

DEFENCE HOUSING AUTHORITY

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AUTHORITY OVERVIEW

The Defence Housing Authority is a single-focus organisation directed at meeting the housing needs of Australian Defence Force families. The Authority's mission statement detailed below is directed at meeting this objective in the most efficient and effective manner:

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

The Defence Housing Authority was established as a statutory authority in 1987, under the *Defence Housing Authority Act 1987*, and began operations on 1 January 1988.

The Authority is a non-budget funded organisation deriving virtually all of its operating income from charging the Department of Defence rent for houses provided to Defence. The Authority is progressively assuming the function of allocating houses to Service families which traditionally has been performed by Defence.

It should be noted that the Authority is not required to complete a corporate plan until 31 May 2000 and that the financial projections included in the 2000-01 estimates have yet to be endorsed by the Authority's Board.

During 2000-01, the Authority expects to manage 18,378 houses to meet in excess of 85% of Defence's total housing requirement for ADF families.

The Authority plans to acquire 815 new properties during 2000-01, principally to replace old stock and properties where the lease is expiring. It plans to sell 765 houses, under sale-and-leaseback arrangements, and dispose of a further 934 houses which are no longer required.

The Authority is in the process of moving to arrangements whereby it provides all housing for ADF families. Tenant satisfaction, which is currently assessed at 86%, is expected to remain at or above this level.

The financial plan also provides for a special dividend of \$400m to be paid to shareholders in 2000-01. A further special dividend of \$250m is planned for 2001-02.

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OUTCOME AND OUTPUT INFORMATION

Outcome

To contribute to the Defence outcome by providing total housing services that meet Defence operational and client needs through a strong customer and business focus.

Output

The provision of Defence housing services.

Output Performance Indicators

Quality:	Community standard housing
Quantity:	18,378 houses by 30 June 2001.
Price:	Average cost to Defence will be \$323 per week per house.

Achievement of planned performance will be reported in the annual report of the Defence Housing Authority and monitored through the governance arrangements for Commonwealth government business enterprises.

Appropriation

The Defence Housing Authority is non-budget funded. For details on the Authority's funding arrangements, see *Section Two* of the Authority's budget statements.

The average full-time equivalent staffing levels for the Authority are 290 in 1999-2000 and 340 in 2000-01.

Evaluations

During 2000-01, it is expected that a review of the Authority's enabling legislation will be finalised.

Competitive tendering and contracting

All contracts for the construction and maintenance of houses are arranged on a competitive basis.

Purchaser/Provider Arrangements

The Defence Housing Authority provides houses to Department of Defence based on an advised Defence housing requirement. The arrangement is an arms-length arrangement based on utilising rents from the market valuation of the Authority's houses. Further information on the arrangement is contained in *Section One* of Defence's budget statements.

DEFENCE HOUSING AUTHORITY

SECTION TWO FINANCIAL STATEMENTS

BUDGETED STATEMENT OF REVENUES AND EXPENSES

BUDGETED STATEMENT OF ASSETS AND LIABILITIES

BUDGETED CASH FLOW STATEMENT

CAPITAL BUDGET

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BUDGETED FINANCIAL STATEMENTS

The following budgeted financial statements for the Defence Housing Authority are presented in this section. The budgeted financial statements will form the basis of the financial statements that will appear in the Defence Housing Authority 2000-2001 annual report, and form the basis for the input into the Whole of Government Accounts.

Budgeted Statement of Revenues and Expenses (Budgeted Operating Statement)

This statement provides a picture of the expected financial results for the Authority by identifying full accrual expenses and revenues, which highlights whether the Authority is operating at a sustainable level in the short run.

Budgeted Statement of Assets and Liabilities (Budgeted Balance Sheet)

Shows the financial position of the Authority. It enables decision-makers to track the management of the Authority's assets and liabilities.

Budgeted Cash Flow Statement

Budgeted cash flows, as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Capital Budget

Shows all proposed capital expenditure funded from internal sources.

Non-financial Assets - Summary of Movement

This statement shows only the Budget year 2000-01.

Table 2.1: Budgeted Statement of Revenues and Expenses

	Estimated Actual 1999-2000 \$'000	Budget Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000	Estimated 2003-04 \$'000
Revenues					
Sales of goods and services	269,160	300,921	281,885	280,109	278,370
Net gains from sale of assets	4,607	-	4,102	2,091	-
Other sources of non-taxation revenue	-	68,900	68,600	68,400	68,700
Interest and dividends	-	3,666	1,970	3,148	2,926
Total Revenue	273,767	373,487	356,557	353,748	349,996
Expenses					
Employees	14,634	14,634	14,634	14,634	14,634
Suppliers	194,654	223,372	232,533	232,221	226,361
Depreciation and amortisation	35,517	17,134	15,540	14,021	14,404
Net losses from sale of assets	-	19,422	-	-	511
Interest and other financing costs	-	6,000	16,000	20,000	20,000
Total Expenses	244,805	280,562	278,707	280,876	275,910
Operating result	28,962	92,925	77,850	72,872	74,086
Accumulated surpluses at 1 July	427,254	438,839	63,370	85,168	105,573
Total available for appropriation	456,216	531,764	141,220	158,040	179,659
Dividends and CUC	(17,377)	(36,799)	(32,697)	(30,606)	(31,116)
Transfers (to)/from reserves	-	(31,595)	226,645	(21,861)	(22,226)
Cash transfers to OPA	-	(400,000)	(250,000)	-	-
Accumulated surpluses at 30 June	438,839	63,370	85,168	105,573	126,317

Table 2.2: Budgeted Statement of Assets and Liabilities

	Estimated Actual 1999-2000 \$'000	Budget Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000	Estimated 2003-04 \$'000
ASSETS					
Financial assets					
Cash	131,534	75,004	114,290	106,866	55,916
Receivables	5,491	5,491	5,491	5,491	5,491
Other	9,566	9,566	9,566	9,566	9,566
Total financial assets	146,591	90,061	129,347	121,923	70,973
Non-financial assets					
Land and buildings, property plant & equipment	1,742,160	1,617,457	1,474,912	1,528,594	1,630,411
Inventories	6,910	6,910	6,910	6,910	6,910
Total non-financial assets	1,749,070	1,624,367	1,481,822	1,535,504	1,637,321
Total Assets	1,895,661	1,714,428	1,611,169	1,657,427	1,708,294
LIABILITIES					
Debt	-	150,000	250,000	250,000	250,000
Total debt	-	150,000	250,000	250,000	250,000
Provisions and payables					
Employees provisions	3,000	3,000	3,000	3,000	3,000
Provision of goods and services - suppliers	74,755	102,491	107,670	113,619	121,397
Total provisions and payables	77,755	105,491	110,670	116,619	124,397
Total Liabilities	77,755	255,491	360,670	366,619	374,397
Net assets	1,817,906	1,458,937	1,250,499	1,290,808	1,333,897
EQUITY					
Total accumulated results	438,839	63,370	85,168	105,573	126,316
Other reserves:	641,277	666,014	440,598	462,326	484,672
Total capital:	737,790	729,553	724,733	722,909	722,909
Total Equity	1,817,906	1,458,937	1,250,499	1,290,808	1,333,897

Table 2.3: Budgeted Cash Flow Statement

	Estimated Actual 1999-2000 \$'000	Budget Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000	Estimated 2003-04 \$'000
OPERATING ACTIVITIES					
Cash received					
Other receipts	290,280	372,248	378,933	375,626	374,911
Total cash received	290,280	372,248	378,933	375,626	374,911
Cash used					
Total cash used for operating activities	217,601	234,453	280,364	282,784	278,643
Total Cash Used	217,601	234,453	280,364	282,784	278,643
Net cash from operating activities	72,679	137,795	98,569	92,842	96,268
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property plant & equipment and intangibles	443,243	307,203	343,495	255,295	278,490
Total cash received	443,243	307,203	343,495	255,295	278,490
Cash used					
Purchase of property plant & equipment and intangibles	271,721	202,556	192,624	301,003	372,876
Total cash used	271,721	202,556	192,624	301,003	372,876
Net cash from investing activities	171,522	104,647	150,871	(45,708)	(94,386)
FINANCING ACTIVITIES					
Cash received					
Cash received from borrowings	-	150,000	100,000	-	-
Total cash received	-	150,000	100,000	-	-
Cash used					
Repayment of borrowings	110,000	-	-	-	-
Repayment of other financing activities	-	31,595	23,355	21,861	22,226
Cash used for dividends	21,984	17,377	286,799	32,697	30,606
Cash transfers to OPA	-	400,000	-	-	-
Total cash used	131,984	448,972	310,154	54,558	52,832
Net cash from (to) financing activities	(131,984)	(298,972)	(210,154)	(54,558)	(52,832)
Net Increase (Decrease) in cash held	112,217	(56,530)	39,286	(7,424)	(50,950)
Cash at 1 July	19,317	131,534	75,004	114,290	106,866
Cash at 30 June	131,534	75,004	114,290	106,866	55,916

Table 2.4: Capital Budget

PURCHASE OF NON-CURRENT ASSETS	Estimated Actual 1999-2000 \$'000	Budget Estimated 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000	Estimated 2003-04 \$'000
Capital payments budget					
Purchase of property plant & equipment	271,721	202,556	192,624	301,003	372,876
Total	271,721	202,556	192,624	301,003	372,876

Table 2.5: Non-Financial Assets – Summary of Movement

Budget Year 2000-01	Land	Building	Total Land & Building	Other Infra-structure	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Value					
Gross Value as at 1 July 2000	669,422	1,117,303	1,786,725	15,947	1,802,672
Additions	80,600	120,956	201,556	1,000	202,556
Revaluations	6,600	9,900	16,500	-	16,500
Disposals	-133,000	-199,709	-332,709	-	-332,709
Gross value 30 June 2001	623,622	1,048,450	1,672,072	16,947	1,689,019
Accumulated Depreciation as at 1 July 2000	-	46,517	46,517	13,995	60,512
Charge for the reporting period	-	15,334	15,334	1,800	17,134
Disposals	-	(6,084)	(6,084)	-	(6,084)
Accumulated Depreciation as at 30 June 2001	-	55,767	55,767	15,795	71,562
Net Book Value as at 30 June 2001	623,622	992,683	1,616,305	1,152	1,617,457
Net book Value as at 1 July 2000	669,422	1,070,786	1,740,208	1,952	1,742,160