

UNCLASSIFIED

Remuneration report

2017–18

31 July 2018

UNCLASSIFIED

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Purpose

Defence Housing Australia's (DHA) remuneration arrangements are unique because it is the only Government Business Enterprise (GBE) to employ its staff under the *Public Service Act 1999* (Public Service Act).¹ As such, DHA is required to disclose employee remuneration in two forms:

1. GBE remuneration reporting requirements

In accordance with *Resource Management Guide No. 126: Commonwealth Government Business Enterprises – Governance and Oversight Guidelines* (GBE Guidelines) published in January 2018, GBEs are expected to report all relevant information relating to the remuneration packages of individuals who constitute the executive management of the GBE in annual reports on a disaggregated basis using a specified template. As a minimum, this is to include the Chief Executive Officer (CEO) or equivalent and their direct reports.

2. Australian Public Service (APS) reporting requirements

On 16 May 2017, the Secretary of the Department of the Prime Minister and Cabinet (PM&C):

- requested Heads of Statutory Agencies, including DHA, provide greater transparency of remuneration paid to substantive executives (Senior Executive Service employees) and highly paid officers (non-SES employees earning \$200,001 or more); and
- invited Heads of Statutory Agencies to publish information on their website each financial year using a suggested template that reports remuneration at an aggregate level, within dollar ranges (or bands) and shows the number of employees within each band.

As DHA is a reporting entity under the *Privacy Act 1988* (Privacy Act) any remuneration disclosure must be in accordance with obligations under the Privacy Act. DHA is unable to publish information, which constitutes personal information under the Privacy Act, without written prior consent from the individual (or individuals) concerned, whether they are named or would be otherwise reasonably identifiable.

Taking account of DHA's reporting requirements and legal obligations under the Privacy Act, the purpose of this remuneration report is to:

- demonstrate how DHA's remuneration strategy is aligned to its purposes and strategic objectives, as set out in its Corporate Plan and Statement of Corporate Intent which are approved by DHA's Board and considered by the Minister for Defence and the Minister for Finance;
- set out the remuneration strategy and governance arrangements for DHA's Board members, Managing Director, Senior Executive Service (SES) employees and other employees (DHA1 to EL2);
- provide disaggregated information about the remuneration paid to DHA's public office holders (i.e. Board members and the Managing Director as a Principal Executive Office holder) using the template specified in the GBE Guidelines²;
- provide disaggregated information about the remuneration paid to DHA's executive management, which DHA has defined as its Senior Executive Group (SEG) as at 30 June 2018, using the template specified in the GBE Guidelines²; and
- provide aggregated information about the remuneration paid to substantive executives and other highly paid officers in 2017–18 using the template provided by the Secretary of the Department of PM&C in his letter to Heads of Statutory Agencies.

¹ A GBE is a body created when the Australian Government wishes to conduct some sort of commercial enterprise at arm's length from usual departmental structures and processes. DHA is a GBE as prescribed by the *Public Governance Performance and Accountability Rule 2014* (Rule 5).

² Where DHA has sought and received written consent from individuals to publish their personal information.

About DHA

Legislative framework

The *Defence Housing Australia Act 1987* (DHA Act) established DHA as a statutory authority³ and sets out its functions, powers, corporate structure and delegations.

In accordance with definitions in section 8 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), DHA is a corporate Commonwealth entity⁴. In accordance with definitions in section 5 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule), DHA is one of eight GBEs. As a GBE, DHA must comply with the GBE Guidelines, which prescribe additional considerations on Board and corporate governance, financial governance and planning and reporting.

DHA is the only GBE to employ its staff in accordance with the Public Service Act. As an Australian Government employer, DHA must adhere to the provisions and statutes of various employment related legislation (e.g. the *Fair Work Act 2009* and the *Work, Health and Safety Act 2011*).

As a statutory agency, DHA must also operate in accordance with Commonwealth legislation including, but not limited to, the Privacy Act, the *Archives Act 1983*, the *Freedom of Information Act 1982* and the *Public Interest Disclosure Act 2013*.

Roles and responsibilities

DHA's purpose is to provide suitable and adequate housing and related services to Australian Defence Force (ADF) members and their families in accordance with section 5 of the DHA Act.

In accordance with service agreements with the Department of Defence (Defence), DHA provides housing and administers Defence policy, including:

- providing housing for members with dependents in accordance with the Services Agreement, known as the Members with Dependents (MWD) program;
- providing housing for members without dependants and unaccompanied members with dependants in accordance with the Member Choice Accommodation (MCA) Agreement, known as the MCA program;
- allocating MWD and MCA housing and delivering end-to-end property and tenancy services to ADF members throughout the life of their tenancies in accordance with Defence policy;
- administering allowances for ADF members renting private accommodation in accordance with Defence policy, known as Rent Allowance; and
- managing a booking and allocation service for on-base accommodation, known as Living-in Accommodation (LIA).

To meet Defence provisioning obligations, DHA develops, or sources from other developers, suitable land to construct housing as well as purchases or leases new and established properties. DHA also provides on-base and regional and/or remote housing services to Defence through a Defence-funded housing program.

DHA's key functions also include servicing its investors, as they are a key source of funding that support the achievement of DHA's purpose to maintain a high quality, well located and compliant property portfolio.

³ A statutory authority is a body created by the Parliament for a specific purpose.

⁴ A corporate Commonwealth entity is a corporate body, established by a law of the Commonwealth but legally separated from it. Corporate Commonwealth entities can act in their own right and exercise certain legal rights such as entering into contracts and owning property.

Subsidiary company

In 2012, with approval from the then Minister for Finance, DHA established DHA Investment Management Limited (DHA IML) as a wholly owned subsidiary company with its own governance structure, including a separate Board of Directors. A member of the DHA Board is Chair of the DHA IML Board.

In late 2017–18, the DHA Board made the decision to surrender DHA IML’s Australian Financial Services Licence for the DHA IML fund and deregister the corporate entity. Deregistration will occur in 2018–19 due to associated processing by the Australian Securities and Investments Commission and the requirement to lodge audited financial statements for the 2017–18 financial year prior to 30 September 2018.

Financial management

As a GBE, DHA must operate commercially, maintain a strong financial position and deliver commercial returns to the Australian Government. DHA does not receive funding directly from the Federal Budget. DHA funds its operations through:

- the receipt of commercial rent, fees and charges from Defence for its services; and
- generating revenue from:
 - selling and leasing back properties through its property investment program⁵;
 - the disposal of excess land and/or finished properties from its developments; and
 - the disposal of properties that no longer meet Defence minimum standards or requirements.

DHA is a full tax-paying entity in relation to federal taxes (e.g. corporate income tax, goods and services tax and fringe benefits tax). DHA also pays state and territory-based taxes (e.g. stamp duty and land tax) or an equivalent in accordance with competitive neutrality requirements.

Standard and Poor’s Rating Services conducts an annual credit rating assessment of DHA. DHA’s standalone credit rating of BBB+ is above the BBB target for GBEs specified by the Australian Government in the GBE Guidelines.

Organisational structure

Figure 1 (refer over the page) shows DHA’s organisational structure, including links to the Australian Government, as at 30 June 2018.

Shareholder Ministers

Two Shareholder Ministers oversee the Australian Government’s interests in DHA: the Minister for Defence and the Minister for Finance. As DHA sits within the Defence portfolio of the Australian Government, the Minister for Defence is DHA’s responsible Minister.

The Minister for Defence may delegate responsibility for DHA operational matters to a Defence portfolio Minister. In 2017–18, the Minister for Defence delegated responsibility for DHA operational matters to the Minister for Defence Personnel.

Board of Directors

DHA’s Board of Directors is the accountable authority of DHA under the PGPA Act and is responsible for the proper and efficient performance of DHA’s functions. Following approval from the Australian Government, DHA’s Shareholder Ministers appoint all non-executive Board members. Board members have a combination of APS, ADF and commercial experience.

⁵ The property investment program is DHA’s primary source of funding. Leased properties comprise approximately 70 per cent of DHA’s MWD and MCA property portfolio.

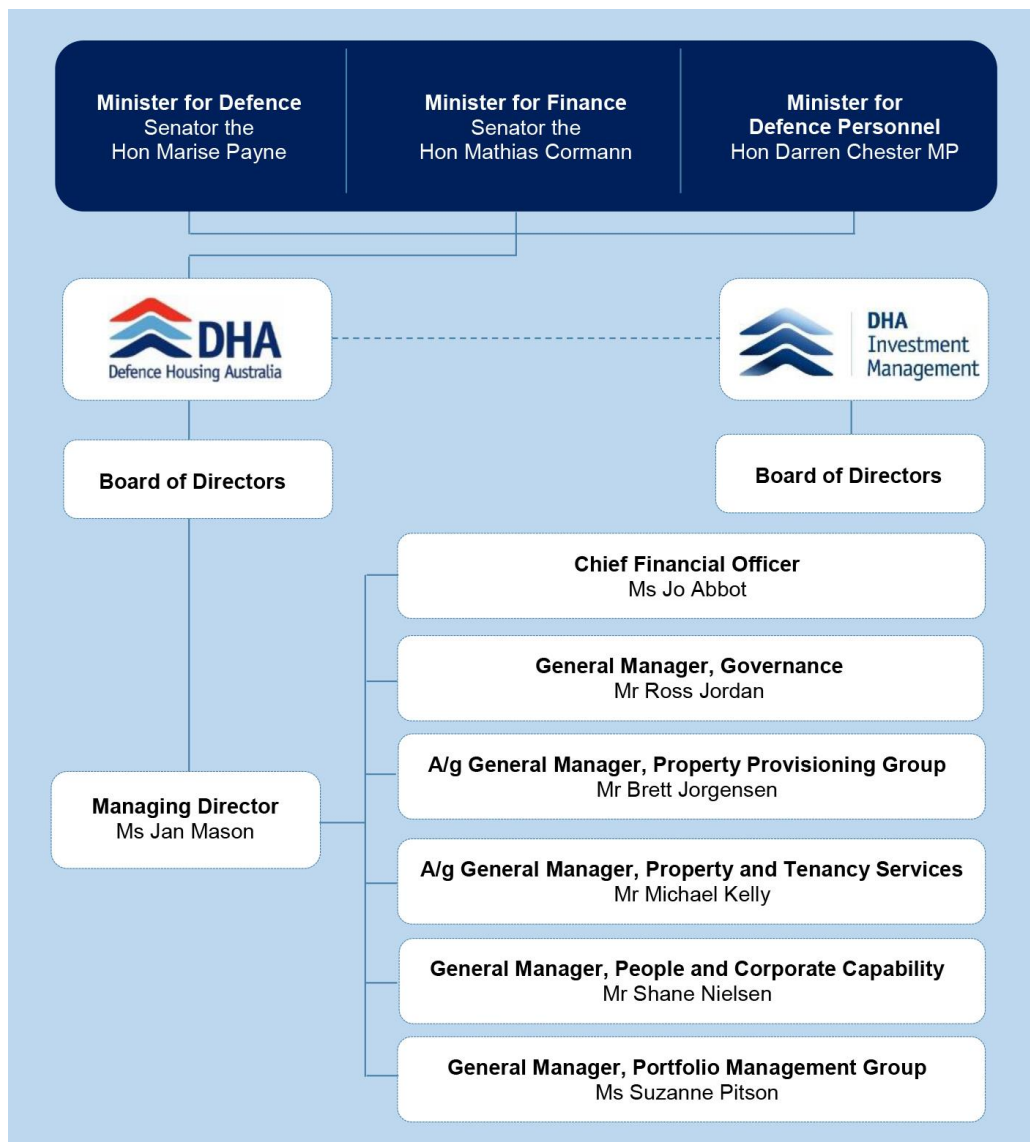
Managing Director

The Managing Director is employed by the Board and is the only executive director of the Board. The Managing Director is responsible for conducting the operational 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.

Senior Executive Group

The Senior Executive Group (SEG) assists the Managing Director to ensure DHA fulfils its role in accordance with the DHA Act. The SEG provides leadership, guides performance, implements and delivers against the Corporate Plan and ensures accountability of DHA's activities. As at 30 June 2018, the SEG comprised the Managing Director and six direct reports.

Figure 1: DHA's organisational structure, 30 June 2018



Staff

Staff are critical to the organisation's success. As at 30 June 2018, DHA employed 645 staff across Australia. The majority of staff (86.7 per cent) were employed on a full time basis. Almost two-thirds (65.1 per cent) of staff were female. Refer to **Table 1** for a breakdown of staff by substantive classification and gender.⁶

Staff in 20 regional offices deliver customer facing services to ADF members and their families and investors in capital cities and major regional centres where the ADF has a presence. They are supported by staff in four regionally based telephone contact centres who are the first point of contact for housing services, maintenance services and the allocation of on-base LIA.

Staff in DHA's head office are responsible for overseeing strategic development, operational programs, corporate governance and corporate support (e.g. information technology, finance, human resources, marketing and communication). Most head office staff work in Canberra, however, the use of flexible working arrangements has enabled some staff to work in DHA's Sydney central business district office or in one of its other regional offices.

Table 1: DHA staff by substantive classification and gender, 30 June 2018 ⁶

Classification	Female		Male		Gender X	
	Headcount	Percentage (%)	Headcount	Percentage (%)	Headcount	Percentage (%)
DHA 1	1	0.2	1	0.4	0	0
DHA 2	0	0.0	0	0.0	0	0
DHA3	58	13.8	15	6.7	0	0
DHA4	141	33.6	35	15.6	0	0
DHA5	74	17.6	41	18.2	0	0
DHA6	65	15.5	36	16.0	0	0
EL1	48	11.4	41	18.2	0	0
EL2	25	6.7	49	21.8	0	0
SESB1–MD01	5	1.2	7	3.1	0	0
Total	420	100.0	225	100.0	0	0

⁶ Employee data includes ongoing and non-ongoing staff at their substantive classification as at 30 June 2018. It excludes inoperative staff (those on long-term leave), staff engaged through an employment agency and Board members. No staff identified as Gender X.

Remuneration strategy

The link between organisational strategy, remuneration and performance

As a corporate Commonwealth entity and GBE, DHA plans and reports in accordance with the:

- PGPA Act and related instruments and policies, including the:
 - PGPA Rule; and
 - *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*;
- GBE Guidelines.

DHA's remuneration strategy:

- supports the strategic purposes of the organisation; and
- enables performance-based reward and recognition of capable employees while being aligned to market practice and being in the interests of its shareholders.

Figure 2 (over the page) shows the alignment between DHA's strategic planning, reporting and individual performance. The key elements of DHA's planning are as follows:

Statement of Corporate Intent

DHA prepares a Statement of Corporate Intent (SCI) annually based on its Corporate Plan. The SCI is a high-level, plain English overview of DHA's key objectives and priorities for the financial year. It is publicly available on [DHA's website](#).

Corporate Plan

DHA reviews and prepares its four-year Corporate Plan (the Plan) annually in accordance with the GBE Guidelines, service agreements with Defence and in consultation with Defence and Finance departmental shareholder units. The Plan sets the strategic direction of the business, including corporate objectives, performance measures and a long term outlook of future priorities.

DHA's Board approves the Plan annually before providing it to Shareholder Ministers for their consideration. In accordance with section 16E(4) of the PGPA Rule, the DHA Board has chosen not to make the Plan publicly available to protect DHA's commercial interests.

Business unit plans

Each division of the business develops an annual business unit plan that incorporates all relevant responsibilities from the Corporate Plan, together with additional activities and measures linked to budget. Within divisions, work groups also develop plans for the delivery of specific programs.

Individual performance agreements

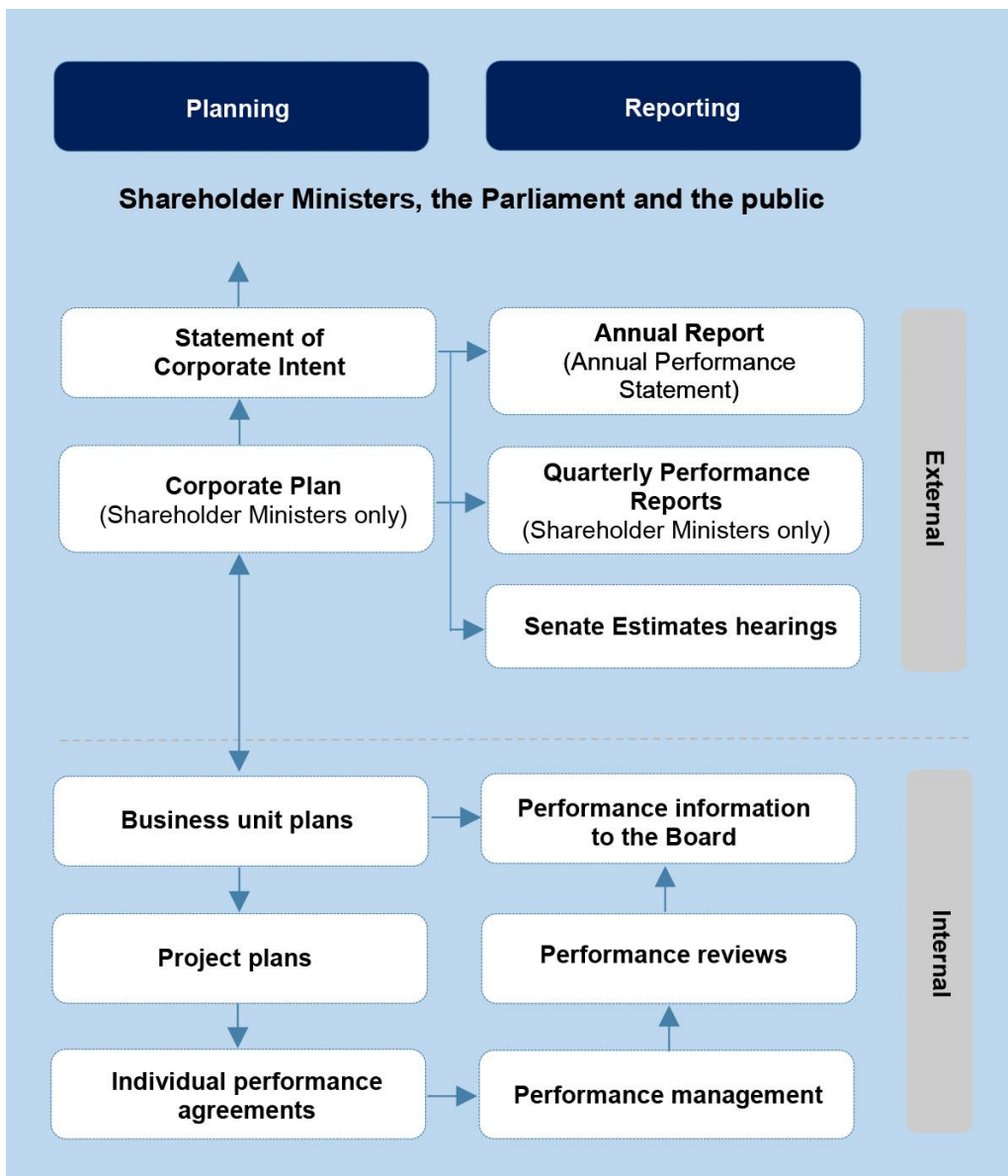
All staff employed for three months or more are required to prepare a performance agreement. Performance agreements provide a structure for supervisors and employees to jointly discuss performance and map strategies and goals that translate corporate strategy (through objectives from the Corporate Plan, through business unit plans) into individual targets and behaviours that can be measured. They also inform potential performance payment ratings for eligible staff (refer to 'Rewards and recognition' over the page and in 'Employee remuneration' on page 18).

Rewards and recognition

Recognition and reward of high performance is a powerful motivator for individuals and teams. Reward and recognition is not limited to financial incentives, however, potential performance bonuses negotiated under DHA's *DHA Enterprise Agreement 2015* (EA) provides DHA with the opportunity to:

- encourage participation in the performance appraisal cycle;
- increase motivation to achieve higher standards of performance and behaviour; and
- recognise exceptional performance and tangibly reward and recognise sustained high performance that has been observed during the annual performance appraisal cycle.

Figure 2: Alignment between strategic planning, reporting and individual performance



Board member remuneration

Background

Part III of the DHA Act establishes DHA's Board of Directors, including its functions, membership, appointments, remuneration, meetings and committees.

The DHA Board appoints committee members, including the respective Chair of each Committee and the Chair of the DHA IML Board. Refer to **Table 2** for details of non-executive DHA Board members and their roles in 2017–18.

A breakdown of the remuneration package for Board members is provided over the page. Refer to **Attachment 1** for disaggregated disclosure of remuneration payable to DHA's non-executive Board members (as part time public office holders) in 2017–18.

Table 2: Non-executive DHA Board members and their roles in 2017–18

Board member	2017–18 roles
Hon J.A.L. (Sandy) Macdonald	DHA Chairman Chair of the DHA Nomination and Remuneration Committee Member of the DHA Board Investment Committee
Mr Martin Brady AO	Member of the DHA Board Chair of the DHA IML Board Chair of the DHA Board Audit Committee Member of the DHA Nomination and Remuneration Committee
Ms Janice Williams	Member of the DHA Board Chair of the DHA Board Investment Committee Member of the DHA Board Audit Committee Member of the DHA Nomination and Remuneration Committee
CDRE Vicki McConachie CSC RANR	Member of the DHA Board Chair of the DHA Advisory Committee Member of the DHA Board Audit Committee
Hon Alan Ferguson	Member of the DHA Board Member of the DHA Board Investment Committee
Mr Robert Fisher AM	Member of the DHA Board Member of the DHA Board Audit Committee Member of the DHA Board Investment Committee
Ms Andrea Galloway	Member of the DHA Board Member of the DHA Board Audit Committee Member of the DHA Board Investment Committee
Mr Ewen Jones	Member of the DHA Board Member of the DHA Board Audit Committee Member of the DHA Board Investment Committee
Mr Paul Logan	Independent member of the Board Audit Committee

Remuneration package

Fees

In accordance with Section 17 of the DHA Act, the Remuneration Tribunal determines the fees and allowances payable to DHA Board members as holders of part time public office.⁷ The tables below set out the gross fees payable to eligible Board members in 2017–18 in accordance with *Determination 2017/10* (effective 1 July 2017).⁸

Board	Date of effect gross fee payable
Chair	\$114,540
Member	\$57,270

Board Audit Committee	Date of effect gross fee payable
Chair	\$15,680
Member	\$7,840

Board Investment Committee	Date of effect gross fee payable
Chair	\$0
Member	\$0

Board Nomination and Remuneration Committee	Date of effect gross fee payable
Chair	\$0
Member	\$0

DHA Advisory Committee	Date of effect gross fee payable
Chair	\$0
Member	\$0

DHA IML Board	Date of effect gross fee payable
Chair	\$15,680
Members	\$0

Superannuation

DHA pays Board members' compulsory employer superannuation contributions in accordance with applicable legislation and fund requirements.

Salary packaging

Board members are entitled to salary packaging, whereby they may elect to have all or part of their fees paid to a complying superannuation fund as a pre-tax salary deduction.

⁷ The Remuneration Tribunal is an independent statutory body established under the *Remuneration Tribunal Act 1973* that oversees the remuneration of key Commonwealth office holders.

⁸ The Commonwealth employs CDRE McConachie and P Logan on a full time basis. For this reason, in accordance with the Tribunal's *Determination 2017/10*, they are not entitled to be remunerated as a part time office holder or independent member of the Board Audit Committee respectively.



Travel and related allowances

DHA coordinates Board members' official business travel and pays related allowances in accordance with the Tribunal's principal determination for official travel by office holders. In 2017–18, this was *Determination 2016/07* (effective 28 August 2016) and *Determination 2017/15* (effective 27 August 2017).

DHA uses whole-of-government procurement arrangements to access competitive travel rates. In doing so, DHA ensures value for money in accordance with the PGPA Act and Australian Government travel policies.

Long term benefits

DHA does not offer long-term incentives to non-executive Board members.

Post-term benefits

DHA does not pay any fees or offer any incentives to non-executive Board members beyond their appointed term.

Managing Director remuneration

Background

Part VI, Division 1 of the DHA Act establishes the duties, appointment, remuneration, allowances and terms and conditions of employment for the Managing Director. The Managing Director is a statutory employee and the only executive director of the Board.

A breakdown of the potential remuneration package for DHA's Managing Director is provided below and over the page. Refer to **Attachment 1** for disaggregated disclosure of remuneration payable to DHA's Managing Director (as a public office holder) in 2017–18.

Remuneration package

In accordance with Section 50 of the DHA Act, the Managing Director's remuneration package is set by the DHA Board in accordance with the parameters of the Remuneration Tribunal's (the Tribunal) determination for Principal Executives Offices (PEO). In 2017–18, this was *Determination 2017/08* (effective 1 July 2017). In summary:

- The DHA Managing Director role is classified as a Band C PEO.
- The Board, as the employing body, sets the Managing Director's remuneration within the framework determined by the Tribunal, following consideration by the Board's Nomination and Remuneration Committee.
- The Tribunal specifies remuneration on a 'total remuneration' basis, which represents the total cost to the employer of salary and allowances, lump sum payments, the employer's superannuation contribution and benefits. Total remuneration does not include performance pay (refer clause 2.12), allowances (refer Part 3), travelling allowances and expenditure (refer Part 4), payment in lieu of annual or long service leave (refer Part 5) or compensation for early loss of office (refer Part 6).
- For members of Commonwealth defined benefits superannuation schemes, the Tribunal specifies salary for superannuation purposes as a maximum percentage of the total remuneration determined by the employing body in accordance with the Determination.
- The Tribunal specifies the amount by which the employing body may adjust the salary band limits annually.

Superannuation

DHA pays the Managing Director's superannuation in accordance with applicable legislation and fund requirements.

Salary packaging

The Managing Director is entitled to salary packaging, whereby they can elect to receive part of their salary in forms other than cash. At DHA, employees may salary package cars (novated lease), additional superannuation and/or head office car parking. Salary packaging is subject to necessary internal approvals.

Performance pay

In accordance with the Tribunal's Determination for PEO, the Managing Director is eligible for performance pay of up to 15 per cent of total remuneration.

Performance requirements and related performance assessments are determined annually by the Board's Nomination and Remuneration Committee and referred to the Board for approval.

Travel and related allowances

DHA coordinates the Managing Director's official business travel and pays related allowances in accordance with the Tribunal's principal determination for official travel by office holders. In 2017–18, this was *Determination 2016/07* (effective 28 August 2016) and *Determination 2017/15* (effective 27 August 2017).

DHA uses whole of government procurement arrangements to access competitive travel rates. In doing so, DHA ensures value for money in accordance with the PGPA Act and Australian Government travel policies.

Other benefits

The Managing Director may undertake professional development, be reimbursed for professional memberships, access various health and wellbeing initiatives and access car parking in accordance with DHA policy and budgetary constraints.

Termination arrangements

Termination arrangements for the Managing Director are outlined in the Remuneration Tribunal's determination for PEO.

Long-term benefits

The Managing Director is entitled to the accrual of statutory long service leave for APS employees.

Post-employment benefits

There are no additional post-employment benefits, entitlements or arrangements in place for the DHA Managing Director other than superannuation.

Substantive executive remuneration

Background

DHA engages Senior Executive Service (SES) employees in accordance with the Public Service Act, the *Public Service Classification Rules 2000* and its SES cap, as managed by the Australian Public Service Commission (APSC). A breakdown of the potential remuneration package for SES employees is provided below and over the page.

For the purposes of complying with the GBE Guidelines, DHA has defined 'executive management' as the Senior Executive Group (SEG) as at 30 June 2018. Refer to page 6 for more information about the SEG. Refer to **Attachment 2** for disaggregated disclosure of remuneration payable to SEG members in 2017–18 where DHA has received written consent to disclose individuals' personal information.

For the purposes of complying with the Secretary of the Department of the PM&C's request, DHA has defined 'substantive executives' as all SES employees. Refer to **Attachment 3** for aggregated disclosure of remuneration payable to DHA substantive executives in 2017–18.

Note that due to DHA's dual reporting requirements, members of the SEG captured in **Attachment 2** are also captured in this aggregated report.

Remuneration package

Remuneration

The Managing Director determines SES employee remuneration in accordance with section 24(1) of the Public Service Act, taking into account the following factors:

- market data for comparable roles⁹;
- the complexity of the role;
- internal relativities; and
- the individual's skills, qualifications and experience.

The Managing Director reviews SES employee remuneration on an annual basis, considering both individual and organisational performance, as well as market conditions.

Superannuation

DHA pays SES employee superannuation in accordance with applicable legislation and fund requirements.

Salary packaging

SES employees are entitled to salary packaging, whereby they can elect to receive part of their salary in forms other than cash. At DHA, employees may salary package cars (novated lease), additional superannuation and/or head office car parking. Salary packaging is subject to necessary internal approvals.

⁹ SES employee roles are benchmarked with comparable roles in the market. External market benchmarks are determined by researching disclosed data from relevant Australian listed companies, the APSC, industry and other GBEs. This information is supplemented by survey data, including [APSC remuneration reports](#) (DHA participates in the annual APS remuneration survey, which informs these reports).

Performance pay

DHA's performance bonus program provides SES employees with the opportunity to receive potential remuneration of up to 15 per cent of their annual gross base salary.

The program is designed to:

- ensure a portion of total remuneration is linked to the achievement of corporate performance; and
- reward SES employees who contribute to DHA's success and achieve their own individual performance measures during the specified period (i.e. financial year).

Each year, the Managing Director determines the performance measures and objectives of the bonus program, participant eligibility and performance outcomes. The Managing Director reviews performance measures for SES employees at least biannually to ensure alignment with DHA's organisational strategies, corporate goals and workforce resources. DHA reviews its performance bonus program annually to ensure it remains competitive with market practice and continues to incentivise SES employees as intended.

Travel and related allowances

DHA coordinates SES employees' official business travel using whole of government procurement arrangements to access competitive travel rates. In doing so, DHA ensures value for money in accordance with the PGPA Act and Australian Government travel policies.

In accordance with DHA's travel policy, SES employees are issued with corporate credit cards for meals and other business related expenditure (e.g. parking, public transport fares, etc.) incurred while on official business travel. SES employees may be eligible for motor vehicle allowance (MVA) where they have received prior approval from the Managing Director to use their own vehicle in lieu of a DHA-paid airfare or hire car. DHA pays MVA in accordance with Australian Taxation Office (ATO) determined rates.

Other benefits

SES employees may undertake professional development, be reimbursed for approved professional memberships, access various health and wellbeing initiatives and access car parking in accordance with DHA policy and budgetary constraints.

Termination arrangements

Termination arrangements for SES employees are guided by the APSC.

Long term benefits

SES employees are entitled to the accrual of statutory long service leave for APS employees.

Post-employment benefits

There are no additional post-employment benefits, entitlements or arrangements in place for DHA SES employees other than superannuation.

Employee remuneration

Background

DHA employees (DHA1 to EL2) are engaged under the Public Service Act. Employee conditions of service and commencing salary are set out in the *DHA Enterprise Agreement 2015* (EA) which came into effect on 18 January 2016.

A breakdown of the potential remuneration package for DHA employees is provided below and over the page. Refer to **Attachment 4** for disclosure of aggregated remuneration of highly paid DHA employees (defined as non-SES employees earning \$200,001 or more) in 2017–18.

Remuneration package

Base salary

Base salary is payable to DHA employees in accordance with Part B (Remuneration) and Appendix 1 of the (EA). In accordance with clause 9 of the EA, a 2 per cent pay increase was payable on the commencement of the EA, and on the 12-month and 24-month anniversary thereof. The following salary scales applied in 2017–18:

DHA level	Pay point	18 January 2017 to 17 January 2018	18 January 2018 to 30 June 2018
DHA trainee (APS technical)	Minimum	\$44,701	\$45,595
	Maximum	\$50,907	\$51,925
Broadband 1			
DHA Level 1 (APS Level 1)	Minimum	\$46,751	\$47,686
	Maximum	\$52,280	\$53,326
DHA Level 2 (APS Level 2)	Minimum	\$51,254	\$52,279
	Maximum	\$57,468	\$58,617
Broadband 2			
DHA Level 3 (APS Level 3)	Minimum	\$57,727	\$58,881
	Maximum	\$63,964	\$65,243
DHA Level 4 (APS Level 4)	Minimum	\$63,784	\$65,059
	Maximum	\$71,275	\$72,700
Broadband 3			
DHA Level 5 (APS Level 5)	Minimum	\$71,860	\$73,298
	Maximum	\$78,435	\$80,003
DHA Level 6 (APS Level 6)	Minimum	\$79,327	\$80,914
	Maximum	\$91,210	\$93,034
Executive Level			
Executive Level 1	Minimum	\$96,310	\$98,236
	Maximum	\$117,538	\$119,889
Executive Level 2	Minimum	\$114,452	\$116,741
	Maximum	\$146,852	\$149,790

Superannuation

In accordance with clause 15 of the EA, DHA makes employer contributions as required by applicable legislation and fund requirements.

Salary packaging

Employees are entitled to salary packaging, whereby they can elect to receive part of their salary in forms other than cash. At DHA, employees may salary package cars (novated lease), additional superannuation and/or head office car parking. Salary packaging is subject to necessary internal approvals.

Flexibility arrangements

In accordance with Part F (Flexible Working Arrangements) of the EA, the Managing Director and a staff member employed under the EA may agree to enter into an individual flexibility agreement (IFA) to vary arrangements about when work is performed, overtime rates, penalty rates, allowances, remuneration and/or leave. An IFA must meet the genuine needs of DHA and the employee in relation to one or more of the aforementioned items and be agreed to by DHA and the employee in writing. IFAs are reviewed at least every six months.

Performance pay and salary increases for exceptional performance

In accordance with clause 11 of the EA, employees may be eligible for an annual performance bonus.¹⁰ Employee performance is reviewed mid-year and at the end of each financial year by their supervisor to assess whether individual targets were exceeded, met or not met. A bonus may be payable where an employee has met or exceeded all targets (or an equivalent as determined by the Managing Director) during the appraisal cycle. The maximum bonus payable in respect of each level is as follows:

Level	Maximum per cent of annual gross base salary
DHA1–DHA4	7.5
DHA5–EL1	12.5
EL2	15.0

In accordance with clause 10.1 of the EA, to recognise exceptional performance, an employee who is assessed as exceeding targets in their performance development agreement will receive a 2 per cent salary increase provided they are not paid more than the maximum salary for their classification level and have been classified at that level for at least six months as at 30 June that year.

Allowances

In accordance with Part H (Allowances) of the EA and DHA policy, EL2 employees and below may be entitled to the payment of various allowances as follows:

- *Higher duties allowance*
Where an employee is required to work at a higher level for a temporary period they may be eligible to be paid a higher duties allowance.
- *Travel and related allowances*
DHA pays employees at EL2 and below allowances for official business travel to cover meals (where not provided) and incidentals unless a corporate credit card is used to pay for business related expenditure.

¹⁰ Ongoing staff who have at least six months of continuous service with DHA during the relevant appraisal cycle and are still employed on 30 June that year may be eligible for a performance payment. Pro rata payments are made where a staff member was employed on a part time basis, on paid or unpaid leave of more than 12 weeks, or commenced at DHA during the appraisal cycle. Non-ongoing casual and agency staff are not entitled to performance pay.

- *Additional roles*

Employees who perform one or more of the following roles are entitled to an additional fortnightly allowance:

- first aid officer;
- fire warden or deputy fire warden;
- harassment contact officer; and/or
- health and safety representative.

Other benefits

Employees may undertake professional development, be reimbursed for professional memberships, access various health and wellbeing initiatives and access car parking in accordance with DHA policy and budgetary constraints.

Termination arrangements

Termination arrangements, including notice period and termination payments, for DHA employees are outlined in Part M (Termination of Employment) of the EA.

Long term benefits

DHA employees are entitled to the accrual of statutory long service leave for APS employees.

Post-employment benefits

There are no additional post-employment benefits, entitlements or arrangements in place for DHA employees other than superannuation.

DHA public office holder remuneration: 2016–17 and 2017–18

All figures rounded to the nearest dollar

Name	Period	Short term benefits			Post-employment	Other long term benefits		Termination benefits	Total remuneration
		Base salary and fees ¹	Short term incentives or bonuses ²	Non-cash benefits ³	Superannuation contributions ⁴	Short term incentive deferral	Long service leave ⁵		
		\$	\$	\$	\$	\$	\$	\$	\$
A Ferguson	2017	55,981	1,568	–	8,615	–	–	–	66,164
	2018	57,079	1,942	–	8,787	–	–	–	67,808
J Williams	2017	63,646	–	–	6,046	–	–	–	69,692
	2018	64,892	–	–	6,062	–	–	–	70,955
R Fisher	2017	64,816	–	–	6,158	–	–	–	70,974
	2018	64,892	–	–	6,165	–	–	–	71,058
A Galloway ⁶	2017	40,010	–	–	6,064	–	–	–	46,074
	2018	64,892	–	–	9,899	–	–	–	74,792
E Jones ⁷	2017	32,373	–	–	5,066	–	–	–	37,439
	2018	64,892	–	–	9,899	–	–	–	74,792
M Brady	2017	92,326	2,148	–	8,771	–	–	–	103,245
	2018	88,334	1,699	–	8,335	–	–	–	98,368
J Macdonald	2017	111,931	4,956	–	10,633	–	–	–	127,521
	2018	114,157	5,052	–	10,845	–	–	–	130,054
J Mason	2017	378,891	38,334	2,813	47,705	–	13,260	–	481,003
	2018	429,733	62,748	3,354	20,049	–	14,936	–	530,820
Total ⁸	2017	839,974	47,006	2,813	99,058	–	13,260	–	1,002,111
	2018	948,871	71,441	3,354	80,041	–	14,936	–	1,118,646

NOTES

- In accordance with section 17 of the *Defence Housing Australia Act 1987* (the DHA Act), the fees payable to DHA Board members are prescribed by the Remuneration Tribunal's determination for holders of part time public office. In accordance with section 50 of the DHA Act, the Managing Director's base salary is determined by the DHA Board within the parameters of the Remuneration Tribunal's determination for Principal Executive Office (PEO) holders.
- For Board members, 'short term incentives or bonuses' includes motor vehicle allowance. For the Managing Director, 'short term incentives or bonuses' includes performance pay for the 2015–16 and 2016–17 performance cycle that was paid in 2016–17 and 2017–18 respectively in accordance with the Remuneration Tribunal's determination for PEO holders.
- For the Managing Director, 'non cash benefits' includes the notional value of a paid car space.
- Superannuation is payable in accordance with applicable legislation and fund requirements.
- Only the Managing Director is eligible for leave provisions, including long service leave.
- A Galloway was appointed to the DHA Board on 9 November 2016.
- E Jones was appointed to the DHA Board on 21 December 2016.
- The Commonwealth employs CDRE McConachie and P Logan on a full time basis. For this reason, in accordance with *Determination 2017/10*, they are not entitled to be remunerated as a part time office holder or independent member of the Board Audit Committee respectively.

Attachment 2

DHA executive management remuneration: 2016–17 and 2017–18

All figures rounded to the nearest dollar

Name	Period ¹	Short term benefits			Post-employment	Other long term benefits		Termination benefits	Total remuneration
		Base salary and fees	Short term incentives or bonuses ²	Non-cash benefits ³	Superannuation contributions ⁴	Short term incentive deferral	Long service leave ⁵		
		\$	\$	\$	\$	\$	\$	\$	\$
J Abbot ⁶	2017	–	–	–	–	–	–	–	–
	2018	219,748	12,793	3,354	32,547	–	8,421	–	276,863
R Jordan	2017	207,175	25,947	2,728	38,367	–	7,139	–	281,354
	2018	210,888	28,760	3,354	39,193	–	7,287	–	289,482
M Kelly ⁷	2017	–	–	–	–	–	–	–	–
	2018	230,404	29,214	3,354	31,581	–	8,249	–	302,802
S Nielsen ⁸	2017	–	–	–	–	–	–	–	–
	2018	253,346	35,183	3,354	38,798	–	8,782	–	339,463
B Jorgensen	2017	247,691	32,976	2,728	44,723	–	8,799	–	336,917
	2018	258,623	39,270	3,354	48,178	–	8,954	–	358,379
Total	2017	454,866	58,921	5,456	83,090	–	15,938	–	618,271
	2018	1,173,009	145,220	16,770	190,297	–	41,693	–	1,566,989

NOTES

1. The table includes remuneration of individuals employed by DHA as members of the Senior Executive Group (SEG) as at 30 June 2017 and 30 June 2018 who provided DHA written consent to disclose their personal information. The table excludes remuneration of:

- individuals who did not provide DHA written consent to disclose their personal information;
- former-SEG members;
- separated employees;
- the Managing Director (refer Attachment 1); and
- monies paid to an estate.

DHA's full remuneration report for 2016–17 is available on its website (refer to www.dha.gov.au/remuneration)

2. 'Short term incentives or bonuses' includes performance pay for the 2015–16 and 2016–17 performance cycle that was paid in 2016–17 and 2017–18 respectively in accordance with DHA's performance bonus scheme, any lease payouts made in service and any motor vehicle allowances payable.
3. 'Non-cash benefits' includes an allowance for the notional value of a paid car space.
4. Superannuation is payable in accordance with applicable legislation and fund requirements.
5. 'Long service leave' includes accrued long service leave liability. It excludes accrued annual leave.
6. J Abbot was appointed as Chief Financial Officer on 1 February 2018. Full year (FY) remuneration for 2017–18 is reported. J Abbot was not a member of the SEG in 2016–17.
7. M Kelly was appointed as Acting General Manager, Property and Tenancy Services on 30 October 2017. FY remuneration for 2017–18 is reported. M Kelly was not a member of the SEG in 2016–17.
8. S Nielsen was appointed as General Manager, People and Corporate Capability on 4 September 2017. FY remuneration for 2017–18 is reported. S Nielsen was not a member of the SEG in 2016–17.

DHA substantive executive employee remuneration: 2017–18

All figures rounded to the nearest dollar

Total remuneration	Executives ¹	Average reportable salary ²	Average contributed superannuation ³	Average allowances ⁴	Average bonus paid ⁵	Average total remuneration
	No.	\$	\$	\$	\$	\$
\$200,000 and less	2	73,525	19,092	0	0	86,221
....
\$250,001 to \$275,000	1	219,249	36,587	0	9,975	264,590
\$275,001 to \$300,000	5	226,282	41,044	25	23,858	281,550
....
\$325,001 to \$350,000	2	255,137	12,697	0	35,047	335,852
Total number of SES	10					

NOTES

- The table includes remuneration of 10 individuals employed by DHA as Senior Executive Service employees as at 30 June 2018 who provided DHA written consent to disclose their personal information. The table excludes remuneration of two (2) separated employees.
- Reportable salary is prepared on a cash basis and is the sum of gross payments (excluding bonuses), reportable fringe benefits (net amount), reportable employer superannuation, contributions and exempt foreign employment income, as reported in an individual's payment summary.
- Contributed superannuation is prepared on a cash basis and defined as follows:
 - For individuals that are in a defined contribution scheme (e.g. PSSap), contributed superannuation includes the defined contribution amounts. This is typically located on the individual's payslips.
 - For individuals that are in a defined benefit scheme (e.g. PSS or CSS), contributed superannuation includes the Notional Employer Contribution Rate (NECR) amount, Employer Productivity Superannuation Contribution (also known as the Productivity Component) and any Additional Lump Sum Contribution paid during the financial reporting period.
- Reportable allowance is prepared on a cash basis using reportable allowances as is equal to the 'total allowances' figure as reported in an individual's payment summary. Reportable allowances excludes any allowances already reported in the gross payments line in the payment summary.
- Bonus paid is prepared on a cash basis and is equal to the actual bonus paid to individuals during the reporting period (as a component of gross payments reported on the individual's payment summary). Figures relate to performance pay for the 2016–17 performance cycle that was paid to eligible SES employees in 2017–18.

DHA highly paid officer remuneration: 2017–18

All figures rounded to the nearest dollar

Total remuneration	Officers ¹	Average reportable salary ²	Average contributed superannuation ³	Average allowances ⁴	Average bonus paid ⁵	Average total remuneration
	No.	\$	\$	\$	\$	\$
\$200,001 to \$225,000	9	168,833	20,634	38	20,292	209,797
\$225,001 to \$250,000	4	195,445	20,759	0	22,805	239,009
\$250,001 to \$275,000	1	202,842	33,709	0	28,063	264,614
....
\$300,001 to \$325,000	1	250,231	37,930	0	19,825	307,986
Total number of staff	15					

NOTES

- The table includes remuneration paid to individuals employed by DHA as at 30 June 2018 who received total remuneration of \$200,001 or more in 2017–18 and provided DHA written consent to disclose their personal information.
The table excludes remuneration paid to:
 - 10 individuals did not provide DHA written consent to disclose their personal information;
 - separated employees;
 - substantive executives (refer Attachments 2 and 3); and
 - the Managing Director (refer Attachment 1).
- Reportable salary is prepared on a cash basis and is the sum of gross payments (excluding bonuses), reportable fringe benefits (net amount), reportable employer superannuation, contributions and exempt foreign employment income, as reported in an individual's payment summary.
- Contributed superannuation is prepared on a cash basis and defined as follows:
 - For individuals that are in a defined contribution scheme (e.g. PSSap), contributed superannuation includes the defined contribution amounts. This is typically located on the individual's payslips.
 - For individuals that are in a defined benefit scheme (e.g. PSS or CSS), contributed superannuation includes the Notional Employer Contribution Rate (NECR) amount, Employer Productivity Superannuation Contribution (also known as the Productivity Component) and any Additional Lump Sum Contribution paid during the financial reporting period.
- Reportable allowance is prepared on a cash basis using reportable allowances as is equal to the 'total allowances' figure as reported in an individual's payment summary. Reportable allowances excludes any allowances already reported in the gross payments line in the payment summary.
- Bonus paid is prepared on a cash basis and is equal to the actual bonus paid to individuals during the reporting period (as a component of gross payments reported on the individual's payment summary). Figures relate to performance pay for the 2016–17 performance cycle that was paid to eligible employees in 2017–18.