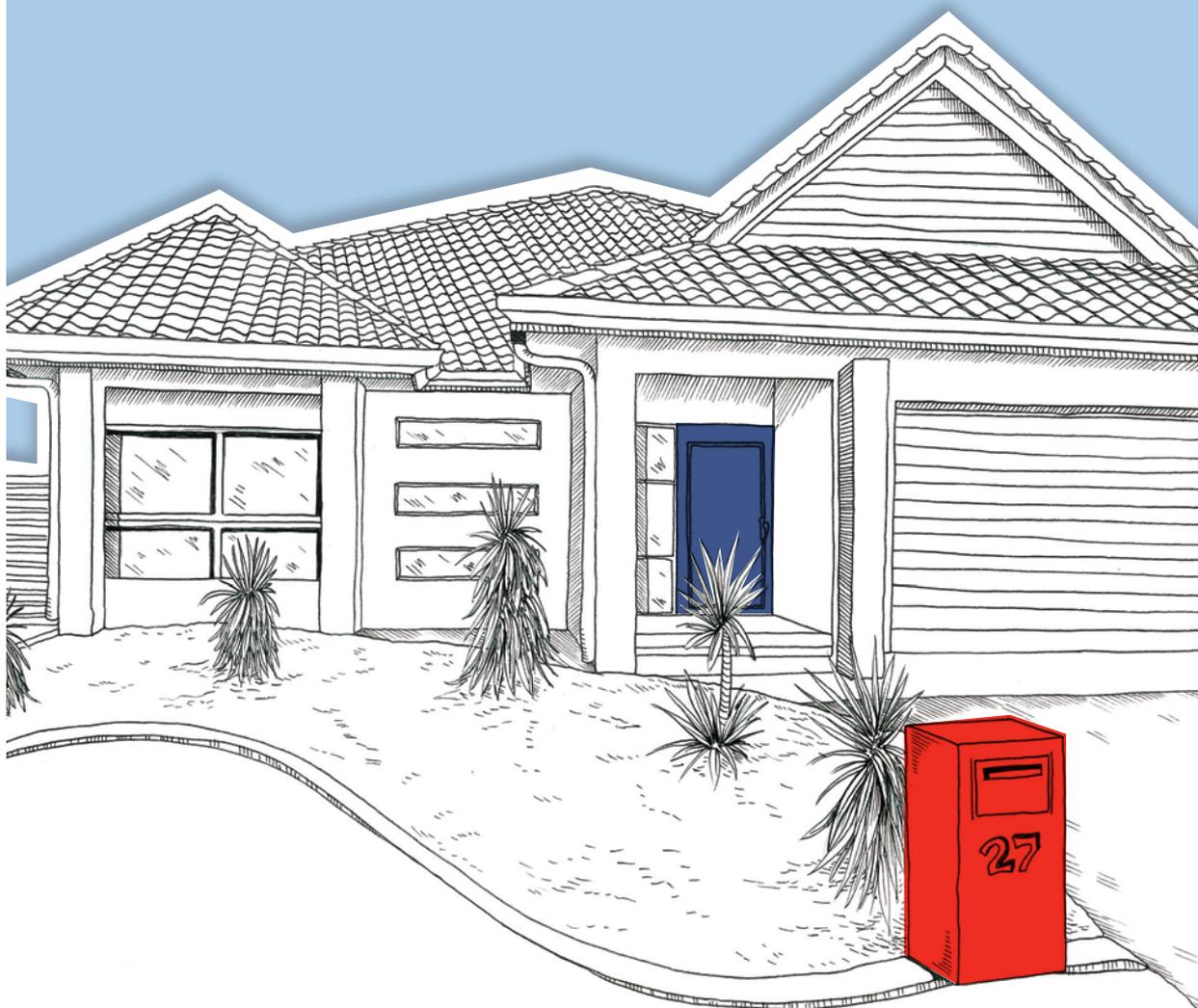


Governance

Shareholder Ministers > DHA Board > DHA Executive



Overview

DHA operates within a governance framework intended to produce accountable business outcomes and sound organisational performance. This framework derives primarily from the *DHA Act* and the *Commonwealth Authorities and Companies Act 1997* (CAC Act). It is consistent with the *Commonwealth Government Business Enterprise Governance and Oversight Guidelines* published in October 2011.

Defence Housing Australia Act 1987

Under the *DHA Act*, formerly known as the *Defence Housing Authority Act 1987*, DHA's main function is to provide adequate and suitable housing for, and housing related services to, Defence members and their families in order to meet the operational needs of Defence.

Under the *DHA Act*, its other functions include:

- providing adequate and suitable housing for, and housing related services to, officers and employees of *Financial Management and Accountability Act 1997* (FMA Act) agencies, and their families (other than Defence), persons contracted to provide goods or services to FMA Act agencies, and their families (other than Defence).
- providing services ancillary to the services mentioned above.

These extra functions may be performed only to the extent mentioned in a Ministerial determination.

On 9 November 2006, the then Minister for Defence, the Hon. Dr Brendan Nelson MP, made the *Defence Housing (Performance of Additional Functions) Determination 2006* that permitted DHA to provide housing and housing related services to the employees of *FMA Act* agencies and their families.

As of 1 July 2014, *The Public Governance, Performance and Accountability Act 2013* (PGPA Act) replaces the *FMA Act* and the *CAC Act*. Consequently, DHA will become a corporate Commonwealth entity under the *PGPA Act*. Its functions under the *DHA Act* will not change.

Commonwealth Authorities and Companies Act 1997

DHA complies with the requirements of the *CAC Act* with respect to:

- reporting to Ministers and Parliament
- contents of the Annual Report
- audit of the financial statements by the Auditor-General
- banking and investment powers of authorities
- compliance with general policies of the Australian Government, and
- conduct of directors and officers.

The following general policies of the Australian Government were notified by the responsible Minister before the beginning of the financial year and remain in force:

- *National Code of Practice for the Construction Industry*, and
- *Foreign Exchange Risk Management Policy*.

CAC Act Compliance

DHA reports quarterly to Shareholder Ministers on compliance with the provisions of the *CAC Act*, including financial sustainability. It is required to comply with the *Commonwealth Authorities (Annual Reporting) Orders 2011* (CAC Orders). Under section 12 of the CAC Orders, DHA is required to provide particulars of Ministerial determinations issued under the *DHA Act*, or other legislation and of general policies of the Australian Government notified by the responsible Minister under section 28 of the *CAC Act*. No Ministerial determinations were issued during 2013–14.

Under section 28 of the *CAC Act*, if DHA has not fully complied with a direction or general policy during the financial year, the report must include an explanation of the extent of, and reasons for, the non-compliance. During 2013–14 there were no instances of non-compliance with a general policy of the Australian Government. However, DHA reported five instances of non-compliance with section 28B of the *CAC Act*.

Beginning in the 2013–14 financial year, under section 15 of the CAC Orders, DHA is required to disclose the decision-making process undertaken by the Board if it approved payment for a good or service from another entity, or provision of a grant to another entity, where:

- (a) a director of DHA is also a director of the other entity
- (b) the value of the transaction, or if there is more than one transaction, the total value of those transactions, exceeds \$10,000 (GST inclusive).

There was no such matter requiring disclosure.

Under section 20 of the *CAC Orders*, DHA is required to disclose changes in financial conditions and community service obligations. However, information can be excluded if the directors believe, on reasonable grounds, that the information is commercially sensitive and would likely result in unreasonable commercial prejudice.

07 Shareholder Ministers

DHA sits within the Defence portfolio of the Australian Government.

During the 2013–14 financial year, a Federal Election was held and Ministerial responsibility for DHA changed.

From 19 September 2013, the Board reported to Senator the Hon. David Johnston, Minister for Defence, and Senator the Hon. Mathias Cormann, Minister for Finance, as Shareholder Ministers of DHA. Minister Johnston has delegated responsibility for operational matters to the Hon. Stuart Robert MP, Assistant Minister for Defence.

Up to 18 September 2013, the Board reported to the Hon. Stephen Smith MP, Minister for Defence, and Senator the Hon. Penny Wong, Minister for Finance and Deregulation. Minister Smith had delegated responsibility for supervision of operational matters to the Hon. Warren Snowdon MP, Minister for Defence Science and Personnel.

DHA provides quarterly performance reports to Shareholder Ministers that detail quarter-to-quarter progress in delivering the Corporate Plan. It liaises regularly with Shareholder Ministers' Departments on key issues.

DHA Board

The Board is accountable for overall performance. It makes decisions on direction and strategies through a three-year Corporate Plan that is reviewed and submitted annually to the Shareholder Ministers.

The Board receives regular reports on financial and other performance indicators against the Corporate Plan. The Board also receives information on operational issues as required.

The Board comprises nine directors:

- A Chairman appointed by the Shareholder Ministers and four commercial 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 Defence and Finance, and
- the DHA Managing Director (also the Chief Executive Officer) appointed by the Board, who is the only Executive Director.

During 2013–14, the Board met seven times. The Board also held an annual strategic meeting in November 2013 at which key strategic objectives were identified and discussed. In addition, the members of the Board visited Sydney in June 2014 to inspect DHA residential development sites.

Board committees

Three Board committees assist the board in the discharge of its responsibilities: Audit Committee, Property Committee and Nomination and Remuneration Committee. Amendments to the *DHA Act* in 2006 established the DHA Advisory Committee to advise on the performance of DHA's functions.

Board Audit Committee

The Board Audit Committee meets at least quarterly and reports to the Board on its activities at least twice a year. During 2013–14, four meetings of the committee were held.

The key functions of the committee are to:

- improve the effectiveness and efficiency of DHA's internal control framework
- ensure DHA has appropriate risk identification and management practices in place
- improve the objectivity and reliability of significant financial reporting
- ensure DHA has adequate procedures on matters of audit independence
- assist the Board to comply with all governance and other obligations.

Board Property Committee

The Board Property Committee meets at least quarterly and as required. During 2013–14 it met six times. The committee acts in an advisory capacity to the Board on major property transactions and property matters generally.

The key functions of the committee are to:

- review management proposals in relation to major property transactions
- review Board submissions to ensure that they contain all necessary information for the Board to make fully-informed decisions
- review land purchases or disposals that require Board approval
- consider property projects that are environmentally or politically sensitive or carry a high-level of risk, and
- examine any other property project, if requested to do so, by the Board or management.

Nomination and Remuneration Committee

During 2013–14, the Nomination and Remuneration Committee met three times. The key functions of the committee are to:

- assist the Board in relation to the review of the Managing Director's performance and remuneration, and
- assist the Board in informing the Shareholder Ministers of impending vacancies on the Board and advise, where appropriate, on possible candidates.

DHA Advisory Committee

During 2013–14, the DHA Advisory Committee met once. The key function of the committee is to give advice and information on the performance of DHA's functions. The committee comprises:

- one member of the Board (who is the Chairman of the committee)
- three members appointed by the Service Chiefs
- the National Convenor of Defence Families of Australia, and
- a further representative of DHA.

Performance reporting

In accordance with the *CAC Act*, *CAC Orders* and the *Public Service Act 1999*, DHA prepares a Corporate Plan, an Annual Report and a Statement of Corporate Intent.

Corporate Plan

The three-year Corporate Plan sets the strategic direction of the business and is reviewed on an annual basis. To achieve its mission and fulfil the outcomes desired by the Shareholder Ministers, DHA has set six corporate objectives. The Corporate Plan is approved by the Board and provided to the Shareholder Ministers.

Each division develops a business plan that incorporates all responsibilities from the Corporate Plan, relevant to that business unit, together with extra activities and measures linked to the budget.

Each staff member has an individual Performance Development Agreement, developed by cascading business objectives from the business plans. This process clarifies how corporate objectives translate to what the staff member needs to achieve and identifies any support that may be required.

Annual Report

The Annual Report sets out performance in delivering the objectives and strategies in the Corporate Plan. It provides the annual financial accounts, associated financial information and details of important initiatives undertaken during the year. The content of the Annual Report complies with the requirements of the *CAC Act*, the *CAC Orders* and the *Public Service Act 1999*.

Statement of Corporate Intent

The Statement of Corporate Intent is a high-level, plain-English document stating key objectives and priorities for each financial year. It is tabled in Parliament each year.

Board performance and education

The Board has agreed that there should be regular reviews of its performance and processes. The assessment also provides an independent confirmation that the Board, as a decision-making body, is working within the principles and practices of good governance as detailed in the Board Charter.

A review of Board performance was conducted in December 2013 under the supervision of the Nomination and Remuneration Committee, with the Board findings reported to Shareholder Ministers. A further review is planned in late-2014.

In 2013–14, the Board received briefings on demographic forces shaping the market for Defence housing, the risks and rewards of apartment development, upcoming legislative change and plans for work health and safety accreditation.

07 DHA Board



Mr Derek Volker AO

Mr Volker was appointed Chairman of the DHA Board on 26 July 2008 and reappointed for a further term on 13 October 2011. He is also Chairman of the Nomination and Remuneration Committee and Chairman of the Property Committee.

Mr Volker headed three Commonwealth Departments over the 15 year period to 1996—Veterans' Affairs, Social Security and Employment, Education and Training. From 1996 to 2004, he was Chairman of the Government Relations Group in the national law firm Corrs Chambers Westgarth and he has been a company director and consultant to several major Australian and international companies. For the ACT Government, he has held the positions of Chair of the ACT Business Incentives Scheme Panel, Chair of ACT Tourism, Chair of the Education Export Council, Chairman of the ACT Skills Commission and Chairman of the City West Precinct committee.



Mr Peter Howman **MBA GDipCompSc GDipBus**

Mr Howman was appointed as the Managing Director of DHA in February 2013. He was appointed a Director of DHA IML in December 2012.

As Managing Director, Mr Howman is responsible for strategic outcomes and has day-to-day responsibility for achieving shareholder, customer, financial and operational KPIs.

Mr Howman joined DHA in October 2007 as Chief Operating Officer. In this role he was responsible for operational management of DHA and worked closely with the then Managing Director in setting the strategic direction and management of the organisation.

Before joining DHA, Mr Howman was the General Manager Commercial Systems at Thales. He was responsible for order capture and project delivery of commercial Information and Communications Technology (ICT) solutions in the security, transport and infrastructure enterprise domains. He has also held senior executive positions at major global companies including the Boeing Company, Hewlett Packard, Lockheed Martin, Siemens Plessey and Rockwell Collins.

Mr Howman also has a wealth of first-hand experience with Defence through his 21 years of service with the Royal Australian Air Force (RAAF).



AVM Gary Beck (Rtd) AO

Air Vice Marshal (AVM) Beck (Rtd) was appointed to the DHA Board on 23 November 2006 following his nomination by the Chief of the Defence Force and was reappointed on 23 November 2009 and 24 November 2011. He was the Chairman of the DHA Advisory Committee. His term expired on 23 November 2013.

AVM Beck is a senior consultant with RMC Pty. Ltd. He is a member of the ACT Council of Save the Children Australia and is patron of Duo, an organisation providing respite to carers of the disabled in Canberra. He concluded eight years with the Department of Veterans' Affairs in a statutory appointment as Director of War Graves. Before this he concluded a 38-year career in the RAAF, with his final posting as Commandant Australian Defence Force Academy. His two prior senior Defence appointments were Air Commander Australia and Chief of Air Force Personnel.



The Hon. Arch Bevis

Mr Bevis was appointed to the DHA Board on 13 October 2011. He is a member of the Property and Nomination and Remuneration Committees.

Mr Bevis was a Member of the House of Representatives from 1990 to 2010. He held various portfolio responsibilities serving as Parliamentary Secretary for Defence, Shadow Minister for Defence, Shadow Minister for Industrial Relations and Shadow Minister for Homeland Security, Aviation and Transport Security. He chaired various Parliamentary committees involved with industry, Defence and security, and was leader of Australian delegations to Japan and the NATO Assembly. Mr Bevis also participated in Australian American Leadership Dialogues on Security. Before entering Parliament, Mr Bevis was a senior officer of the Queensland Teachers' Union. He was a board member of the Queensland Teachers' Union Health Fund and Chairperson of the Union Shopper. Mr Bevis is a Member of the Defence Force Remuneration Tribunal.



Ms Carol Holley

BA

Ms Holley was appointed to the DHA Board on 23 November 2009 and was appointed to the Property Committee in July 2011. She was appointed to the DHA IML Board on 14 December 2012 and was formally appointed as Chair of the Board on 6 February 2013.

Ms Holley's current board appointments include Non-Executive Director and Chair of the Audit committee of Australian Pharmaceutical Industries Limited and Independent Member of the audit committee of Sinclair Knight Merz. In addition, Ms Holley is the independent Chair of the Risk management and Audit committees of NSW Police Force, NSW Department of Planning and Infrastructure, Land and Housing Corporation, Northern Sydney Local Health District and the Central Coast Local Health District. Ms Holley was a Partner of Hill Rogers, Chartered Accountants for 25 years, holds a Bachelor of Arts from the University of Sydney and is a Chartered Accountant, a Fellow of the Australian Institute of Company Directors, a registered company auditor and registered tax agent.



The Hon. J.A.L. (Sandy) Macdonald

LLB

Mr Macdonald was appointed to the DHA Board on 24 July 2008 and reappointed on 13 October 2011 and 13 January 2014. He is a member of the Audit and Property Committees.

Mr Macdonald was elected to the Senate in 1993 and retired from Parliament on 30 June 2008. During his parliamentary career he was Deputy Leader of the Nationals in the Senate, Parliamentary Secretary for Trade and Parliamentary Secretary for Defence. His committee experience was broad, but with particular reference to Defence, international affairs and security. He served for eight years as the Chair of the Senate Foreign Affairs, Defence and Trade committee. From 2011 to 2014, he served on the ANZAC Centenary Advisory board which advised Government on the activities planned for the ANZAC Centenary period. From 2008 to 2014, he served as a Non-Executive Director of Incremental Oil and Gas Ltd. He has had considerable experience in community activities. He lives near Quirindi, where he is a wool and beef producer.



CDRE Vicki McConachie CSC RANR
BA/LLB, LLM

Commodore (CDRE) McConachie was appointed to the DHA Board on 5 December 2013. She is the Chair of the DHA Advisory Committee and is a member of the Audit Committee.

CDRE McConachie has had a long and distinguished career in the Royal Australian Navy commencing in 1984. Highlights include postings as Commanding Officer *HMAS KUTTABUL*, Chief of Staff to the Inspector General Australian Defence Force, Chief of International Law/Deputy Staff Judge Advocate Multi National Force Iraq, Director General Australian Defence Force Legal Service, Director General Navy People and Head Navy People and Reputation. She also served for more than two years as a member of the Chief of Navy Senior Advisory committee.

CDRE McConachie has been awarded the Conspicuous Service Cross for her work as Fleet Legal Officer and the US Meritorious Service Medal for her service as Deputy Staff Judge Advocate and Chief of International Law in the Headquarters of Multi National Force Iraq. CDRE McConachie is currently heading a legal division in the Commonwealth Government and is a member of the Royal Australian Navy Reserve.



Mr Peter Sharp (Rtd)

Mr Sharp, the nominee of the Secretary, Defence, was appointed to the DHA Board on 23 November 2006 and reappointed on 23 November 2009 and 27 November 2011. He was a member of the Audit and Property Committees. His term expired on 23 November 2013.

Mr Sharp has more than 45 years of experience in the Australian Army and in Defence. His Army career spanned tours of duty in Vietnam, Malaysia and the United Kingdom. In Defence, he held senior positions as Inspector General, Head Defence Corporate Support and First Assistant Secretary Personnel. In 2002, he led the Defence Strategic Workforce Planning Review, the first of its type in the Commonwealth. Mr Sharp is the Defence representative on the Australian Bravery Decorations Council.



Ms Margaret Walker

BCom

Ms Walker was appointed to the DHA Board on 15 July 2009 and reappointed on 12 July 2012. She is the Chair of the Audit committee and a member of the Nomination and Remuneration Committee.

Ms Walker is a Non-Executive Director of Buderim Ginger Limited where she also holds the position of Chairman of the audit and risk committee. She is also a Non-Executive Director of Cystic Fibrosis Australia.

Ms Walker holds a Bachelor of Commerce and is a member of the Australian Society of Certified Practising Accountants and a graduate member of the Australian Institute of Company Directors. She has more than 25 years of senior executive experience with a variety of organisations, including 10 years in strategic roles as Executive Director and Director Operations of a Commonwealth Bank-owned subsidiary, Tactical Global Management (TGM). TGM was then a pre-eminent global macro hedge fund firm with offices in Brisbane and London and US\$1.2 billion funds under management.



Ms Janice (Jan) Williams

BSW (first class honours)

Ms Williams was appointed to the DHA Board in December 2012. She is a member of the Property Committee.

Ms Williams is currently a Director of Jardine Developments, which delivers small scale unit developments and refurbishments, and was made a Fellow of the UDIA and the Australian Institute of Management. She is also a Director of the board of the Residential Tenancies Authority (Queensland). She was previously Chief Executive of the UDIA.

Ms Williams has been highly involved in the development and management of affordable housing in Queensland through her roles as Director of BHC Ltd and Catalyst Housing Ltd. She currently sits on a Brisbane City Council panel that addresses planning issues and has held key roles in the promotion of social inclusion, the development of community services, urban planning and excellence in design.

Ms Williams graduated from the University of Queensland with first class honours and was awarded the University Medal for outstanding academic achievement.

Table 6: Meetings attended by Board members
(number attended/number held while a Board or Committee member)

	Board	Board Audit Committee	Board Property Committee	Board Nomination and Remuneration Committee	DHA IML	Advisory Committee
No. of times board/ committee met during 2013–14	7	4	6	3	4	1
Mr Derek Volker AO, Chairman	7/7		6/6	3/3		
Mr Peter Howman, Managing Director	7/7				3/3	1
AVM Gary Beck AO (Rtd)	2/2*	2/2				1
The Hon. Arch Bevis	7/7		6/6	3/3		
Ms Carol Holley	5/7		5/6		3/3	
The Hon. JAL (Sandy) Macdonald	7/7	4/4	6/6			
Mr Peter Sharp (Rtd)	2/2**	2/2	2/2	1/1		
Ms Margaret Walker	7/7	4/4		3/3		
Ms Jan Williams	7/7		6/6			
CDRE Vicki McConachie	3/3***	2/2				1

* AVM Beck's term expired on 23 November 2013.

** Mr Sharp's term expired on 23 November 2013.

*** CDRE McConachie was appointed to the board on 5 December 2013.

The board also met in out-of-session meetings on seven occasions.

07 DHA Executive

Ms Madeline Dermatossian **Chief Operating Officer (COO)**

Educational qualifications and memberships:

- Executive Management Program, Harvard Business School
- Diploma in Law, Solicitors Admission Board
- Member of The Law Society of New South Wales
- Member of the Australian Institute of Company Directors

Key responsibilities include:

- Acquisitions
- Developments and constructions
- Property and tenancy services and maintenance
- Property investment program
- Sales, marketing and portfolio management
- Alternative funding arrangements
- Business planning and strategies
- Service and project delivery
- Business plan achievements

The COO works closely with the Managing Director and contributes to the overall direction and management of the organisation. This includes all business projects, initiatives and the work of the operational General Managers and their associated business units.

The COO also partners with the Chief Financial Officer to develop, implement and manage all aspects of the operational and development budget.



Mr John Dietz**General Manager, Property Provisioning Group (PPG)**

Educational qualifications and memberships:

- Bachelor of Economics
- Bachelor of Science
- Masters Degree in Project Management (in progress)

Key responsibilities include:

- Development programs, acquisitions and delivery
- Land and housing supply management

The General Manager, PPG, is responsible for DHA's development and construction agenda. This includes developing and implementing a development and construction program that supports the business objectives of the organisation. This ensures that land and housing supply targets including developments, acquisitions, constructions, leasing and upgrades are correctly forecast and achieved.

**Mr Brett Jorgensen****General Manager, Property and Tenancy Services (P&TS)**

Educational qualifications and memberships:

- Master of Business
- Bachelor of Engineering Civil (Honours)
- Advanced Diploma of Business
- Diploma of Real Estate Management
- Diploma of Contract Management

Key responsibilities include:

- Property and tenancy management services
- Housing allocation and maintenance services
- Client relations and performance management reporting to Defence

The General Manager, P&TS, is responsible for meeting DHA's objectives relating to the delivery of housing services to Defence members and their families. This includes the provision of housing allocation and maintenance services, portfolio and housing stock management, accommodation booking services and the administration of RA. The division is responsible for managing, maintaining and enhancing DHA's relationship with Defence.



Mr Elvio Bechelli**General Manager, Portfolio Management,
Marketing and Strategic Projects (PMMSP)**

Educational qualifications and memberships:

- Bachelor of Business
- Member of Australian Society of Certified Practising Accountants

Key responsibilities include:

- Property investment program
- Marketing and communication
- Portfolio management
- Strategic business opportunities

The General Manager, PMMSP, is responsible for all sales and marketing activities. The property investment program is a major source of funding to enable business operations. The role also has oversight of strategic projects and provides support to the COO's division.

**Mr Jon Brocklehurst****Chief Financial Officer (CFO)**

Educational qualifications and memberships:

- Chartered Accountant
- Bachelor of Science – Economics and Accounting (Bristol)

Key responsibilities include:

- Finance
- Human resources
- Business solutions and technology
- Investment management
- Treasury and risk management

The CFO ensures responsible fiscal management and capital planning, sound corporate governance and effective risk management for the organisation.

The CFO also has responsibility for the management of DHA's portfolio of strategic investment property.



Mr Shane Nielsen

General Manager, Business Solutions and Technology (B&TS) and Chief Information Officer

Educational qualifications and memberships:

- Bachelor of Applied Science (Computing Science)

Key responsibilities include:

- Information Communications and Technology (ICT) development and delivery
- Business process management, improvement and re-engineering

The General Manager, BS&T, is responsible for the delivery of business-as-usual activities and innovation driven initiatives that provide efficiencies to the broader organisation. The BS&T division supports project management, business contract fulfilment, staff development, productivity increases and enhanced customer service. It is also responsible for the delivery of ICT infrastructure, telephony and business solutions.



Ms Lesley Pothan

General Manager, Corporate Affairs

Educational qualifications and memberships:

- Bachelor of Commerce and Accounting

Key responsibilities include:

- Human resource services
- Learning and development
- Corporate services
- Internal audit
- Customer relations
- Legal services
- Work health and safety

The General Manager, Corporate Affairs, provides strategic direction for people management including workforce planning and organisational development needs and opportunities. The division is responsible for providing core support functions, including all aspects of human resources and corporate services. The division delivers facilities management with approximately 20 office leases, emergency and protective security, procurement and contract management, and management of a fleet of 170 vehicles.



Mr Ross Jordan Company Secretary

Educational qualifications and memberships:

- Bachelor of Arts
- Bachelor of Laws
- Master of Social Science
- Graduate of Australian Institute of Company Directors

Key responsibilities include:

- Corporate governance including liaison with Shareholder Advice Units
- Board and committee secretariat and support
- Liaison with Ministers' offices

The Company Secretary's main responsibilities include management of the Board and committee secretariat, liaison between DHA and the Ministerial and Shareholder Units and ensuring that DHA's legal framework and corporate governance requirements are met in accordance with the *DHA Act* and the *CAC Act*.



Mr Vern Gallagher General Manager, Strategic Relationships and Innovation

Educational qualifications and memberships:

- Bachelor of Science Physics (University of Melbourne)
- Graduate Diploma Management (University of NSW)
- Graduate Diploma Human Resources Management (University of Canberra)

Key responsibilities include:

- Major stakeholder relationships
- Strategic direction
- Innovation in housing and delivery
- Research and development

The General Manager, Strategic Relationships and Innovation, is responsible for innovation focussed projects across the business and the development and maintenance of key external relationships. These include Defence policy, Government Departments, State Governments, the Parliamentary Standing Committee on Public Works and housing bodies.



Mr Robert Henman**General Manager, Investment Management**

Educational qualifications and memberships:

- Bachelor of Business (Accounting)
- Certified Practising Accountant (CPA)
- Graduate Diploma, Australian Institute of Company Directors (GAICD)
- Advanced Diploma of Financial Licensing Management
- Fellow of Finance and Treasury Association (FFTP)

Key responsibilities include:

- Investment housing portfolio
- DHA IML
- Treasury
- Risk management

The General Manager, Investment Management, is responsible for the investment housing portfolio, cash flow, managing investments and borrowings and liquidity management. Business continuity, fraud, insurances, and the annual risk management plan are also managed as part of this role.

Mr Henman is a Responsible Manager and Compliance Officer of DHA IML and a Director of Crace Developments Pty Limited on behalf of DHA.



Internal and external review

Internal and external review systems are an important part of ensuring internal control systems are effective and that the business is operating in accordance with applicable laws and procedures.

Internal audit

Internal audit services are outsourced to KPMG. These services give objective and independent assurance to the Managing Director, the Executive and the DHA Board Audit Committee that financial and operational controls are operating efficiently, effectively and ethically.

Through an internal audit plan, the KPMG internal audit function assists DHA to achieve its objectives by providing a systematic and disciplined approach to evaluating and improving the effectiveness and efficiency of risk and financial management, control and governance processes. The plan promotes better practice and identifies potential risks that could impede achievement of successful outcomes, as well as providing recommendations to improve business performance. The Board Audit Committee monitors the implementation of internal audit recommendations and reports progress to the Board.

Risk management

Enterprise-wide risk management is integral to DHA's business operations. It is reflected in the corporate governance and delivery against core objectives. Risk management is centrally coordinated and relies on regular reviews of business processes and procedures, internal and external audits, as well as various documents such as the *Risk Management Policy*, business continuity plan, *Fraud Policy* and financial delegations. An annual risk management plan is prepared based on the methodology set out in the *Australian Standard on Risk Management AS/NZS/ISO 31000:2009*. It addresses both governance and business risks and is approved by the Board after endorsement by the Board Audit Committee.

Each year DHA participates in Comcover's benchmarking survey where participating Commonwealth agencies' risk management practices are assessed and rated accordingly. DHA achieved a rating of 8.5, which compares with the average maturity level across all participating agencies of 7.0.

Fraud prevention measures

DHA undertakes a regular Fraud Risk Assessment (FRA) consistent with the *PGPA Act* (including PGPA rule 2014) and in accordance with the *Australian Standard on Risk Management AS/NZS/ISO 31000:2009* and *Australian Standard AS 8001:2008 Fraud and Corruption Control*. The FRA is a proactive approach to minimising the potential for fraud in business, whether by staff or external third parties.

The Fraud Control Plan (FCP) is based on the FRA and summarises DHA's fraud-control strategies. Supporting the FCP is the *Fraud Policy*. These establish the framework for management and staff on the approach to fraud control. The FCP and *Fraud Policy* provide guidance to staff on action to deter and detect fraud and are available on DHA's intranet. DHA treats potential fraud seriously and acknowledges the significance of 'whistle-blowers' in detecting fraud. The risk manager provides annual updates to the Board Audit Committee on the effectiveness of internal controls and on efforts to mitigate exposures to fraud. No instances of fraud were recorded during the 2013–14 financial year.

Parliamentary committees

Before commencement, public works with an estimated value in excess of \$15 million require consideration by the Parliamentary Standing Committee on Public Works and approval from the Parliament. During 2013–14, two projects were referred to the committee for consideration. They were the development and construction of housing for Defence members at RAAF Base Tindal (NT), and RAAF Base Darwin (NT). DHA also received committee approval for medium works, valued between \$2.0 million and \$15.0 million, at 11 sites around Australia.

A decision was taken by the Parliament during the 2013–14 year that DHA projects would no longer be scrutinised by the Parliamentary Standing Committee on Public Works. Defence projects will continue to be referred to the Committee.

DHA comes under the scrutiny of the Senate Standing Committee on Foreign Affairs, Defence and Trade. It was required to appear before the Committee once during 2013–14.

Freedom of information

DHA is required to comply with the *Freedom of Information Act 1982*. Seventeen requests were made for access to information under the Act during 2013–14; two received practical refusal notifications, four were withdrawn, two were pending a decision at 30 June 2014, eight were granted in part, and one granted in full. All requests for information were processed within statutory timeframes.

Requests under the *Freedom of Information Act 1982* for access to information should be made in writing to:

Company Secretary

Defence Housing Australia
26 Brisbane Ave
BARTON ACT 2600
E. foi@dha.gov.au

Privacy

DHA takes its obligations of handling information on staff and customers seriously and adheres to the Australian Privacy Principles (APPs) as detailed in the *Privacy Act 1988*. Privacy reforms made to the *Privacy Act 1988* by the *Privacy Amendment (Enhancing Privacy Protection) Act 2012* came into effect on 12 March 2014. DHA has successfully transitioned to the new privacy arrangements to ensure compliance with the new APPs.

Ombudsman

During 2013–14, the Commonwealth Ombudsman received 35 approaches concerning DHA's business. Seven of these were the subject of investigation, one of which is ongoing.

Indemnities and insurance

DHA maintains directors' and officers' liability insurance. The insurance covers DHA officers and directors in respect of legal liabilities (including legal expenses) that a director or officer may be legally obliged to pay in certain circumstances. The policy has some exclusions, such as wilful breach of duty, breach of professional duty and any claim arising out of libel, slander or defamation.

Access to documents

Copies of the DHA Act are available from Canprint Communications or over the counter from Information Victoria bookshop, Print applied technology or Service SA Government legislation outlet.

An online version of the DHA Act can be downloaded from the Attorney-General Department's website at comlaw.gov.au.

The Annual Report can be downloaded from dha.gov.au. DHA also produces and distributes brochures and other promotional material. Requests for copies of publications can be made to:

Head of Marketing Communication

Defence Housing Australia

26 Brisbane Ave

BARTON ACT 2600

T. 02 6217 8444

E. communications@dha.gov.au