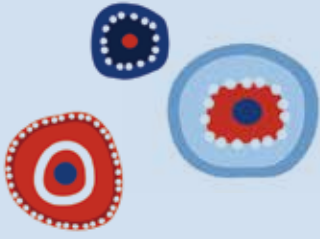




Statement of Corporate Intent 2022-23

31 August 2022



**DHA acknowledges the
Traditional Owners of the
land and communities in
which we work. We pay our
respects to Elders past,
present and future.**



Further information please contact:

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This document must be attributed as the Defence Housing Australia Statement of Corporate Intent 2022–23.



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PART 1

Introduction and overview

Introduction

Guide to reading this
Statement of Corporate Intent

Overview



Introduction

We are pleased to present Defence Housing Australia's (DHA) Statement of Corporate Intent 2022–23. This statement sets out how we will achieve our purpose to support Defence capability and deliver value to the Australian Government.

DHA was established in 1988 following passage of the *Defence Housing Australia Act 1987* (DHA Act) to provide adequate and suitable housing for, and housing related services to, members of the Australian Defence Force (ADF) and their families. Our purpose has remained unchanged over the last 30 years, but we continue to strive to improve the way we deliver our services in accordance with the DHA Act. We are focused on the customer experience and provide a highly valued service. We are enormously proud and dedicated to the work we do.

This statement describes our committed support of ADF capability. We will continue to provide housing services that meet Defence's operational needs through a strong customer and business focus. We will

continue to focus on digitisation and other business reforms to achieve customer centric, efficient and sustainable ways to do business, meeting the needs of Defence and the Government as the owner of the business.

Our corporate strategy reflects our strategic theme of 'connected, coordinated and committed.' As we embed and extend our revised business operating model, we will continue to build capability and flexibility to deal with the current significantly disrupted environment.

We expect to face risks and leverage opportunities brought by ongoing rapid change and disruption present in property markets, economic conditions, demographic changes, digital transformation, and macro-regulatory and policy changes.

Taking these challenges into account, the 2022–23 Statement of Corporate Intent identifies the key activities we undertake to meet the housing needs of Defence, including how we will enhance the experience of ADF members using our services and strengthen our organisational capability to enable us to continue to meet the evolving needs of the ADF.

Statement of preparation

The Defence Housing Australia's Statement of Corporate Intent 2022–23 was prepared for the reporting period of 2022–23 and covers the financial years from 2022–23 to 2025–26 in accordance with paragraph 35(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).



Hon J.A.L. (Sandy) Macdonald AM
Chairman
31 August 2022

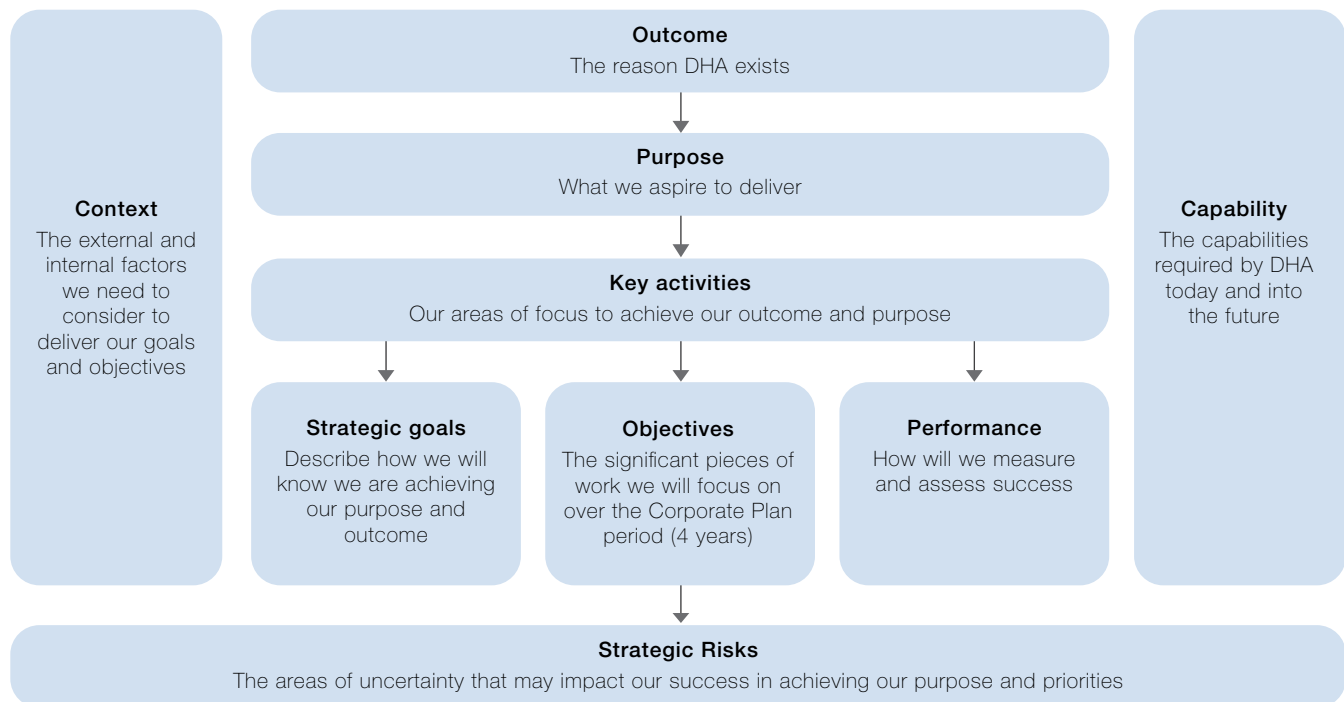


Barry Jackson
Managing Director
31 August 2022

Guide to reading this Statement of Corporate Intent

Figure 1 below sets out how the elements of our planning approach interrelate.

Figure 1:
DHA planning framework



Overview

We enter the 2022–23 financial year having achieved strong financial outcomes from asset sales in a strong property market, increased revenue arising from higher rents, reduced expenditure and write back of impairment due to increases in property values. We have repaid debt and hold cash sufficient to protect against foreseeable variation in operating expenditures.

These outcomes show that our financial performance is closely linked to economic property market conditions. In addition, while our property portfolio meets current needs for the ADF we know further growth is planned. These key factors, the availability and cost of property, and housing demand from the ADF, are factors that are outside our control. What is within our control is continuously improving our organisational capability to adapt to these external factors.

Our 2022–23 Statement of Corporate Intent articulates DHA's continued program of reform. We are not doing different things, but we are doing things differently. We continue to provide housing and housing related services to ADF members and their families to support Defence capability, however there are three key challenges we face and seek to address:

- › It is increasingly difficult to provision housing in an efficient and sustainable way that balances Defence policy compliance, ADF member preferences, and the availability of housing stock.
- › To create further efficiencies, we will continue to strengthen foundational organisational capabilities and invest in refreshing our technology.
- › Overcoming the external challenges, such as COVID-19, to maintain the necessary momentum and engagement of staff to fully embed the changes to our business operations.

Providing housing to support Defence capability

Our support of Defence capability through the provision of housing and housing related services is constant and unchanging. Under our revised business model we lease, buy, and build housing solutions to meet the requirements of the ADF as set out in our contract with Defence, focusing on lower risk and less capital intensive methods such as leasing properties. Several factors impact our ability to meet the housing requirements for Defence efficiently and sustainably, and unless these are addressed collectively, they will reduce our ability to meet the housing needs of future ADF members. These factors are:

- The number of housing solutions we need to source for our portfolio increases significantly from 2025. Our current property portfolio has large numbers of leases expiring from this point onwards due to the sale and lease back model of provisioning employed in the early 2000s. We currently add 300 properties on average to our managed portfolio each year. Over the next 10 years the average number per annum will need to increase to 750 to maintain the current size of our portfolio. In addition, the ADF is planning to grow which will result in a need to increase the overall size of the housing portfolio.
- We operate within highly variable property markets; they impact how and what housing solutions we can deliver, and at what cost. Efficient provisioning also requires long-term planning so that the most appropriate method can be utilised. For example, in markets where there is limited supply of suitable housing DHA may need to consider building, which requires a significant lead time. Therefore, a clear understanding of future ADF growth and the resultant housing requirement is needed well in advance.
- The mismatch between contemporary housing styles and Defence compliancy requirements for Service Residences makes it difficult to source stock directly from property markets, thereby placing limits on what can be provisioned using methods that are flexible, lower risk and require less capital. Recently, this has been compounded by strong property markets with demand outstripping supply which increases competition and costs for sourcing property. We continue to work with Defence on implementing the revised Defence Services Agreement and reviewing the impact this has on provisioning property. Further flexibility in housing compliance in line with community standards would enable DHA to access more properties available in the market and add new contemporary housing to the portfolio that aligns with ADF member preferences.

Strengthening foundational organisational capabilities

Our organisational capability is a combination of our people, culture, governance principles, policies, processes, technology, systems, and knowledge. Strengthening our key areas of organisational capability will allow us to leverage improvements being delivered through the Technology Refresh Program and position DHA to provide contemporary, efficient, and scalable services in order to continue to evolve to meet Defence needs in the future. We will continue to work with Defence to align fees and services provided. Putting in place strong foundations for us to build from will ensure that as the refreshed technology is delivered it aligns with business needs, supports us to deliver against the contract requirements under the Defence Services Agreement, and meet ADF member expectations for contemporary, convenient, and flexible services.

Embedding new ways of working

Based on lessons learnt over the first phase of our reform journey, we are putting a greater emphasis on change management and actively engaging our people in designing how we do things differently. We recognise the importance of ensuring that our investment in reform results in lasting change. A key element is bringing our people along on the journey, through building a high performance culture so that collectively we can tackle the challenges we face and embed new ways of working going forward. The goal being to ensure that the reform to improve our efficiency and sustainability enable us to continue to support Defence capability and deliver value to the Australian Government now and into the future.

With ongoing support and active engagement from our shareholders, the Departments of Defence and Finance we will pursue actions that set us on the path to address these challenges. These actions are described in each of our key activities, refer to Part 4 – Performance.





PART 2

Our purpose

Purpose

Our guiding principles and values

Our services

Our purpose

DHA was established in 1988¹ to *meet the operational needs of the Defence Force and the requirements of the Department [of Defence] by providing adequate and suitable housing for, and housing related services to:*

- › *members of the Defence Force and their families; and*
- › *officers and employees of the Department and their families; and*
- › *persons contracted to provide goods or services to the Defence Force, and their families; and*
- › *persons contracted to provide goods or services to the Department, and their families.*

DHA will continue to deliver committed support to the Australian Defence Force (ADF) capability through the provision and management of housing for more than 17,500 serving members and their families. DHA also provides additional housing support services to Defence, including through the provision of housing benefit administration, temporary accommodation management, housing project management and heritage housing management services.

DHA is a corporate Commonwealth entity and Government Business Enterprise (GBE) operating under the provisions of the *Defence Housing Australia Act 1987* (DHA Act), the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule). DHA's shareholders are the Ministers for Defence and Finance acting on behalf of the Australian Government.

DHA does not receive funding through budget appropriations. Our operations are principally funded through rents, fees, and charges for our services from Defence, and other revenue related to maintaining our housing portfolio, including:

- › repatriating invested capital by selling and leasing back properties through our Property Investment Program
- › the disposal of excess land and finished product from our developments
- › the disposal of properties that no longer meet minimum Defence standards or requirements.

¹ *Defence Housing Australia Act 1987.*



Contributing to Defence Outcomes

DHA's contribution to Defence capability is described in the 2022–23 Portfolio Budget Statements as being *to contribute to Defence outcomes by providing total housing services that meet Defence's operational and client needs through a strong customer and business focus.*

This involves:

- › Providing and managing a portfolio of housing solutions.
- › Partnering with Defence to shape and administer housing policy.
- › Providing housing services to ADF members and their families.
- › Operating effectively, efficiently and sustainably as a better practice Commonwealth entity.

DHA's performance measures are based on meeting the requirement for housing, ADF member satisfaction and financial key performance indicators. Refer to Part 5 – Measuring performance for more information.

Our guiding principles and values

Our guiding principles and values describe how we deliver our purpose through setting standards for decision making and the behaviours we will incorporate in our daily activities (refer to Figure 2). Developed in consultation with staff representatives from all areas of DHA, our five guiding principles underpin everything we do, reflecting our operating environment and customers' expectations of contemporary services.

Our five guiding principles are:

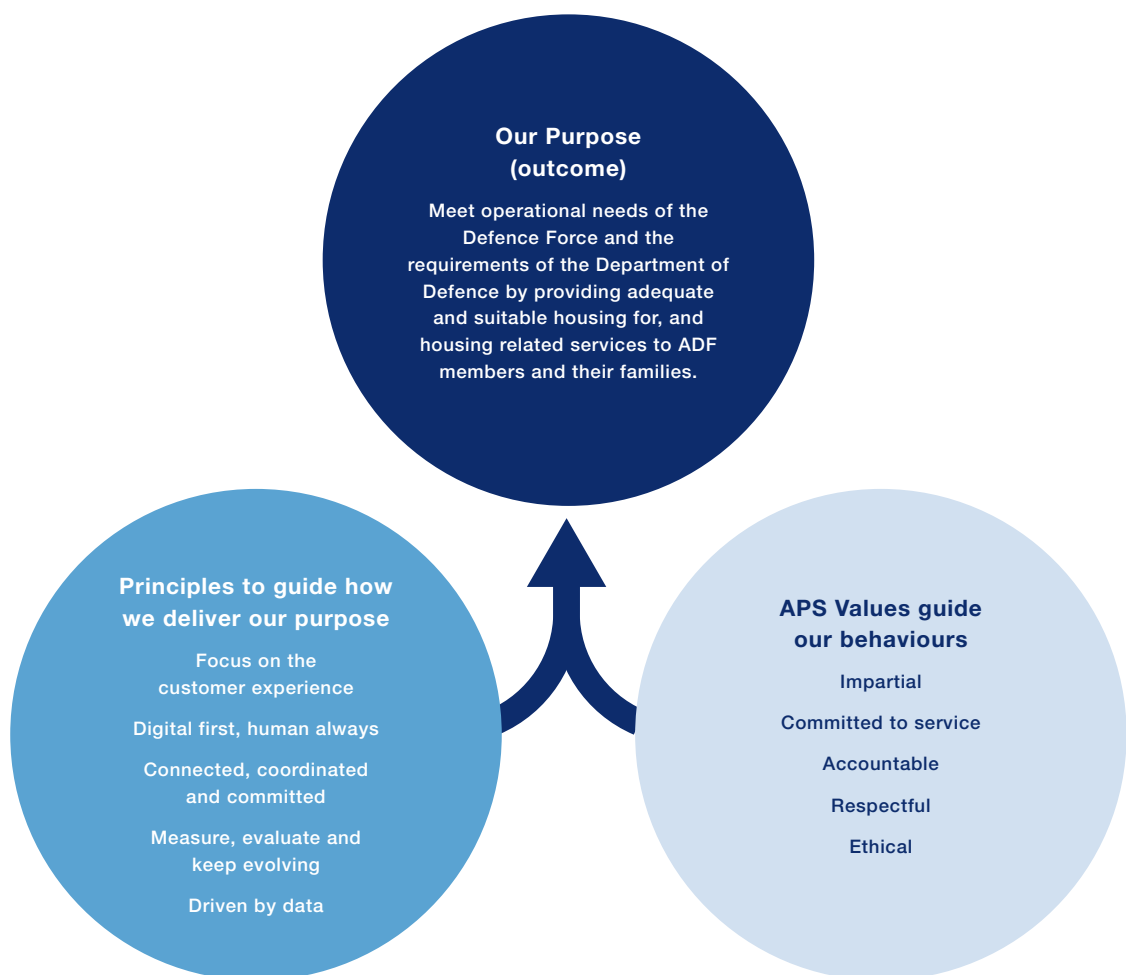
- › Focus on the customer experience – We deliver an excellent customer experience 24/365 through accessible services and in line with the Defence Services Agreement.
- › Digital first, human always – While humans always have a role to play, we look at every interaction and how we deliver all our services digitally, both internally and externally.
- › Connected, coordinated and committed – As a team we are connected, coordinated and committed, working together to deliver our purpose
- › Measure, evaluate and keep evolving – Our operating environment is continually changing so we will continue to measure, evaluate, and evolve our services to remain contemporary.
- › Be driven by data – Data and evidence drives our decisions, so we know we are continually improving our approaches to ensure they are servicing our customers' needs.

Our values are consistent with the Australian Public Service (APS) values² and, as an expression of good public administration, guide the behaviours we will apply in the activities we undertake.

2 APS Values | Australian Public Service Commission (apsc.gov.au).

Figure 2:

DHA guiding principles and values





Our services

We support ADF capability through:

- › the provision of a portfolio of suitable housing
- › housing services that support the mobility of the ADF
- › administration of rent allowance and ADF member contributions for housing
- › managing heritage listed Defence owned properties.

DHA also provides a number of housing services to ADF members and their families including:

- › access to a range of housing solutions in the DHA portfolio
- › tenancy and housing management services, including the management of repairs and maintenance
- › advice and guidance on housing policy and eligibility
- › assistance in finding suitable housing through our online systems
- › booking and allocation service for Defence managed Living in Accommodation

- › administration of allowances to ADF members occupying private rental accommodation
- › administration of some elements of Defence housing policy and providing housing and related services for ADF members and their families in accordance with our agreements with Defence.

We also provide critical support to the Australian Government, in partnership with Defence, in responding to crises such as flooding, fires and other natural disasters. DHA provides national visibility of availability of on-base accommodation and in response to a crisis facilitates rapid temporary accommodation allocation, providing access to vacant housing and communication support.

Defence Services Agreement

The Defence Services Agreement is the principal document governing the relationship between DHA and Department of Defence. The Defence Services Agreement intends to achieve the efficient and effective provision of contemporary housing solutions for ADF members and their families on behalf of Defence (outcome statement). There are three objectives of the Agreement:

- › To supply housing solutions that meet the agreed targets of the Approved Provisioning Schedule.
- › To provide the Services in accordance with the agreed targets and standards.
- › To ensure that the Services provided under the Agreement deliver value for money for the Australian Government.

The Defence Services Agreement sets out the mechanism to determine the agreed number of houses DHA is to make available for ADF members and their families, additional services that DHA is to provide, as well as the associated charges and performance metrics. Suitable houses must comply with standards as set out in the Agreement and ADF Pay and Conditions Manual (PACMAN).





PART 3

Operating context

Operating environment

Key environmental trends

Outlook

Cooperation

Organisational capability

Organisational structure

Risk oversight and management

Operating environment

As we pursue our program of reform, we continue to monitor our operating environment and plan for the future beyond the Statement of Corporate Intent period.

Many of the factors that influence our operations are outside of our control including economic conditions, property markets, technology and digital transformation, and shifting Defence and Australian Defence Force (ADF) member needs and expectations. Our operating environment continues to be disrupted and we strive to remain in touch with the changing needs of Defence and ADF members to ensure that DHA can continue to provide housing and related services effectively.

Shifting Defence needs and ADF member expectations

The Australian Government foreshadowed a Defence capability review and support for growth of the ADF consistent with the 2020 Defence Force Structure Plan. How this growth impacts DHA provisioning and service delivery depends on timing, location, and force structure. We will need to significantly grow our portfolio, start planning for this increase immediately, and continue to build capability of our service delivery channels to meet the long-term demand.

To achieve this planned growth the ADF is reviewing recruitment and retention strategies, which could have implications for the services DHA provides. The ADF Employment Offer Modernisation Program seeks to modernise pay and conditions, reduce complexity in policy and be cognisant of community standards while recognising the unique nature of military service. Through this program, Defence is progressing three streams of work concurrently:

- › Providing greater flexibility and choice in housing, balanced with meeting Defence capability needs.
- › Contemporising the categorisation system that determines member benefits and allowances.
- › Modernising and simplifying the complex ADF allowances framework.

The composition of ADF families continues to evolve in line with general trends in the wider Australian population and will influence the type of housing required by ADF members and their families. The number of children, other dependants, and partner employment needs determine the type and location of housing required by ADF members to support their families. The rate of couple and multi-generational households is continuing to trend upwards. The presence of adult children or older family members in the home is changing the occupational profile of Defence households away from the nuclear family. Working from home is now a popular option for workers across Australia and alters how the home is used, necessitating flexible workspaces and reliable digital connectivity. Another emerging trend in housing preferences is for environmental sustainability and energy efficiency, this is partially driven by a desire for lower energy costs in the face of the rising cost of living.

It will be increasingly important that DHA provides diverse, flexible housing options to suit the different ADF families we provide services for. DHA's in-house surveys show that location is a more significant factor for ADF member satisfaction than whether the residence meets current Defence housing policy standards. Key considerations for ADF members in choosing their housing solution are suitability to lifestyle, family needs and access to employment opportunities for family members.

Economic conditions and property markets

The ability to achieve our objectives is impacted by Australia's economic environment and state of the property market. In 2021–22 housing markets boomed, capital and rental values outperformed expectations (refer Table 1). The strong market performance was driven largely by low interest rates and an inadequate supply of properties relative to demand. While this improved DHA's financial outcomes in terms of revenue and profits from the sale of assets, it made it more challenging to add new stock to our housing portfolio.

Table 1: Annual change in dwelling and rent values as at 30 June 2022

	Change in capital values ³	Change in rental values ⁴
Capital cities	8.7%	9.1%
Regional	19.9%	10.8%
National	11.2%	9.5%

This impact has been compounded by natural disasters including widespread flooding along the east coast, COVID-19 related restrictions causing shortages in building materials and supplies, and high demand for trades and other labour. In the short to medium term we expect that the delivery of new housing stock will be slow.

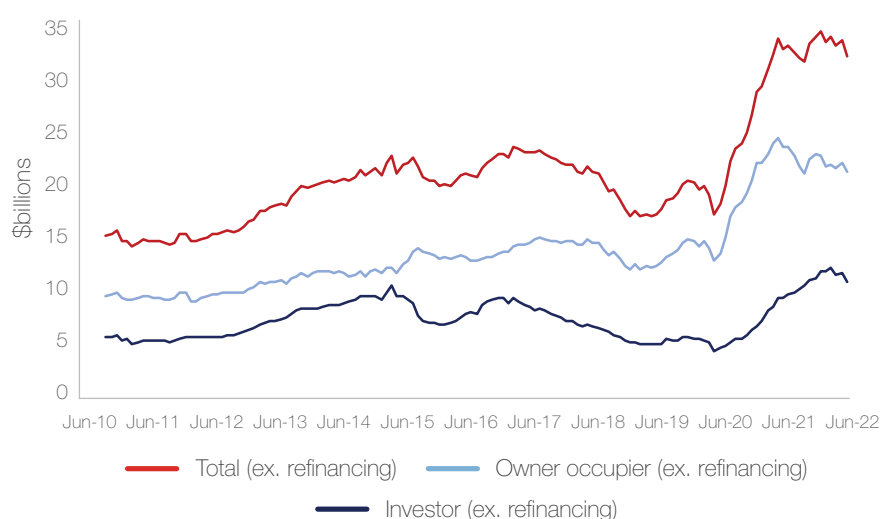
Approvals of housing loans continue to trend upwards, though are slowing compared to the sharp increases through 2020–21 (refer Figure 3). The increase in housing loans for investment purposes as a result of economic factors, such as a high household saving ratio, a period of low interest rates, and rising asset prices, have seen investors returning to the housing market which supports our provisioning strategy of leasing properties directly from investors. However, recent rate rises may impact this upward trend going forward.

³ Home Value Index, CoreLogic, 1 July 2022.

⁴ Quarterly Rental Review Australia, CoreLogic, July 2022.

Figure 3:

New loan commitments by value, seasonally adjusted, as at 30 June 2022⁵



DHA provisions housing in line with Defence housing compliance specifications—service residences are generally detached dwellings with three to four bedrooms, with separate lounge and dining areas and specified outdoor spaces. New housing being built in Australia is generally medium to high density with smaller lot sizes, particularly in metropolitan centres. The differences between Defence housing specifications and housing styles built to meet contemporary housing preferences limits the amount of housing available in property

markets for DHA to acquire and provision as a compliant service residence. Over the last two years demand for detached homes and the appeal of regional centres has increased as a result of restrictions implemented by Governments in response to the COVID-19 pandemic which, in the short term, may result in some additional detached housing stock being delivered in the property markets. Whether or not this aligns to Defence housing requirements in terms of compliance specifications, location, timing and rent band is uncertain.

Technology and digital transformation

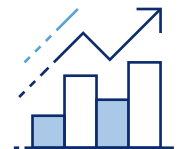
Technology will continue to change the way our customers want to interact with us and the way we deliver our services. Moving to the cloud and shifting to modular architecture provides greater flexibility in delivering service offerings. We are already working to realise benefits associated with automation by optimising numerous processes from data transfers to administering payments and allowances.

We recognise information is an asset and continued investment in data and analytic capability will benefit DHA through a greater ability to recognise relationships and patterns in larger sets of data. Subjective assessments can be confirmed with insights, resulting in sound, property-specific decisions.

Cyber security and the potential threat on our operations and data is something we take seriously. We have taken proactive steps to protect the sensitive data of ADF members and their families to help ensure their safety.

⁵ Lending Indicators, Australian Bureau of Statistics, June 2022.

Key environmental trends



Growing Defence force

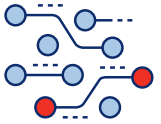
- › The Defence force is set to grow by 30 per cent by 2040.
- › We will need to significantly grow our portfolio, and continue to build capability of our service delivery channels to meet long term demand.

Housing preferences

- › Flexible workspaces, digital connectivity, environmental sustainability, and energy efficiency are increasingly desirable features.
- › DHA needs to continue to balance the evolving preferences of ADF members and Defence housing policy standards.

Economic factors

- › The strength on both capital and rent values has had positive implications for DHA's balance sheet but provides challenges for provisioning. There is limited suitable housing stock available in the market that aligns to Defence specifications.
- › DHA will explore new provisioning mechanisms that can be utilised to meet provisioning targets and reduce time to bring properties into the portfolio.



Technology

- › Investment in macro technology, such as automation, artificial intelligence and 'internet of things' has been trending across industries.
- › DHA is working to realise benefits associated with automation and is looking at the potential value in other macro technology trends.

Natural environment

- › Extreme weather events resulting in property damage are likely to continue to impact DHA properties and create an intermittent surge in workload.
- › DHA has processes in place to manage potential risks.

Labour market

- › The labour market is the tightest it's been in many years and is forecast to remain that way for the coming years.
- › DHA's biggest exposure will be maintaining the right skills to implement the technology Refresh Program. DHA will need to evolve its workforce capability to position itself as a future ready organisation.

COVID-19

- › The impact of COVID-19 on DHA operations is expected to diminish as the adjustments we made become business as usual.
- › Ongoing enhancements to our operations will enable DHA to proactively minimise future disruption of our services.

Outlook

The nature of our business and the factors that influence our success require us to plan how we will respond to these factors in our operating environment across three timeframes:

- › The year ahead — 2022–23
- › Out years of the Statement of Corporate Intent — 2023–24 to 2025–26
- › Beyond the Statement of Corporate Intent.

The year ahead— 2022–23

In 2022–23 we shift focus beyond the uncertainty created by COVID-19 to intensifying our efforts on addressing the challenges of provisioning properties in the current property market conditions and balancing ADF member preferences for housing with Defence policy requirements. With awareness of ADF growth on the way, we will also work with Defence to plan for the coming housing demand. Under the ADF Employment Offer Modernisation Program a number of trials are being conducted to test the response to and impact of policy changes that increase flexibility in housing. These trials allow selected

ADF members to choose housing outside of policy where the location is closer to partner employment, to support special needs of family members, to choose housing in an alternative location to where the member is posted for work, or in a location to support transition from the ADF on medical grounds. The consideration of flexible options within Defence housing policy creates opportunities for DHA, however, it also adds complexity to our operations and exposes both DHA and Defence to potential risk that demand for DHA housing in the portfolio that is compliant with current policy specifications will decrease.

As we implement the revised Defence Services Agreement, invest in organisational capability, and improve efficiency, there will be opportunities to work with Defence to undertake further reform of our contractual arrangements to improve our ability to address the challenges we face in provisioning properties for ADF members. Success will require us to further strengthen our partnership with Defence as we work through these policy and process issues to support the provisioning of housing over the coming year.

Out years of the Statement of Corporate Intent — 2023–24 to 2025–26

From 2023–24 there is a significant increase in the numbers of leases expiring in our property portfolio. Over the last three years of the Corporate Plan period approximately 1,800 properties will need to be provisioned to maintain current size of the portfolio. Over this period all development projects currently underway will also be completed. DHA will explore ways of improving how new leases are sourced, reducing the time it takes to bring in new leases, and investigate other provisioning mechanisms that can be utilised to meet overall provisioning targets. This will include looking at new development opportunities that can deliver suitable housing solutions and align with provisioning need ensuring that we pursue these opportunities consistently with the *Defence Housing Australia Act 1987* (DHA Act) as highlighted in Australian National Audit Office's (ANAO) *Management of Defence Housing Australia* Auditor-General Report No. 31 of 2019–20.

During this period the Technology Refresh Program will be completed and deliver significant improvements in our technological systems and processes. This will help to create the capability and capacity DHA will need beyond this Corporate Plan period.

Beyond the Statement of Corporate Intent

Significant growth in the ADF occurs beyond this Statement of Corporate Intent, i.e., from 2028–29 to 2039–40. DHA anticipates providing Services Residences to approximately one quarter of all ADF members (eligible as a Member with Dependants), which based on the 2020 Force Structure Plan, will reach approximately 20,000 by 2040, an increase in housing demand of about 20 per cent from today. We will also provide other housing services including Member Choice Accommodation, Living in Accommodation booking services and administration of Rent Allowance, to all ADF members. Working with Defence to get an early understanding of when and where, as well as the family needs of these additional members, will enable us to provide housing solutions at the right time, in the right locations and to the appropriate standards. Noting that for instances where the only option is to construct housing due to poor market supply in a location, we need to commence planning and establish debt or other extended capital funding commitments up to a decade prior to anticipated delivery of housing.



Cooperation

For more than 30 years, DHA has provided ADF members and their families with the housing and related services they need while delivering value to the Australian Government, represented by the Departments of Defence and Finance. We work closely with a range of stakeholders to deliver on our purpose.

Figure 4:
Key relationships



DHA works closely with both the Department of Defence and the Department of Finance, through formal and informal mechanisms, including engagement and consultation on planning and performance reporting activities. Regular engagement with Defence occurs in line with arrangements set out in the Defence Services Agreement and to inform Defence policy.

DHA seeks advice and feedback from Defence Force Personnel and key Defence organisations through the DHA Advisory Committee. The DHA Advisory Committee's role is to provide general advice and information on the performance of DHA's role and includes representatives of the National Convenor of Defence Families of Australia, the Chief of the Australian Defence Force and Service Chiefs. This feedback is used to inform and improve our services.

Contributing to our community

DHA engages a diverse range of contractors ranging across construction, repairs and maintenance, and realty industry sectors. DHA's contractor engagement framework effectively manages contractor service delivery to assure compliance with DHA's legislative, corporate and Defence Services Agreement requirements.

We partner with industry to support our provisioning strategy and industry bodies to enable access to the most up to date industry information that may impact national and regional development and construction activities, to ensure optimal commercial and provisioning outcomes. In addition, DHA engages a number of small, and small to medium enterprises throughout its supply chains and is seeking opportunities to build its engagement with Indigenous owned businesses, particularly in the property and construction industry.

DHA is committed to Reconciliation. We work closely with a range of partners and stakeholders to collaborate in our efforts to deliver meaningful partnerships and opportunities for Aboriginal and Torres Strait Islander peoples and support increased cultural awareness of Indigenous matters across our workforce. These include:

- › The Jawun Australian Public Services (APS) Secondment Program. DHA supports executive level employees to participate in the program, to develop greater self-sufficiency for Indigenous peoples and their communities.
- › The Services Australia Indigenous Apprenticeship Program, where Indigenous employees complete a nationally recognised qualification while working in the APS.
- › Participation in Reconciliation Week events. In 2022, DHA supported the Pathfinders National Aboriginal Birth Certificate Program, to support Aboriginal and Torres Strait Islander peoples to obtain a birth certificate and eliminate barriers to full participation in Australian society.

We engage with the communities in which we operate, where appropriate, and organise events to support ADF members and their families to build a sense of belonging in their posting location. DHA partners with and sponsors charitable organisations who provide support to ADF members and their families. These include:

- › Partnership with Kookaburra Kids to provide a tailored program to support children of ADF members. The Kookaburra Kids Defence Program supports serving and ex-serving ADF families affected by mental illness as a result of military service.
- › Sponsorship of the Legacy Century Torch relay 2023. This sponsorship will assist the longevity of Legacy to continue to provide care for the families of ADF men and women who have lost their lives or their health as a result of their service.
- › Sponsorship of the Australian Military Wives Choir to support kinships for partners, daughters, mothers and sisters connected to serving ADF members.
- › DHA is also in discussions with Integra Service Dogs Australia, who work with Veterans and First Responders and their families suffering from Post-Traumatic Stress Disorder.

Organisational capability

We continue to focus on building strong organisational capabilities so we can deliver on priorities for the ADF and the Government and are prepared for the challenges and opportunities brought by our ever changing operating context.

Our workforce

DHA continues to position its workforce to adapt to new processes and new ways of working, while responding to a challenging external operating environment. Embedding organisational reform requires a workforce that is cohesive, adaptable and aligned with DHA's strategic direction, guiding principles and the APS values. To ensure DHA has a future ready workforce, we are delivering forward looking workforce strategies to uplift capability, address retention risk, and attract high performing employees.

Leadership at all levels

Engaging our employees in DHA's strategic direction enables us to work towards our purpose, while responding to a complex operating environment and the changing needs of the ADF. Our managers are essential to achieve coordination, commitment, and connection across the workforce. Our leadership development program will be extended to develop proficient managers across the organisation. Our new Succession Management Framework will build and sustain leadership by introducing targeted development interventions for emerging leaders.

Culture and wellbeing

DHA continues to build a purposeful and sustainable culture to effectively deliver our strategic direction. Organisational resilience, employee engagement, and alignment of values are objectives of our new Culture and Wellbeing Strategy. DHA's Diversity and Inclusion Strategy and new Reconciliation Action Plan 2022–24 sustain our commitment to a workplace where any individual or group can be their authentic selves, feel welcomed, respected and valued, and able to fully participate and contribute. The Board oversees DHA's workforce performance and engagement, with a strong focus on culture and wellbeing, through the People and Culture Committee.

The right people, in the right roles, at the right time

An efficient, capable and high-performing workforce is fundamental to deliver our key activities. Initiatives to address workforce risks and future capability needs include:

- › Embedding DHA's employee value proposition to drive attraction of new employees and build commitment in our existing workforce.
- › Maturing our workforce planning capability to ensure that we are responsive to future workforce requirements.
- › Equipping our employees with the skills needed to transition to new ways of working through implementation of the DHA Learning and Development Strategy.
- › Adapting our recruitment practices to meet the challenges of the evolving post-pandemic labour market.

User-friendly, effective governance

DHA invests in practical, user-friendly governance, both as an essential element of organisational hygiene as well as a key part of delivering against our priorities. This includes maintaining certification against ISO 9001 (Quality management systems standard), embedding risk based decision making at all levels, as well as maintaining a strong focus on compliance, privacy, integrity, security, records management and work health and safety.

Information technology

DHA's Technology Strategy guides the Technology Refresh Program to ensure DHA is equipped with fit-for-purpose, operationally efficient IT systems, processes, and digital services that best serve ADF members, their families, and DHA landlords. Seven key technology capability shifts are identified within the Strategy, refer to Figure 5.















The capability required to support the success of the DHA Technology Strategy is two-fold:

- › Capability to deliver the Technology Refresh Program.
- › Capability to see technology improvements embraced, adopted and embedded.

The maturation of the new Enterprise Change Management function will be an investment in the growth of both these capability streams.

Figure 5:

Key technology capability shifts in DHA's Technology Strategy

Today		Tomorrow	
	From members and their families calling DHA		To self-service for Defence members and their families at anytime and anywhere via multiple digital channels
	From an architecture of where DHA builds and creates		To an architecture where DHA consumes and orchestrates fit-for-purpose technology
	From a tightly integrated architecture that is difficult to change		To a modular IT architecture that enables plug and play and a simple upgrade path for technologies in the market
	From bespoke and customised business processes		To business processes that align with best practice and what the technology can do out of the box
	From minimal IT governance within DHA		To a robust IT governance framework and approach that works across DHA to make better IT decisions and reduce cyber risk
	From an operating model where IT is a service provider		To an operating model where IT is a strategic partner to the organisation, producing outcomes that really support DHA operations
	From an organisation with limited data governance and management		To an organisation that uses data and analytics as a strategic asset to inform evidence based decision making

Organisational structure

Shareholder Ministers

Two Shareholder Ministers oversee the Australian Government's interests in DHA, the Minister for Defence and the Minister for Finance. As DHA is a part of the Defence portfolio of the Australian Government, the Minister for Defence or their delegate is DHA's responsible Minister. The Minister for Defence has delegated responsibility to the Assistant Minister for Defence. The Minister for Finance is responsible for overseeing DHA funding arrangements and, amongst other things, providing shareholder advice on all Government Business Enterprises, including DHA.

Board

A Board of Directors is established in accordance with Part III of the DHA Act and is the Accountable Authority for DHA under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The Board is responsible for the proper and efficient performance of DHA's functions. The Board makes decisions on organisational direction and strategy, which are articulated through a Corporate Plan and publicly available Statement of Corporate Intent.

Board committees

In accordance with section 26(1) of the DHA Act, the Board has established four committees to assist in the discharge of its duties. The Board and each of its committees has a charter that sets out its purpose, composition and meeting and administrative arrangements. The Board considers the composition of committees periodically. The committees include:

- › Board Audit and Risk Committee (BARC)
- › Board Investment Committee (BIC)
- › Nomination and Remuneration Committee (N&RC)
- › People and Culture Committee (PCC).

Amendments to the DHA Act in 2006 established the DHA Advisory Committee to advise on the performance of DHA's functions (refer to Part IIIA of the DHA Act). Refer to Appendix C for further details on the role of each committee.

Managing Director

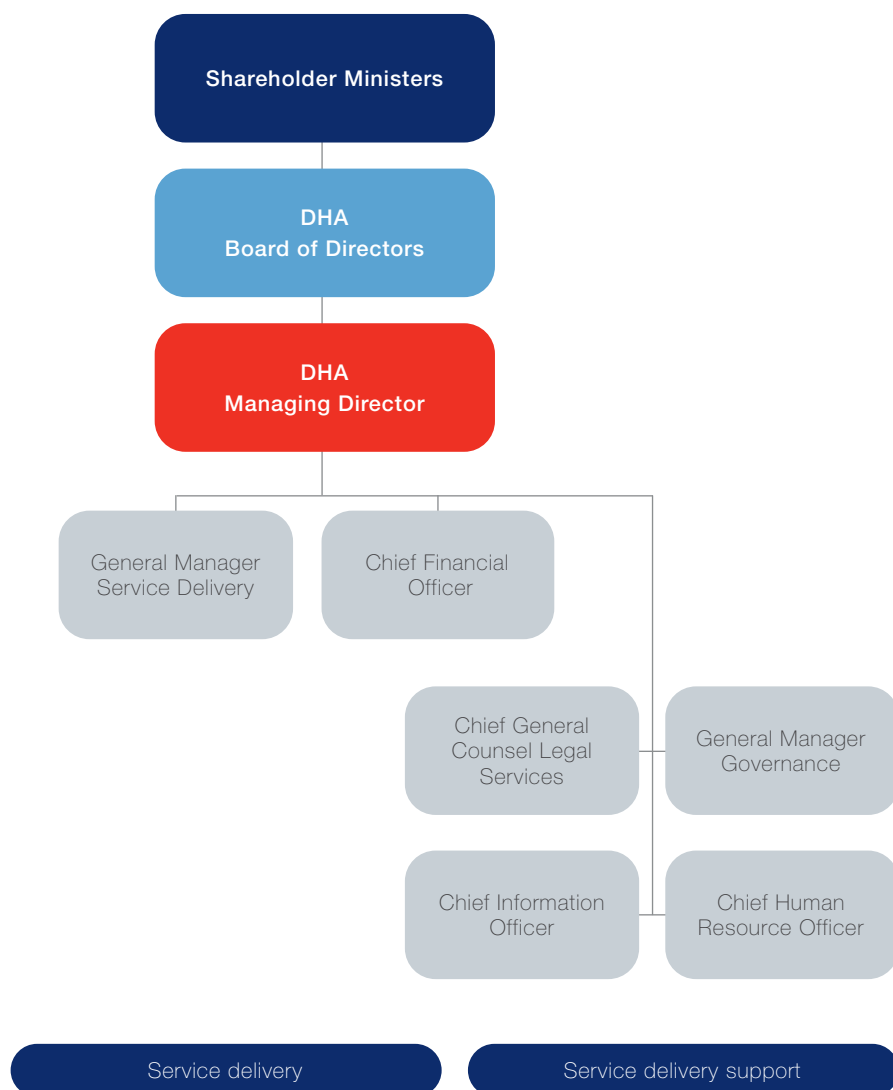
The Managing Director is appointed by the Board and is the only executive director of the Board. The Managing Director is responsible for conducting the affairs of DHA in accordance with the DHA Act and any policies determined by, and directions given by, the Board. The Managing Director oversees DHA's strategic direction, organisational structure, staff, performance and relationships with key stakeholders.

Leadership Team

The Leadership Team supports the Managing Director to fulfill DHA's purpose by providing leadership, guiding performance, implementing and delivering against the Corporate Plan and Statement of Corporate Intent.

Figure 6:

Organisational structure as at 30 June 2022



Service Delivery Group

The Service Delivery Group is responsible for all additions and subtractions to the DHA housing portfolio, management of housing allocation, housing benefit administration, tenancy management, property sales and leasing activities. The Group is made up of two main functions comprising property activities and service operations.

The service operations area is responsible for property management services including inspections and maintenance, together with the allocation of all properties to ensure utilisation. The property area is responsible for leasing activity, acquisition and disposals of residential property, heritage and upgrade projects, construction and development activity and the Property Investment Program. Improvements to our service operations are delivered by the strategy and design area. Enhancements are delivered with the support of other groups across the business with the focus of improving our customer experience.

Service Delivery Support Groups

Chief Financial Officer's Group

The Chief Financial Officer's Group supports effective decision making, resource allocation and accountability through strategic and portfolio planning, and the delivery of financial management services including performance reporting via the Corporate Plan, Statement of Corporate Intent, monthly and quarterly reports and the annual report incorporating full year audited financial statements. This group is also responsible for the strategic management of DHA's property portfolio.

Governance and Communication Group

The Governance and Communication Group is an impartial and trusted internal adviser to DHA. The group provides timely and quality advice that supports strategic and operational decision-making. Governance and communication advice and products are user-friendly and help the business achieve its objectives.

Legal Services Group

The Legal Services Group is responsible for the provision of high quality, strategic, legal advice on a broad range of property, commercial and corporate issues within DHA, including the provision of advice to the Leadership Team.

Human Resources Group

Human Resources work in partnership with stakeholders across the organisation to support DHA to have the right human capital to deliver business outcomes. The group is responsible for initiatives to promote an inclusive workplace culture that values the diversity of our people; together with strategies to build performance, leadership and engagement. Core operational functions include recruitment, payroll, learning and development, case management, wellbeing, and employee relations.

Business Solutions and Technology Group

Business Solutions and Technology is responsible for all DHA information technology services and infrastructure, cyber security technology programs and enterprise change management. The team delivers innovative, efficiency-driven initiatives to support continuous improvements with a focus on process simplification and automation, as well as the Technology Refresh Program. Enterprise change management connects staff across the business to support transition and adoption of change.

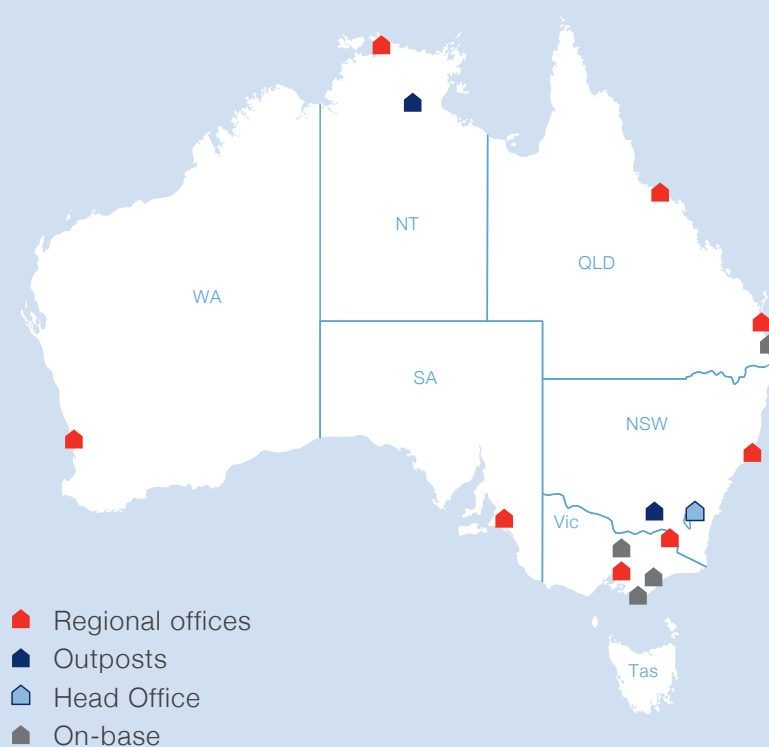
Our offices

Defence Housing Australia (DHA) is located in 16 locations nationally. Our offices, in conjunction with our technology systems support flexible working arrangements, a culture of collaboration, and individual staff needs through multi-faith and carers facilities. DHA staff are also located in four on-base locations at Sale, Puckapunyal, Cerberus (Victoria) and Canungra (Queensland) in accordance with a license agreement with Defence. Staff in our regional offices deliver customer facing services to ADF members, their families, and our landlords. Regional office staff are supported by staff in contact centres, who are the first point of contact for housing services, maintenance services and the allocation of on-base Living in Accommodation.

Staff in Canberra's Head Office are responsible for overseeing strategic development, operational programs, corporate governance and corporate support.

Figure 7:

Office network as at 30 June 2022



Risk oversight and management

Engaging with and managing risk is at the heart of decision making in DHA. Risk management is integrated into everyday business, whether staff work to deliver services directly to ADF members and their families or in an enabling capability. It is an essential part of DHA's planning, prioritisation and behaviour. DHA staff work together to identify, assess and manage risks. This includes those risks directly within their area of control, broader strategic risks, and risks DHA share with our external stakeholders.

Risk management is also an important element of our continuous improvement journey and will ensure we continue to deliver against our purpose to provide adequate and suitable housing and housing related services to ADF members. DHA's approach to risk management is detailed in Appendix B – Risk oversight and management.

Our strategic risks

DHA has identified seven enduring key strategic risks that, if they were to eventuate, may affect our ability to achieve our purpose. Each strategic risk has critical preventative and corrective controls identified and an understanding of control effectiveness. Table 2 provides a summary of our strategic risks and the critical treatments we are taking for risks that are out of tolerance.

Table 2: DHA strategic risks

#	Strategic risk	Within tolerance?	Critical treatments action / timeframe)	Expected to be back within tolerance by
1	Delivery DHA is unable to source or provide suitable housing for Defence members.	● Yes	No critical treatments needed as risk is within tolerance. Any actions taken will be part of business as usual.	Not applicable
2	Property Loss of significant numbers of properties in portfolio.	● Yes	No critical treatments needed as risk within tolerance. Any actions taken will be part of business as usual.	Not applicable
3	Financial sustainability DHA's capital base is not, or will not be, of sufficient quantum or liquidity to meet our future business needs.	● No	Critical treatments <ul style="list-style-type: none"> Work with Shareholders to identify a mechanism that will ensure DHA's capital needs can be met into the future will continue into 2022–23. 	To be determined
4	Reform DHA is not able to change its business practices in a timely manner to respond to the changing external environment or changed Defence or Government requirements.	● Yes	No critical treatments needed as risk is within tolerance. Any actions taken will be part of business as usual.	Not applicable
5	Information management DHA is not able to effectively manage, use and protect its information.	● No	Critical treatments: <ul style="list-style-type: none"> Improve access controls to align with Protective Security Policy Framework (PSPF) by Quarter 2 2022–23. Comprehensive cyber security training rolled out (in tranches) by Quarter 2 2022–23, including phishing, privileged access, user awareness, incident response and executive awareness. Implementation of multi-factor authentication both internally and externally by Quarter 2 2022–23. Implementing a records management improvement roadmap, including policies and processes, training, and a records system. The roadmap will be fully implemented by Quarter 4 2023–24; however, a number of key improvements will occur in 2022. 	31 March 2023

#	Strategic risk	Within tolerance?	Critical treatments action / timeframe)	Expected to be back within tolerance by
6	People DHA does not attract, develop, and retain the right people / capability.	 No	Critical treatments: <ul style="list-style-type: none"> › Finalise implementation of DHA Strategic Recruitment Plan, inclusive of development of an employee value proposition to promote benefits of working at DHA, by Quarter 2 2022–23. › Implement Learning and Development Strategy, including on-boarding refresh by Quarter 2 2022–23. › Procure training programs for leadership capability uplift for managers relating to performance, change, culture, and recruitment by Quarter 1 2022–23. 	30 December 2022
7	Compliance DHA does not comply with legislative and regulatory requirements.	 Yes	<p>No critical treatments needed as risk is within tolerance.</p> <p>DHA has recently implemented several treatments to bring this risk back into tolerance, including an approved roadmap and a Compliance Management Policy. To implement the policy, DHA is currently piloting four compliance areas, which will transition the management of this risk into business as usual. Given the pilot will be completed by July 2022, DHA has determined this risk is within tolerance.</p> <p>Any additional actions taken will be part of business as usual.</p>	Not applicable





PART 4

Performance

Performance framework

Achieving our purpose

Key activity 1 – Provide and manage a portfolio of housing

Key activity 2 – Partner with Defence to shape and administer housing policy

Key activity 3 – Provide housing services to ADF members and their families

Key activity 4 – Operate effectively, efficiently and sustainably as a better practice

Commonwealth entity



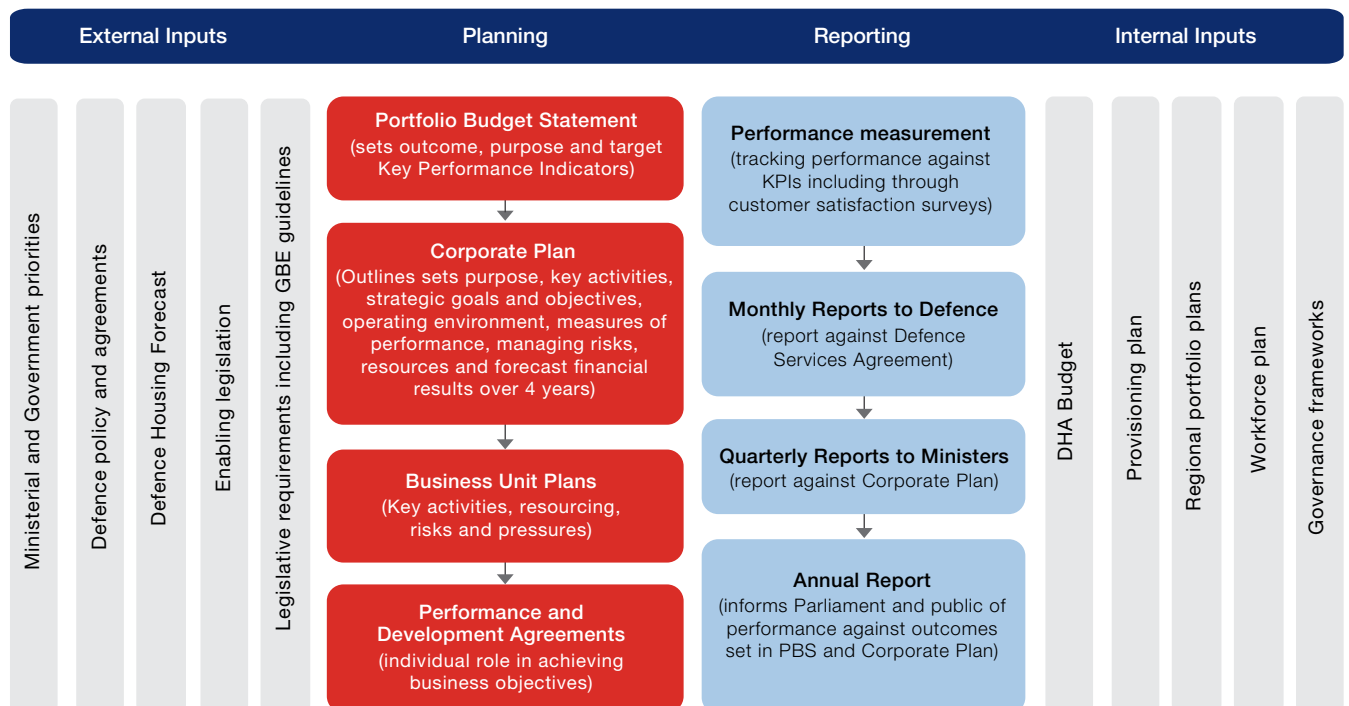
Performance framework

The Corporate Plan and Statement of Corporate Intent are our primary planning documents and a key component of our performance framework, see Figure 8 below. They set out how we will work towards the outcomes mandated by the Government in the Portfolio Budget Statements and reflects the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). They are updated annually to reflect changes in DHA's operating environment.

Performance against the Corporate Plan and Statement of Corporate Intent will be reported through Quarterly Shareholder Reports, and the 2022–23 Annual Report.

Figure 8:

DHA's performance framework



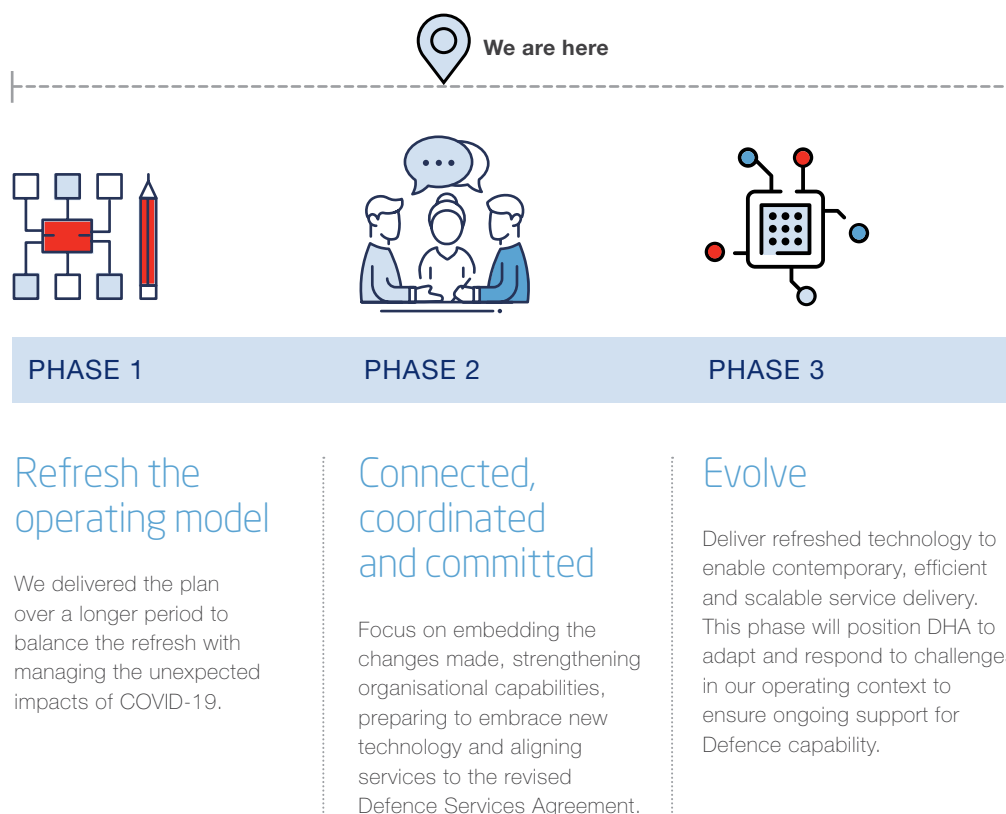
Achieving our purpose

Our purpose has not changed, but we continue our journey to transform how we do business (refer to Figure 9). We are in the second phase of our transformation journey — in phase 1 we delivered our revised business model. We are now focused on being connected, coordinated and

committed as we embed the changes made to our operating model and prepare to leverage the technology program as it is delivered over the coming years. In phase 3 we will continue to evolve to anticipate and respond to our operating environment.

Figure 9:

DHA reform journey



Our key activities

We are not doing different things, but we are doing things differently. This Corporate Plan articulates how DHA achieves the outcome mandated by Government through the following four key activities. These activities align with the updated performance planning requirements set out in the

Finance Secretary Direction on the *Requirements for Performance Information in Portfolio Budget Statements*. They better reflect how our critical functions contribute to achieving our purpose. For more information refer to Part 5 – Measuring performance.

Our four key activities provide a framework for setting strategic goals to define what future success looks like and identify short term objectives to be achieved over the planning period as a step on the way to achieving the longer term future state. This is articulated in our strategic direction.

**Provide and manage
a portfolio of housing**

**Partner with
Defence to shape
and administer
housing policy**

**Provide housing
services to
ADF members and
their families**

**Operate effectively,
efficiently and
sustainably as a
better practice
Commonwealth entity**

DHA Strategic Direction

We provide adequate and suitable housing for, and housing related services to, ADF members and their families to support Defence capability.

3. Provide housing services to ADF members and their families

Our services are contemporary, convenient, flexible, in line with the Defence Services Agreement, and ADF members and their families can connect with DHA in the way they want.

4. Operate effectively, efficiently and sustainably as a better practice Commonwealth entity

We continuously improve, adapt to and leverage changes in our environment, operate with a high performing culture and make decisions that are evidence-led and risk based.



1. Provide and manage a portfolio of housing

Support Defence capability by providing a range of housing solutions at the right time and in the right location, in a sustainable and efficient way.

2. Partner with Defence to shape and administer housing policy

We partner with Defence as an expert and trusted advisor to shape contemporary Defence housing policy.

GUIDING PRINCIPLES

FOCUS ON CUSTOMER EXPERIENCE

DIGITAL FIRST, HUMAN ALWAYS

CONNECTED, COORDINATED, COMMITTED

MEASURE, EVALUATE, EVOLVE

DRIVEN BY DATA

OUR VALUES

Impartial, Committed to service, Accountable, Respectful and Ethical.



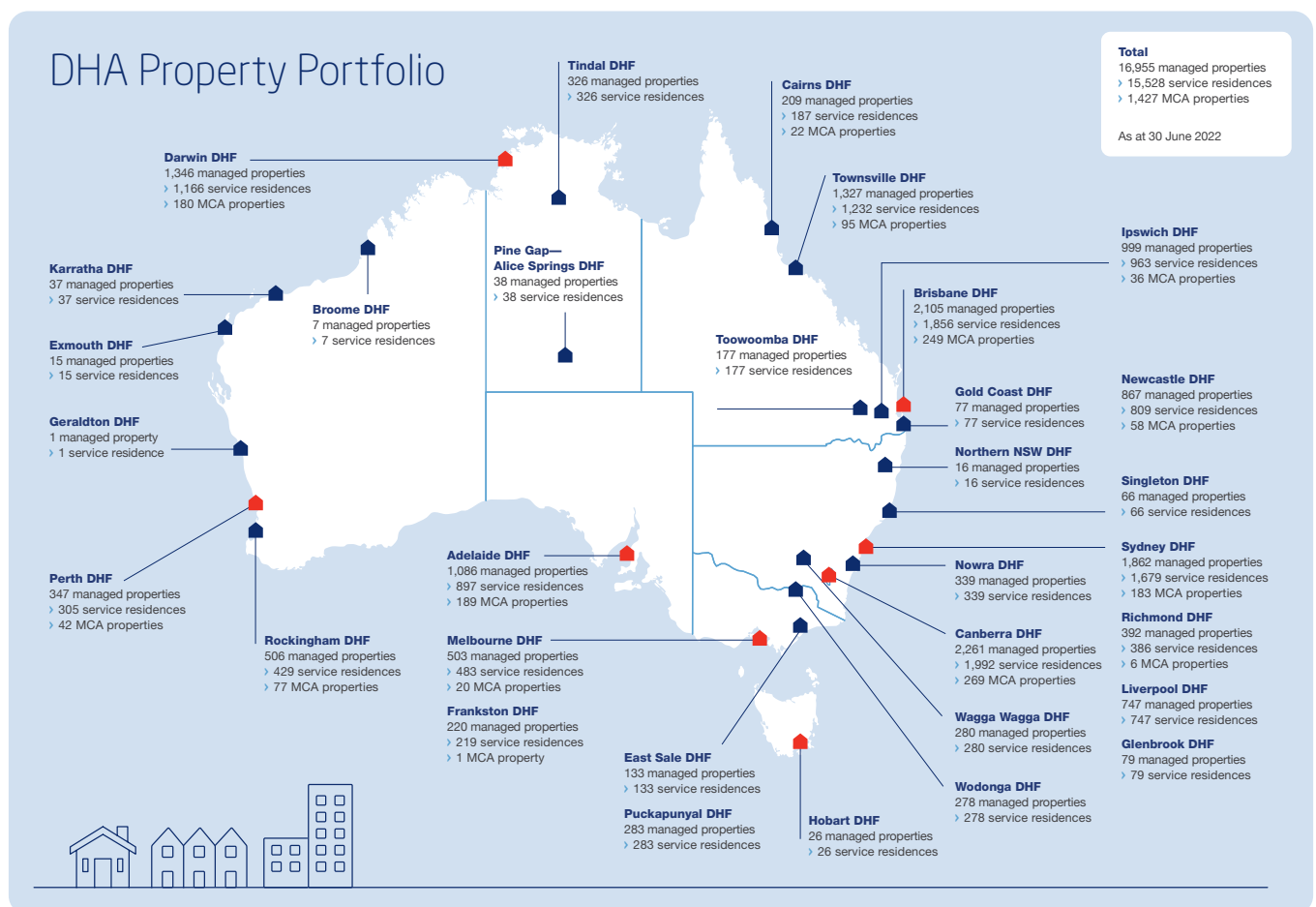
Key activity 1 – Provide and manage a portfolio of housing

We provision properties for ADF members and their families through leasing, building, and acquiring suitable housing solutions in accordance with Defence policy.

Our portfolio covers all capital cities, major regional centres, and remote parts of Australia, and includes houses located on Defence bases and establishments. Most of the properties we manage are privately owned and leased to DHA. A summary of the housing portfolio is provided in Figure 10. For further detail on our housing portfolio refer to Appendix D – Property portfolio and provisioning.

Figure 10:

Snapshot of DHA property portfolio as at 30 June 2022



Provisioning of the DHA portfolio

DHA provisions housing for ADF members and their families based on the five year forecast of housing requirements provided in the Defence Housing Forecast (DHF). The DHF is updated annually to adjust and confirm requirements for the current year and provide a forecast of housing needs for the following four years. DHA has in place extensive provisioning processes and activities, which occur year round and facilitate a whole of business approach (refer to Figure 11).

This planning process results in an Approved Provisioning Schedule (APS) which sets the closing balance targets for the number of Service Residences and other housing options required for the next three years (Table 3). Refer to Appendix D for further details on the housing portfolio and planning cycle.

Figure 11:

Annual provisioning planning cycle

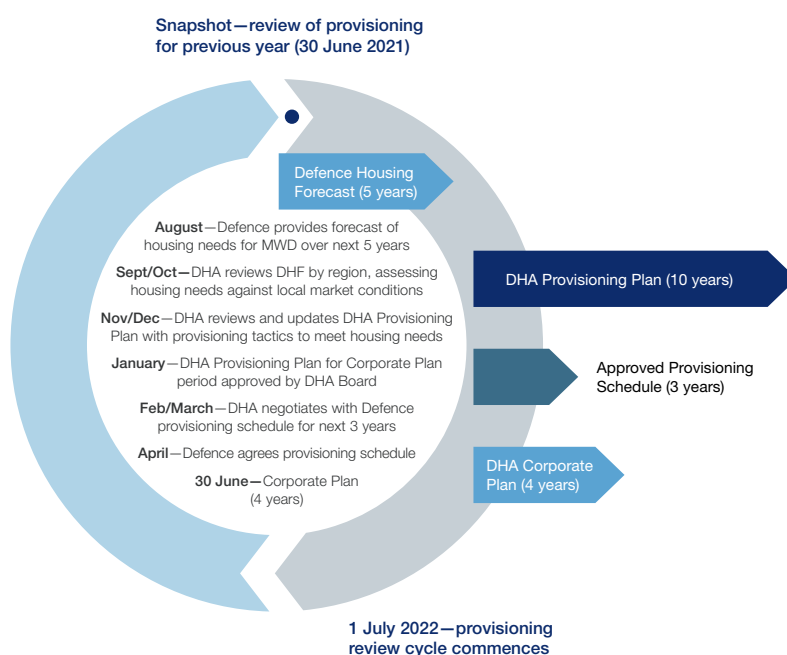


Table 3: Defence Housing Forecast and Approved Provisioning Schedule of housing for Members with Dependants (31 May 2022)

Financial Year	Defence Housing Forecast	De facto Rent Allowance ¹	DHA target demand ²	DHA provisioning target ³	Opening balance	Total additions	Total subtractions	Closing balance
2022–23	18,885	2,184	16,701	15,031	15,602	2,127	1,959	15,770
2023–24	18,921	2,184	16,737	15,063	15,770	2,468	2,466	15,772
2024–25	18,975	2,184	16,791	15,112	15,772	2,443	2,347	15,868

1. Members with Dependants Rent Allowance (MWD RA) recipients approved on basis of Defence policy that recognises the ADF member as a Member with Dependants under Interdependent Partnership (IDP) or 'de facto' policy.
2. DHF less Rent Allowance approved on basis of Interdependent Partnership policy (these members are not included in DHA Target Demand for Service Residences on the assumption they remain housed in Rent Allowance).
3. Provisioning target agreed between DHA and Defence through the Approved Provisioning Schedule. Generally calculated as 90 per cent of DHA Target Demand for each rent band in each region unless regional requirements determine a different target. This acknowledges that not all MWD will be housed in a Service Residence and may instead be approved for Rent Allowance.

Provisioning challenges and responses

The provision of contemporary housing that aligns with Defence housing policy is challenging. We continue to favour low capital forms of provisioning (i.e., leasing), however, the low vacancy rates and limited availability of housing that meets Defence compliance specifications in current property markets makes it difficult to source leases directly. Additionally, as outlined in the Outlook, from 2025 DHA will need to increase the volume of housing solutions sourced to maintain the current portfolio size due to the number of leases expiring. To meet this demand for housing stock all methods of provisioning will need to be used, including capital intensive methods that will require external funding, and new approaches will need to be developed so that DHA can continue to provide and manage a portfolio of housing as required by Defence into the future.

New approaches to provisioning

New leases are generated through the Property Investment Program (PIP) and secured directly from individual landlords. DHA will work to maximise future opportunities by pursuing multiple different strategies, to complement current provisioning methods to increase choice in housing solutions that balance Defence policy and ADF member preferences, and support medium to longer term provisioning needs.

A number of new provisioning strategies will be pursued, including options such as:

- › partnering with builders to sell house and land packages on DHA owned land with leases attached
- › partnering with builders or developers to provide the option to sell their house and land packages with a DHA lease attached
- › explore options for wholesale lease products for build to rent operators
- › target potential sellers of housing that meets Defence needs prior to properties reaching the market.

Management of the DHA portfolio

DHA strategically manages the housing portfolio to:

- › deliver services in accordance with the *Defence Housing Australia Act 1987* (DHA Act) and the service standards set out in the Defence Services Agreement, and
- › manage DHA's exposure to the property market by leasing, buying and building what we need to meet operational requirements and disposing of property that is excess to these requirements.

Our provisioning principles guide how we centrally manage the housing portfolio and define how DHA delivers on our outcome and purpose to:

- › complete all property transactions for the sole or predominant purpose of meeting the housing needs of Defence in accordance with the Defence Services Agreement and Approved Provisioning Schedule
- › maintain a property portfolio that meets the needs of Defence as defined by the policy under which we operate
- › manage exposure to property markets
- › operate within a sustainable business model which is responsive to market changes
- › take an efficient, whole-of-life approach to delivering housing products and related services
- › continuously improve through capability uplift, innovation, streamlining and simplifying processes, leveraging technology where appropriate.

Managing heritage properties

To deliver on the above portfolio intent and principles DHA and Defence meet regularly to discuss provisioning activities and inform our portfolio planning and review process. These discussions support our supply of best fit provisioning methods with region specific considerations, taking into account occupancy, Rent Allowance, and early handback opportunities, enabling the delivery of flexible customer centric responses and sustainable levels of housing.

DHA is committed to care for any heritage values of DHA property, to identify, protect, conserve, preserve and transfer to all generations any Commonwealth heritage values of the place, consistent with:

- › DHA's operational obligations arising from legislation
- › good practice in conservation and property management.

On behalf of the Department of Defence, we currently manage and maintain 72 properties with Commonwealth Heritage Listing status in the following locations:

- › The Royal Military College – Duntroon
- › HMAS Creswell – Jervis Bay
- › HMAS Watson – Sydney
- › HMAS Cerberus – Mornington Peninsula

- › Anglesea Barracks – Hobart
- › Victoria Barracks Sydney – Paddington
- › Spectacle Island – Drummoyne
- › RAAF Base Glenbrook
- › RAAF Base Richmond
- › Garden Island Precinct – Sydney
- › Gun House – Fremantle.

DHA owns, manages, and maintains two properties with Commonwealth Heritage Listing status in the following locations:

- › Belconnen Naval Transmitting Station – Lawson
- › Fort Wallace – Stockton.

Table 4 details five objectives that will guide our activities for the next four years to achieve our strategic goals for this key activity.

Table 4: Key activity 1 – Provide and manage a portfolio of housing objectives and strategic goals

Objectives to achieve our purpose	Our intended result (strategic goals)
<ul style="list-style-type: none"> › Meet the operational requirements of Defence through a centrally coordinated approach to portfolio management. › Proactively leverage the capability of our systems to support the efficient management of our portfolio and inform future decisions. › Portfolio decisions are supported by evidence, consider market conditions and take a whole-of-life asset management approach. › Utilise multiple channels and methods to provision housing solutions. › Work collaboratively with Defence to understand ADF member housing preferences and increase choice in housing solutions. 	<ul style="list-style-type: none"> › Our housing portfolio supports Defence capability by providing a range of housing solutions at the right time and in the right locations. › Our portfolio is managed in a sustainable way, maximising efficiency and productivity. › Our housing portfolio balances Defence requirements and ADF member preferences.

Key activity 2 – Partner with Defence to shape and administer housing policy

We administer Defence housing policy in accordance with the pay and conditions for ADF members and in accordance with our Services Agreement with Defence, and our functions as outlined in the DHA Act.

Defence determines the pay and conditions for ADF members including their eligibility for subsidised housing. Housing policy specifies the types of housing solutions that are adequate and suitable for ADF members and their families. The Services Agreement is the contract that governs the operational relationship between Defence and DHA and sets out agreed servicing requirements. In administering housing policy, we provide advice and guidance to ADF members on eligibility and housing related matters. This includes providing advice on different elements of eligibility and guidance on how to find a suitable Service Residence or apply for a benefit such as Rent Allowance.

Community standards are changing. This is reflected both in the types of housing available in the general property markets and the preferences of ADF members and their families when choosing their housing solution. It is increasingly difficult to provision housing that is compliant with Defence housing policy and standards given the misalignment with what is readily available in property markets. Further flexibility in suitability of housing solutions will become increasingly important to support the Defence force growth through retention or recruitment of new members.

We work closely with Defence to review and reform policy, processes, and systems, including considering different models for providing housing solutions through activities such as the ADF Employment Offering Modernisation Program to support more flexible housing solutions and deliver improved outcomes for ADF members and their families.



Implementation of the modernised Defence Services Agreement

In October 2021, DHA and Defence entered into a modernised Services Agreement, bringing together terms and conditions of the previous four agreements into a single contract. The Agreement addresses findings from the ANAO Report No. 31 (2019–20) Management of Defence Housing Australia, establishing agreed key performance indicators and performance measures between DHA and Defence for all the objectives of the Services Agreement. The updated Agreement also provides greater clarity for both DHA and Defence and allows for increased flexibility to deliver housing services with appropriate risk and reward allocation.

DHA and Defence have progressed a range of implementation initiatives ('Phase 1') to ensure alignment of services with any new or changed obligations within the Defence Services Agreement. These changes will continue to be implemented to December 2022. Further modernisation initiatives ('Phase 2') will be addressed on a rolling basis commencing this statement period as part of the Defence Services Agreement major review.

Defence Services Agreement major review

DHA will continue to work with Defence to commence the major review of the Defence Services Agreement in 2022, in line with contractual requirements. The major review will provide an opportunity to pursue a range of improvements further to the modernised Defence Services Agreement. This review will include initiatives focused on longer term strategic improvements to simplify pricing, risk allocation, and further increase flexibility in the types of housing solutions.

Amendments to the Defence Housing Australia Act 1987

DHA will continue to work with Defence to align Defence requirements for housing philanthropic organisations assisting the ADF, and foreign exchange and visiting military personnel, with the DHA Act and address the outstanding recommendation from the ANAO Report No. 31 (2019–20) *Management of Defence Housing Australia*. DHA is simultaneously working with Defence on a number of additional potential amendments to the DHA Act to streamline operations and improve service delivery for the benefit of ADF members and their families.

Table 5 details the four objectives that will guide our activities for the next four years to achieve our strategic goal for this key activity.

Table 5: Key activity 2 – Partner with Defence to shape and administer housing policy objectives and strategic goal

Objectives to achieve our purpose	Our intended result (strategic goal)
<ul style="list-style-type: none"> › We build knowledge and expertise in Defence housing policy and understand stakeholder needs and priorities. › DHA supports Defence housing and relocations policy decisions with data and insights. › We leverage all interactions with stakeholders as opportunities to shape outcomes. › Policy advice and guidance to ADF members is clear, accessible and compliant with Defence housing policy. 	<ul style="list-style-type: none"> › Partner with Defence as an expert and trusted advisor to shape contemporary Defence housing policy.

Key activity 3 – Provide housing services to ADF members and their families

DHA provides a range of tenancy and housing related services to ADF members and their families in accordance with our Services Agreement with Defence.

Our services include:

- › access to, and assistance to find, suitable housing in the DHA portfolio
- › management of repairs and maintenance for houses in the DHA portfolio
- › booking and allocation service for Defence managed Living in Accommodation
- › administration of allowances for ADF members occupying private rental accommodation where applicable.

The housing services we provide to ADF members and their families will remain unchanged, however the way we provide these services needs to evolve to meet the expectations of ADF members for contemporary services and to ensure our ongoing sustainability. We must enhance the way we provide housing services to bring down the cost of our services, align to the Defence Services Agreement and increase capability to better serve members during peak posting periods.

A key element will be a shift to more contemporary services, that enable ADF members to interact with DHA in the ways they want to. DHA will work with Defence to define the customer experience Defence seeks for its members and transform our processes and systems to deliver the majority of services through a personalised multi-channel digital platform, allowing frontline staff to concentrate on complex property management and allocations issues.

Customer experience framework

DHA is implementing a customer experience framework which will support the alignment of our services with the Defence Services Agreement and ensure that the Defence agreed customer experience is consistent across all service delivery channels. This will also include capability uplift in technology and automation of workflows. DHA will implement four inter-related strategies to improve inspections, repairs and maintenance, allocations and occupancy to deliver improved outcomes for ADF members.

- › Inspection strategy – In consultation with Defence, DHA will move towards a risk based approach to inspections. DHA will identify the risk profile for each property and align to technology and industry best practice.

<ul style="list-style-type: none"> › Repairs and maintenance strategy – We are working towards most repairs and maintenance requests being executed online and automating our workflows. To support this the repairs and maintenance model will be simplified and shaped for efficient delivery, commencing with the creation of an Asset Maintenance Strategy and repairs and maintenance service contractor panel improvements. › Allocations strategy – DHA will target a majority ‘one and done’ housing allocations model which, once implemented will seek to 	<p>execute most allocations via Online Services, supporting automated self-service through Online Services and potentially eliminating the need for ADF members to contact DHA. This will be supported by embedding the Defence Services Agreement contractual arrangements and Defence’s Pay and Conditions Manual (PACMAN) into DHA’s systems where possible. It will deliver benefits of certainty and improved outcomes for Defence through improved vacancy management, improved cost effectiveness of DHA’s operations and provide certainty and improved</p>	<p>availability of housing to ADF members.</p> <ul style="list-style-type: none"> › Occupancy strategy – We will enhance processes to reduce the time properties are offline due to upgrades or maintenance. Online Services functionality will be improved to ensure that all available stock is available for viewing by ADF members when required and that property conditions continue to meet contractual requirements. <p>Table 6 details the five objectives that will guide our activities for the next four years to achieve our strategic goals for this key activity.</p>
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Table 6: Key activity 3 – Provide housing services to ADF members and their families objectives and strategic goals

Objectives to achieve our purpose	Our intended result (strategic goals)
<ul style="list-style-type: none"> › Deliver a consistent contemporary customer experience across all channels in line with the standard set in the Defence Services Agreement. › Move towards greater proportion of services for ADF members and the families accessed through online channels. › Online services options for ADF members and their families are supported by end-to-end functionality. › User centred design principles are embedded (where possible) in all services. › Measure ADF member satisfaction and track customer behaviour to inform effective and efficient service delivery. 	<ul style="list-style-type: none"> › ADF members and their families can access consistent services and connect with DHA in the way they want. › Tenancy services are contemporary, convenient, flexible and in line with the Defence Services Agreement.

Key activity 4 – Operate effectively, efficiently and sustainably as a better practice Commonwealth entity

We are in phase two of our journey to position DHA to meet Defence's housing needs now and into the future, effectively, efficiently, and sustainably.

Over this statement period we will invest in a number of key areas to enable DHA to evolve to meet the challenges, and leverage the opportunities, brought by changes in our operating environment.

We will continue to invest in refreshing our technology to contemporise service delivery to meet the needs of ADF members and their families, create efficiencies through automation and leverage the data we hold to make decisions that are evidence-led and risk-based. This investment will also support our capability to analyse the cost of our services and forecast potential impacts of economic conditions as we continue to move towards sustainability and ensure we provide value for the Australian Government as a Government Business Enterprise and better practice Commonwealth entity.

Over 2021–22 we recognised the reform program, in conjunction with COVID-19, impacted staff experience and levels of engagement. To address this and assist with ensuring changes are effectively embedded going forward, we are investing in an Enterprise Change Management framework and internal communication activities, which, along with a culture and wellbeing plan and initiatives to build employee capability, will help embed an inclusive and high performing culture.

Technology Refresh Program

A key focus is also on strengthening and maturing governance arrangements to support staff to deliver against DHA's key activities and to ensure we remain compliant with obligations. This will include improving our quality management, including maintaining our certification against ISO 9001 (Quality management systems standard), improving the management of our strategic, project and operational risks, and sustaining our compliance against legislative and regulatory obligations. Underpinning this, we will also deliver an improved corporate policy library, which will be a single source of truth for staff.

We will continue to deliver the Technology Refresh Program to support efficient operations, compliance, and better practices across all activities.

Data Program

DHA will continue to operationalise its new Data Governance Framework and Data Principles to fuel data-driven business decisions. These models will be supported by a continuing Data Literacy Program that uplifts DHA's data skills in four key focus areas: executive sponsorship, culture and behaviours, learning and capability, and use cases. DHA will also build on its new self-service data analysis and visualisation tools for staff and decision makers, while maintaining appropriate privacy and data protection.

Cyber Security Program

DHA's cyber security profile will continue to mature through the implementation of priority Essential Eight initiatives and cyber security awareness training. The Essential

Eight stream of work will deliver Maturity Level Three compliance across a significant number of controls, including the introduction of multi-factor-authentication (MFA) on both internal and external systems. In addition, annual penetration testing, combined with a rigorous system upgrade schedule contributes to the strengthening of DHA's cyber security defences.

Finance Program

The Technology Refresh Finance Program will see DHA overhaul the IT systems and business processes that underpin its financial services. Risks identified with the business' reliance on the TechnologyOne platform will be mitigated in its move from on-premise to the cloud, and enhancements will better empower analysis, decision-making and efficiency in procurement, creditor management and travel. System integration will be prioritised to optimise automated workflows and generate operational efficiencies.

Digital Workplace Program

Further to DHA's whole-of-business upgrade from Microsoft 2016 to Microsoft 365 apps, including the replacement of Skype with Microsoft Teams, 2022–23 will see the implementation of OneDrive and SharePoint. This program of work will bring DHA in-line with other Government agencies in its use of best-of-breed collaboration and productivity tools.

In addition to rolling enhancements to business applications, DHA will engage with Defence to mature and implement a raft of automation focussed improvements to its Online Services platform. As the main online platform through which ADF members, landlords and contractors engage with DHA's services, this program will see significant user experience and efficiency gains.

Corporate Solution Program

DHA's Corporate Solution is a coordinated suite of technology encompassing contact centre, knowledge management, and account, case, and sales management tools. Delivered through four business releases, the Corporate Solution will drive consistent customer experiences and replace legacy systems with simpler, flexible architecture. Rebuilt system integrations will automate processes and cyber security risks will be better managed as end-of-life applications are decommissioned.

Invest in our workforce

We will align investments in our workforce to future business needs to understand and mitigate future workforce risk by building internal workforce planning capability. This will be achieved through an enterprise level strategic workforce plan that will include the development and implementation of an integrated operational workforce planning process, including identification of DHA's capability needs, environmental scanning, and workforce analysis to identify key strategic risks.

We will mature our workforce strategies to manage people risk, with a focus on employee value proposition, contemporary sourcing, and succession planning. We will implement new corporate on-boarding and uplift manager capability to deliver employee on-boarding to improve time to competency and new starter retention.

As part of our implementation of the DHA People Strategy 2022–25, we will refresh our functional Human Resource strategies including the Learning and Development Strategy to deliver proactive and fit-for-purpose learning and development solutions.

Embed an inclusive and high performing culture

DHA is focused on improving employee experience and building an inclusive workplace culture, while mitigating workforce risk related to health, wellbeing and interpersonal conflict. This is being achieved through a range of initiatives including:

- › engaging employees at all levels in DHA strategy and business transformation through cross-functional networks and communities of practice
- › delivering a culture and wellbeing plan to build organisational resilience, align values and behaviours, and embed performance and learning culture

- › proactively prevent workplace bullying and harassment, including development of programs and resources to foster a respectful and inclusive working environment
- › developing frameworks to improve accessibility and support for people with a disability, including reasonable adjustments to policy and process, participation in RecruitAbility, and manager capability uplift.

Table 7 details the six objectives that will guide our activities for the next four years to achieve our strategic goals for this key activity.

Table 7: Key activity 4 – Operate effectively, efficiently and sustainably as a better practice Commonwealth entity objectives and strategic goals

Objectives to achieve our purpose	Our intended result (strategic goals)
<ul style="list-style-type: none"> › We know the cost of our services and benchmark against industry. › We invest in both the immediate and long term capability of our workforce. › Embed an inclusive and high performing culture. › Embed user friendly governance arrangements and frameworks. › Leverage technology to support efficient operations, compliance and better practices. › Utilise data and evidence to make risk based decisions. 	<ul style="list-style-type: none"> › Our decisions are evidence-led, risk based and consistent with better practice and relevant legislation. › We continuously improve how we deliver our services to ensure our approach is efficient and effective in supporting Defence capability. › We adapt to and leverage changes in our environment. › Our people are committed, capable and operate within a high performing culture.





PART 5

Measuring Performance

Measuring performance

DHA regularly reviews performance measures to ensure they remain relevant and accurate. DHA has implemented changes for this statement period, these are detailed in Appendix A – Changes to performance measures.

DHA's 2022–23 Statement of Corporate Intent performance measures are aligned to the:

- › Defence Services Agreement (DSA) to ensure clarity and consistency in service delivery and to drive continuous improvement.
- › 2022–23 Portfolio Budget Statements for the Defence Portfolio, to demonstrate achievement of our outcome.
- › Department of Finance *Resource Management Guide – 126: Commonwealth Government Business Enterprise – Governance and Oversight Guidelines* (RMG126) where applicable.

DHA measures performance using various methods including analysis of internal data as well as internal and external surveys and align to Australian Public Service (APS) benchmarks where applicable. Progress on key activities set out in this statement will be shared with shareholders through quarterly reporting and meetings, in-line with Government Business Enterprise (GBE) reporting requirements. DHA also publishes an Annual Report in-line with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Targets align to APS benchmarks where applicable.

Table 8: Key activity 1 – Provide and manage a portfolio of housing, performance indicators and performance targets

Performance indicator	Actual	Performance target			
	2021–22	2022–23	2023–24	2024–25	2025–26
Provisioning of housing solutions to the approved provisioning schedule	98%	≥99%	≥99%	≥99%	≥99%
<i>Methodology</i>	Calculated by dividing the total number of properties provisioned by DHA under the DSA within the relevant year by the annual target number of properties set out in the approved provisioning schedule.				
<i>Rationale</i>	To measure supply of housing solutions that meet the agreed targets of the approved provisioning schedule. At least 99 per cent of housing solutions must be provided in compliance with the approved provisioning schedule for the period 1 July to 30 June each year. This measure aligns with the Key Performance Indicator under the DSA.				
Performance indicator	Actual	Performance target			
	2021–22	2022–23	2023–24	2024–25	2025–26
ADF member satisfaction with housing solutions	86%	≥80%	≥80%	≥80%	≥80%
<i>Methodology</i>	Calculated by dividing the total number of respondents who rated their satisfaction with housing solutions as “satisfied” or “very satisfied” in DHA’s Occupant Survey by the total number of respondents overall for that year.				
<i>Rationale</i>	To measure services are provided in accordance with the agreed targets and standards, at least 80 per cent of respondents must rate their level of satisfaction with housing solutions as “satisfied” or “very satisfied”. This measure aligns with the Key Performance Indicator under the DSA.				

Table 9: Key activity 2 – Partner with Defence to shape and administer housing policy, performance indicators and performance targets

Performance indicator	Actual	Performance target			
	2021–22	2022–23	2023–24	2024–25	2025–26
DHA is a trusted advisor	Not applicable	Achieved	Achieved	Achieved	Achieved
<i>Methodology</i>	Feedback received through the Advisory Committee and annual guided discussions with Senior Executives at the Department of Defence in relation to the quality and utilisation of data and insights provided in the reference period.				
<i>Rationale</i>	Qualitative measure of DHA's ability to support Defence housing and relocation policy.				

Table 10: Key activity 3 – Provide housing services to ADF members and their families, performance indicators and performance targets

Performance indicator	Actual	Performance target			
	2021–22	2022–23	2023–24	2024–25	2025–26
ADF member customer service satisfaction	89%	≥85%	≥85%	≥85%	≥85%
<i>Methodology</i>	Calculating the number of respondents rating their satisfaction as “satisfied” or “very satisfied” divided by the total number of respondents.				
<i>Rationale</i>	To measure services are provided in accordance with the agreed targets and standards, at least 85% of respondents must rate their level of satisfaction with DHA's customer service (in respect of accessibility, timeliness, ability to provide information and resolve issues and professionalism) as "satisfied" or "very satisfied" in DHA survey(s). This measure aligns with the performance measures under the DSA.				

Table 11: Key activity 4 – Operate effectively, efficiently and sustainably as a better practice Commonwealth entity, performance indicators and performance targets

Performance indicator	Actual	Performance target			
	2021–22	2022–23	2023–24	2024–25	2025–26
Staff retention and turnover rate	24%	≤25%	≤22%	≤22%	≤20%
<i>Methodology</i>	Total number of ongoing staff separations by headcount divided by total average headcount for the reporting period.				
<i>Rationale</i>	Measure the proportion of the workforce who leave during the reporting period. DHA anticipates turnover will not quickly reduce to pre-pandemic levels. Labour market insights indicate continued mobility in post-covid environment. Structural change to continue as technology program change occurs.				
Performance indicator	Actual	Performance target			
	2021–22	2022–23	2023–24	2024–25	2025–26
Staff engagement	71%	≥70%	≥70%	≥70%	≥70%
<i>Methodology</i>	Calculated engagement score from APS Employee Census managed by Australian Public Service Commission (APSC).				
<i>Rationale</i>	Measure of connection and commitment employees have to working at DHA. DHA is optimistic of improved results with concentrated effort in this space, noting this takes time to take effect.				
Performance indicator	Actual	Performance target			
	2021–22	2022–23	2023–24	2024–25	2025–26
Total recordable injury frequency rate (TRIFR)	9	<7	<6	<6	<5
<i>Methodology</i>	Total number of recordable injuries / Total number of hours worked x 1000000.				
<i>Rationale</i>	Measure the number of recordable injuries (requiring medical treatment or more, including lost time injuries) per million hours. TRIFR targets aim for an incremental decrease in reportable injuries through more effective workplace consultation, education and review of safe work practices.				





PART 6

Appendices



Appendix A – Changes to performance measures

DHA's performance measures have been updated to reflect the modernised Defence Services Agreement (DSA) and DHA's four key activities (previously four strategic priorities). A summary of changes and alignment to 2021–22 performance measures is provided below to maintain a line of sight to previously reported performance..

Table 12: Summary of changes to performance indicators

2022–23 Performance indicator	Change(s)	Reason	2021–22 Performance indicator
Key activity 1			
Provisioning of housing solutions to the approved provisioning schedule	Updated methodology to include Member Choice Accommodation provisioning into calculation.	To align with key performance indicator methodology detailed in the modernised DSA.	Houses supplied against provisioning schedule (Strategic Priority 2 – Portfolio)
ADF member satisfaction with housing solutions	New measure.	To align with key performance indicators detailed in the modernised DSA.	Not applicable.
Key activity 2: Partner with Defence to shape and administer housing policy			
DHA is a trusted advisor	New measure.	To measure DHA's ability to support Defence housing and relocation policy.	Not applicable.
Key activity 3: Provide housing related services to ADF members and their families			
ADF member customer service satisfaction	Change in methodology. Target increase from 80 per cent to 85 per cent.	To align with the agreed target and methodology detailed in the modernised DSA.	Customer satisfaction (Strategic Priority 1 – Customers)
Key activity 4: Operate effectively, efficiently and sustainably as a better practice Commonwealth entity			
Staff retention and turnover rate	Unchanged.	-	Staff retention and turnover rate (Strategic Priority 4 – Capability)
Staff engagement	Unchanged.	-	Staff engagement (Strategic Priority 4 – Capability)
Total recordable injury frequency rate (TRIFR)	Unchanged.	-	Total recordable injury frequency rate (TRIFR) (Strategic Priority 4 – Capability)

Appendix B – Risk oversight and management

Our approach to risk management

DHA's approach to risk management is outlined in our Risk Management Framework (refer Figure 13), which comprises the set of components that provide the foundations and organisational arrangements for implementing, monitoring, reviewing and continuously improving risk management in the organisation.

Key components of DHA's Risk Management Framework are:

- › **Policy and guidance:** Our approach to risk management, and roles and responsibilities, are described in our Risk Management Policy and Risk Management Guide. This includes our risk appetite and tolerance statement, which sets out the level of risk our Board is willing to accept, and our risk matrix which operationalises the risk appetite statement.
- › **Training and capability building:** DHA has risk management training for staff and is currently developing a risk management e-learning course. DHA also has an informal network of Risk Champions, which help uplift risk capability across the organisation.
- › **Levels of risk and reporting:** This sets out the different levels of risk in DHA and how these are managed and reported.

The Framework is reviewed every two years (at a minimum) to ensure it is fit-for-purpose, reflects changes in our environment and is implemented effectively.

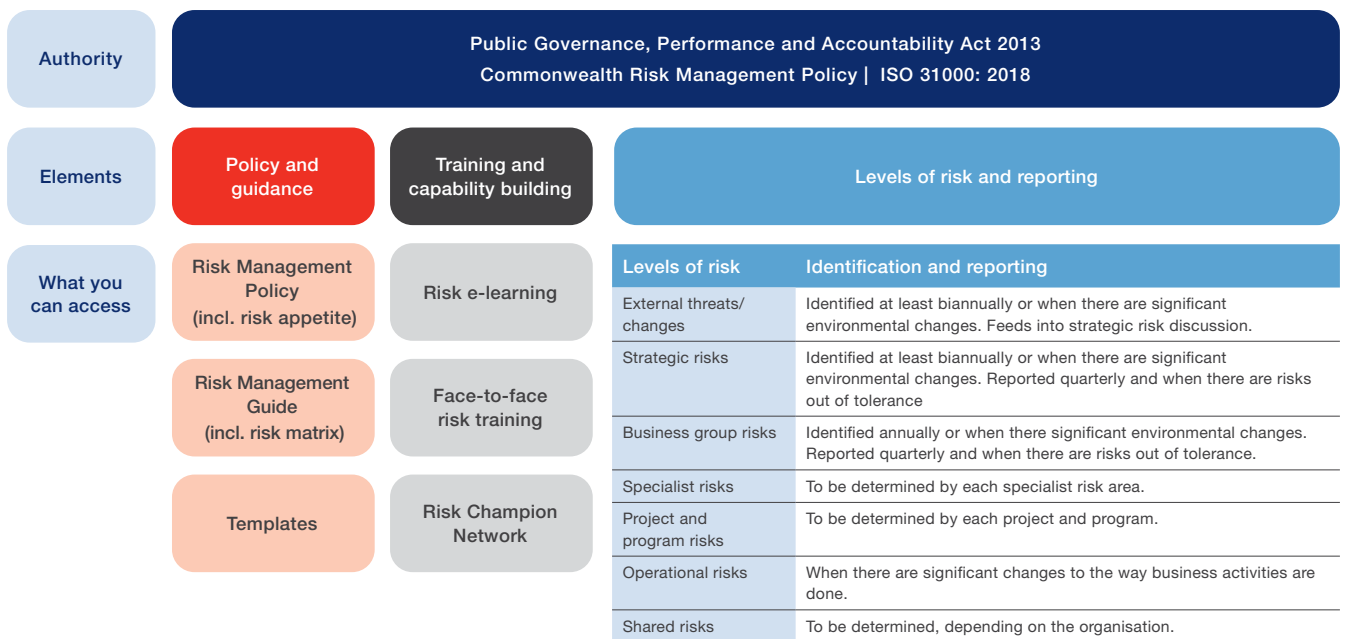
Our risk governance

DHA's Board of Directors, as our Accountable Authority, has overarching responsibility for the Risk Management Framework. This is supported by the Board Audit and Risk Committee, which reviews and has oversight of the approach to risk management in DHA. Internally, the Chief Risk Officer and the central risk team drive a program of risk management improvements to promote a culture of active risk management and monitoring across the organisation.

Our strategic, business group, specialist, project, program and operational risks are managed by Risk Stewards / Risk Owners and our preventative, detective and corrective controls are managed by Control Owners.

Figure 12:

DHA Risk Management Framework



Appendix C – Board and decision making committees

Figure 13:

DHA Board and executive decision making bodies as at 30 June 2022



Table 13: Board committees as at 30 June 2022

Committee	Role
Board Audit and Risk Committee (BARC)	Assist the Board to discharge its responsibilities by providing oversight ensuring appropriateness and review of financial reporting, performance reporting, system of risk oversight and management, and system of internal control.
Board Investment Committee (BIC)	Provide advice and assurance, and where appropriate, make recommendations to the Board on investment related proposals, transactions, projects and related issues to ensure decisions take account of DHA's legislative obligations, contractual obligations with Defence, and DHA's commercial interests.
Nomination and Remuneration Committee (N&RC)	Assist the Board to review the Managing Director's remuneration and performance, considering key appointments, and informing Shareholder Ministers of impending reappointments or vacancies on the Board, including recommending possible candidates where appropriate.
People and Culture Committee (PCC)	Assist the Board by providing oversight of DHA's people and culture arrangements and initiatives.
Advisory Committee	Provide general advice and information on the performance of DHA's role.

Appendix D – Property portfolio and provisioning

DHA works collaboratively with the Department of Defence to provide housing with an increased focus on specific regional requirements, using insights from our customers and underpinned by prudent financial practices. The Defence Housing Forecast is made up of defined regional areas. Each region is managed to supply housing to ADF members and their families with consideration to ADF member needs, housing availability and market conditions, within the policy parameters set by the Department of Defence.

Table 14 below provides a snapshot of the housing portfolio by region and ownership.

Table 14: Regional snapshot of DHA's portfolio of properties available for ADF members as at 30 June 2022

DHF Region	Service Residences and Rent Band Choice properties				Member Choice Accommodation		Total
	DHA owned	Leased	Defence owned	Annuity	DHA owned	Leased	
North Queensland Region	98	1,287	5	29	4	113	1,536
Cairns	4	156	4	23	4	18	209
Townsville	94	1,131	1	6	0	95	1,327
South Queensland Region	498	2,522	18	35	9	276	3,358
Brisbane	355	1,479	18	4	7	242	2,105
Ipswich	137	825	0	1	2	34	999
Gold Coast	1	46	0	30	0	0	77
Toowoomba	5	172	0	0	0	0	177
Sydney Region	1,033	1,769	86	3	53	136	3,080
Glenbrook	3	75	1	0	0	0	79
Liverpool	375	372	0	0	0	0	747
Richmond	59	303	21	3	0	6	392
Sydney	596	1,019	64	0	53	130	1,862
Hunter Region	117	766	0	8	16	42	949
Newcastle	103	701	0	5	16	42	867
Northern NSW	9	6	0	1	0	0	16
Singleton	5	59	0	2	0	0	66
Nowra Region	31	274	22	12	0	0	339
Canberra Region	186	1,643	163	0	8	261	2,261
Riverina Region	24	428	56	50	0	0	558

DHF Region	Service Residences and Rent Band Choice properties				Member Choice Accommodation		Total
	DHA owned	Leased	Defence owned	Annuity	DHA owned	Leased	
Wagga Wagga	7	176	56	41	0	0	280
Wodonga	17	252	0	9	0	0	278
Victoria Region	288	410	382	64	2	19	1,165
East Sale	2	80	1	50	0	0	133
Frankston	10	103	106	0	0	1	220
Hobart	16	4	5	1	0	0	26
Melbourne	260	223	0	0	2	18	503
Puckapunyal	0	0	270	13	0	0	283
Adelaide	174	713	7	3	26	163	1,086
West Australia Region	303	452	9	30	18	101	913
Broome	0	1	4	2	0	0	7
Exmouth	0	0	4	11	0	0	15
Geraldton	0	0	0	1	0	0	1
Karratha	11	11	0	15	0	0	37
Perth	183	121	0	1	15	27	347
Rockingham	109	319	1	0	3	74	506
Northern Territory Region	168	767	348	247	63	117	1,710
Darwin	168	767	146	85	63	117	1,346
Pine Gap (Alice Springs)	0	0	0	38	0	0	38
Tindal	0	0	202	124	0	0	326
National	2,920	11,031	1,096	481	199	1,228	16,955

Housing solutions

DHA provides a number of housing solutions, including:

- › Service Residences (SR)—compliant dwellings. These can be DHA owned, Defence owned or leased.
- › Rent Band Choice Housing (RBCH)—non compliant Service Residences provided by DHA for members with dependants.
- › Member Choice Accommodation (MCA)—non compliant Service Residences provided by DHA for members without dependants and members with dependants (unaccompanied) who are eligible for Rent Allowance.
- › Rent allowance (RA)—RA is a reimbursement paid by Defence to an ADF member to secure a private rental where DHA is unable to provide a suitable Service Residence and they do not own their own home in the posting locality.
- › Living in Accommodation (LIA)—on-base accommodation.

Where ADF members own their own home in a posting location and it is determined to be suitable, Defence policy requires the member to live in it.

Housing solution eligibility

The type of accommodation a member is eligible for depends on their rank, number, age and gender of dependants, and their posting location.

- › Member with Dependants (MWD)—Service Residences are the primary housing solution, or rent allowance when no suitable Service Residence is available.
- › Member with Dependants Unaccompanied MWD(U)—at the member's posting location Rent Allowance, Living in Accommodation and Member Choice Accommodation are the primary housing solutions. In the posting location of the member's family, the member is eligible for a Service Residence, or Rent Allowance when no suitable Service Residence is available.
- › Member without Dependants (MWOD)—Rent Allowance, Living in Accommodation and Member Choice Accommodation are the primary housing solutions. A Service Residence may be an option if surplus to requirements.

Service Residences

Service Residences must comply with minimum Defence standards in terms of location and amenity. Depending on the Defence Housing Forecast (DHF) area, Service Residences are classified by market rent (known as rent bands) or by property amenity. In general, Service Residences should not be more than 30 kilometres one way by road (or 150 minutes for a round trip using public transport) from the base or establishment where the ADF member works.

Service Residences generally comprise a minimum of three bedrooms, separate lounge and dining areas, kitchen, laundry, bathroom, ensuite, single garage (or carport in NT) and a 35 square metre backyard (or 25 square metre backyard in Sydney). It is DHA's internal policy to maximise the energy efficiency of new residences being constructed, however, there is no minimum energy efficiency requirement in Defence standards.

Rent Band Choice Housing

DHA's portfolio includes a portion of properties categorised as Rent Band Choice Housing (RBCH). These properties are generally inner city apartments and other properties that do not meet the minimum Defence standards. ADF members and their families typically choose to live in a RBCH property because the location suits their lifestyle.

Townhouse Choice properties are a type of RBCH property that will increasingly become available to members in Canberra and Sydney. Townhouse Choice properties provide members with a well located, lower maintenance housing option. ADF members are not obligated to reside in a Rent Band Choice or Townhouse Choice property.

Member Choice Accommodation (MCA)

MCA properties offer Members without Dependents (MWOD) and Members with Dependents (Unaccompanied) MWD(U) an attractive alternative to renting privately, including a simple move-in move-out process with no bond or rent required in advance. Eligible ADF members may also share properties with other eligible ADF members. There are no minimum standards for MCA properties but they are generally a two bedroom dwelling, depending on the local market supply.

Figure 14:

Service Residence and Rent Band Choice Housing type as at 30 June 2022

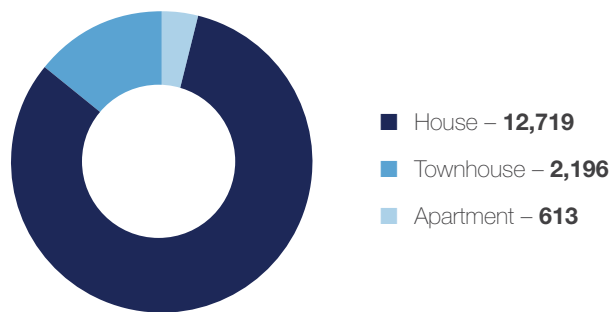
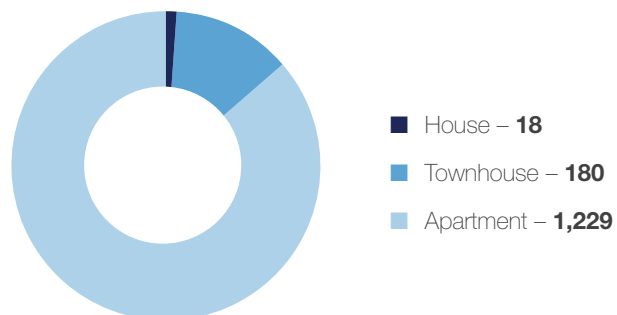


Figure 15:

Members Choice Accommodation housing type as at 30 June 2022



Rent Allowance (RA)

When a MWD Service Residence property is not available at the member's rent band classification, or if the home and grounds are not suitable for pets, an ADF member (and their family if applicable) may be approved to rent through the private market. ADF members are responsible for finding the accommodation but must engage with DHA (on behalf of Defence) to seek approval. DHA is then responsible for administering the payment of their Defence funded RA.

DHA considers two elements of MWD RA:

1. Those members receiving MWD RA via recognition of an interdependent partnership (colloquially referred to as 'de facto RA')—these are nominally MWOD members already in receipt of RA as an MWOD who have their categorisation changed to MWD and remain in their existing rental accommodation.
2. Those members receiving MWD RA on the basis of any other Defence housing policy. These are reflected in DHA planning as 'de facto adjusted RA' recipients.

Living in Accommodation (LIA)

DHA manages the online booking system for approximately 42,853 Defence owned and maintained beds across 53 Defence bases and establishments. This living in style accommodation caters for ADF members, reservists and Defence employees who require permanent, transit, temporary and course accommodation to fulfil Defence's operational needs.

Provisioning programs

Leasing

DHA is continuing to review and refine provisioning strategies in response to our environment, and remains focused on leasing activities, ahead of retail acquisitions and construction programs.

DHA has a large leasing program that underpins our housing portfolio. Leases are sourced from the private market or retained within the DHA portfolio through our Property Investment Program. With over 12,000 existing leases, the management of lease options, lease extensions and renewal of leases plays an essential role in maintaining a well-located quality portfolio. Our leasing activity will meet a large portion of our provisioning additions planned across the statement period.

Our direct leasing program is increasing over the next few years, as we target landlords who have property to lease. Once interest is received, the property is assessed to ensure it meets Defence requirements. Subject to meeting the requirements, a lease can be negotiated and any requisite upgrade works completed before the property is handed over to DHA for inclusion in the portfolio. The direct leasing program will build to over 300 properties per year on average under this statement.

Other provisioning programs support and complement the leasing program. Leasing and Acquisitions continue to seek new innovative ways to manage provisioning requirements and will implement several new approaches to provisioning over the coming year.

Acquisitions

DHA's revised portfolio management approach balances retail acquisitions and construction programs, with a focus on leasing activities. This strategy will continue into the 2022–23 financial year, with a strategic increase in acquisitions following low levels of acquisition in 2021–22. The retail acquisition program is expected to increase further in the 2023–24 financial year.

Developments

The development and construction program will continue to support provisioning over the statement period via the delivery of properties into the portfolio to be retained as investment or disposed via the Property Investment Program. While the program is reducing, key projects at Nirimba Fields, Deebling Heights, Aulds Road, Angle Park, Lee Point and Lawson North are expected to continue to support provisioning. New provisioning approaches such as a builder leasing partner model will be implemented to provision leased properties into the portfolio, utilising existing land within the development program. This strategy seeks to secure leased properties without needing to invest capital into built form construction, and thus provide more provisioning with lower capital and risk exposure.

Development risk mitigation

As a result of DHA's revised business model, a recent focus has been on the implementation of improved risk mitigation within the development and construction program. In 2021–22, a major revision to project and sales governance processes was implemented to provide improved operational and strategic oversight of projects. These changes ensure the program continues to be delivered in accordance with DHA's updated risk profile.

Land holdings

DHA will continue to review its development projects to ensure that it only provides properties into the portfolio that are required to support provisioning.

Where assets no longer meet business needs and are surplus to requirements, DHA will continue to divest as appropriate. Over the forecast period DHA is expected to finalise the sale of sites at Goyder Road, Darwin NT and Rockingham, WA.

DHA is still investigating the future provisioning needs for the Fort Wallace site in NSW, and Mount Lofty in QLD.

Appendix E – List of requirements

This Statement of Corporate Intent has been prepared in accordance with the requirements of:

- › subsection 35(1) of the PGPA Act; and
- › the PGPA Rule 2014.

The table details the requirements met by DHA's Statement of Corporate Intent 2022–23 and the page reference(s) for each requirement.

Requirement	Page(s)
Introduction <ul style="list-style-type: none">› statement of preparation› the reporting period for which the plan is prepared› the reporting periods covered by the plan	3
Purpose	10
Key activities	46–59
Operating context <ul style="list-style-type: none">› Environment› Capability› Risk oversight and management› Cooperation› Subsidiaries	18–23 28–30 35–37 26–27 N/A
Performance <ul style="list-style-type: none">› Performance measures› Targets for each performance measures.	62–65

Appendix F – Acronyms and abbreviations

ADF	Australian Defence Force
ANAO	Australian National Audit Office
APS	Approved Provisioning Schedule
APS	Australian Public Service
Cth	Commonwealth
DHA	Defence Housing Australia
DHF	Defence Housing Forecast
Disposal	The sale of property
DSA	Defence Services Agreement
GBE	Government Business Enterprise
Leased/leasing	Leasing activity comprising direct leasing, renewals, lease options, variations and extensions
LIA	Living in Accommodation
Inventory	A property that has been identified as having a strategic intention to be disposed
Investment	A property that is held as a strategic asset for the primary purpose of long term provisioning
KPI	Key performance indicator
MCA	Member Choice Accommodation
MWD	Member with Dependants
MWD(U)	Member with Dependants (unaccompanied)
MWOD	Member without Dependants
PACMAN	Australian Defence Force Pay and Condition Manual
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PIP	Property Investment Program
RA	Rent allowance – an amount paid by Defence to a member to secure a private rental where DHA is unable to provide a suitable service residence and they do not own an own home
RBCH	Rent Band Choice Housing
SR	Service residence – a Property provisioned for entitled ADF members which is compliant with Defence Minimum Housing Standards and required capital inclusions
TFIFR	Total recordable injury frequency rate

