

Aboriginal Hostels Limited

**Agency resources and planned
performance**

ABORIGINAL HOSTELS LIMITED

Section 1: Agency Overview and Resources	131
1.1 Strategic Direction	131
1.2 Agency resource statement	133
1.3 Budget measures.....	134
Section 2: Outcomes and planned performance	135
2.1 Outcomes and performance information	135
Section 3: Explanatory tables and budgeted financial statements	138
3.1 Explanatory tables	138
3.2 Budgeted financial statements	140

Aboriginal Hostels Limited

Section 1: Agency Overview and Resources

1.1 STRATEGIC DIRECTION

The purpose of Aboriginal Hostels Limited (AHL) is to provide accommodation for Aboriginal and Torres Strait Islander peoples seeking access to mainstream services such as health, education and employment.

AHL owns and manages a range of accommodation services across Australia to improve Indigenous Australians' access to services and acquire the life skills necessary to make informed choices about their future, meet the demands of employment and urban social environments and take the necessary skills and training back to their communities.

AHL will set targets in four major areas of activity in 2008–09:

- Management and partnerships

AHL will seek relationships with employers in regional, rural, mining and remote communities to seek, attract and sustain Indigenous employment where there are training and development opportunities, especially in the mining and agricultural industries. AHL will also seek relationships with educational bodies to increase Indigenous student participation and health organisations to improve Indigenous health outcomes.

- Access services for Indigenous Australians

In 2008–09 AHL will develop new access strategies for education, health and employment through research to determine the areas most in need. AHL plans to introduce new performance indicators for client outcomes in employment, education and health.

- Marketing

AHL intends to market the company externally by highlighting its expertise as a skilled service provider for Indigenous communities. Regional managers will expand their role to include active networking and marketing of AHL to state government, local government and businesses.

- Human resources

AHL will review its human resource internal systems to improve efficiency. The review also aims to achieve better recognition of regional skills, better regional accountability and recognition of staff achievements.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Aboriginal Hostels Limited resource statement — Budget estimates for 2008–09 as at Budget May 2008

Source	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Available Appropriation 2007-08 \$'000
OPENING BANK BALANCE/RESERVES ¹	-	11,578	11,578	12,983
REVENUE FROM GOVERNMENT				
Ordinary Annual Services ²				
Outcome 1: Hostels	-	34,281	34,281	33,675
Other services ³				
Non-Operating - Equity Injections	-	6,472	6,472	16,230
Total Annual Appropriations	-	40,753	40,753	49,905
Payments from related entities ⁴				
Grants and Subsidies				
Department of Health and Ageing	-	3,195	3,195	2,800
Indigenous Youth Mobility Program	-	1,706	1,706	1,706
Total payments from related entities ⁵	-	4,901	4,901	4,506
Total Funds from Government	-	45,654	45,654	54,411
FUNDS FROM OTHER SOURCES				
Accommodation Charges	-	8,528	8,528	8,200
Interest	-	500	500	500
Other	-	120	120	120
Total ⁵	-	9,148	9,148	8,820
Total net resourcing for Agency	-	66,380	66,380	76,214

All figures are GST exclusive

Aboriginal Hostels Limited is not directly appropriated as it is a *Commonwealth Authorities and Companies Act 1997* body. Appropriations are made to the Department of Families, Housing, Community Services and Indigenous Affairs which are then paid to Aboriginal Hostels Limited and are considered 'departmental' for all purposes.

¹ Cash funds built up to meet pending commitments for new hostels and to fund replacement of existing assets and supporting systems nearing the end of their useful life

² Appropriation Bill (No.1) 2008-09

³ Appropriation Bill (No.2) 2008-09

⁴ Funding provided by another Government body

⁵ This represents total revenue for other services as shown in Table 2.1 of \$14,049 (\$4,901 + \$9,148)

Third Party Drawdowns from and on behalf of other agencies

AHL does not have any Third Party Drawdowns from and on behalf of other agencies.

1.3 BUDGET MEASURES

AHL has no measures in the 2008-09 Budget.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of AHL in achieving Government outcomes.

2.1.1 Outcome 1: Hostels

Outcome 1 Strategy

The outcome of AHL is to provide temporary accommodation that assists Aboriginal and Torres Strait Islander people to achieve personal goals to obtain dignity and equity in the Australian community.

Outcome 1 Resource statement

Table 2.1.1 provides additional detail of Budget appropriations and the total resourcing for Outcome 1.

Table 2.1.1: Total resources for Outcome 1

	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Departmental Appropriations		
Output 1.1 Company owned and operated hostels	27,881	27,275
Subtotal for Output Group 1.1	27,881	27,275
Output 1.2 Community operated hostels	6,400	6,400
Subtotal for Output Group 1.2	6,400	6,400
Total revenue from Government (appropriations) contributing to price of departmental outputs	34,281	33,675
Revenue from other sources		
Output 1.1 - Company owned and operated hostels	12,249	11,526
Output 1.2 - Community operated hostels	1,800	1,800
Total revenue from other sources	14,049	13,326
Total price from departmental outputs (Total revenue from Government and from other sources)	48,330	47,001
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	48,330	47,001
<hr/>		
Average staffing level (number)	2008-09 415	2007-08 415

(B1) - Annual Appropriation Bill 1 (Ordinary Annual Services)

(B2) - Annual Appropriation Bill 2 (Other Services)

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Output Group 1.1: Company owned and operated hostels	
Output Group 1.1 contributes to the achievement of Outcome 1 by providing temporary accommodation at company owned and operated hostels that assists Aboriginal and Torres Strait Islander people to achieve personal goals to obtain dignity and equity in the Australian community.	
Key Performance Indicators	2008–09 Target
Quality – average occupancy level in company owned hostels bed occupancy rate	70 per cent
Quality – percentage of residents who were satisfied with the accommodation provided	75 per cent
Quantity – Number of beds	1,520

Output Group 1.2: Community Operated Hostels	
Output 1.2 contributes to the achievement of Outcome 1 by providing temporary accommodation at community operated hostels that assists Aboriginal and Torres Strait Islander people to achieve personal goals to obtain dignity and equity in the Australian community.	
Key Performance Indicators	2008–09 Target
Quality – average occupancy level in company owned hostels bed occupancy rate	70 per cent
Quality – percentage of residents who were satisfied with the accommodation provided	75 per cent
Quantity – Number of beds	1,700

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the Budget year 2008–09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the budget year. Outcome resource statements include details of the expected use of available resources in contributing towards outcomes in the budget year. The difference between the agency level resource statement and the sum of all outcome resource statements is the expected carry-forward amount of resources for the 2009–10 Budget year, including amounts related to meeting future obligations to maintain the agency’s asset base and to meet employee entitlement liabilities. Table 3.1.1 reconciles the total available appropriation and amounts attributable to all outcomes.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	34,281
Less total attributed in outcome resource statements	34,281
Estimated departmental operating appropriation carry-forward for 2009-10 (outputs)	-

3.1.2 Movement of administered funds between years

AHL has no administered funds for 2008–09.

3.1.3 Special Accounts

AHL has no Special Accounts for 2008–09.

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other ¹	Total	Output Group
	Bill No. 1	Bill No. 2	Special Approp	Total Approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	(G)
Agency Aboriginal Hostels Ltd							
Outcome 1							
Hostels/Aboriginal Hostels Ltd							
Departmental 2008-09	27,881	6,472	-	34,353	12,249	46,602	1.1
	6,400	-	-	6,400		6,400	1.2
<i>Departmental 2007-08</i>	<i>27,275</i>	<i>16,230</i>	<i>-</i>	<i>43,505</i>	<i>11,526</i>	<i>55,031</i>	<i>1.1</i>
	<i>6,400</i>	<i>-</i>	<i>-</i>	<i>6,400</i>		<i>6,400</i>	<i>1.2</i>
Total Outcome 2008-09	34,281	6,472	-	40,753	12,249	53,002	
<i>Total Outcome 2007-08</i>	<i>33,675</i>	<i>16,230</i>	<i>-</i>	<i>49,905</i>	<i>11,526</i>	<i>61,431</i>	
Total AGIE 2008-09	34,281	6,472	-	40,753	12,249	53,002	
<i>Total AGIE 2007-08</i>	<i>33,675</i>	<i>16,230</i>	<i>-</i>	<i>49,905</i>	<i>11,526</i>	<i>61,431</i>	

¹: \$1.8 million of grant income is excluded from Other to avoid double counting of expenditure included in AGIE summary for the Department of Health and Ageing. If the figure is included, other income total would be \$14.049 million (\$12.249 million for Output 1.1+ \$1.8 million for Output 1.2) resulting in total Output Group of \$54.802 million

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no significant differences between the resource information presented in the Budget Papers and Portfolio Budget Statements (PB Statements) as a result of differences between Australian Accounting Standards (AAS) and Government Finance Statistics (GFS). Furthermore, there are no differences which arise because of related entity transactions.

3.2.2 Analysis of budgeted financial statements

An analysis of the primary causes of movements from the financial statements published in the 2007–08 PB Statements is provided below.

Budgeted departmental income statement

This statement provides a picture of the expected financial results for AHL by identifying full accrual expense and revenues, which highlights whether AHL is operating at a sustainable level.

Total revenue

Operating income from Government has increased by \$0.6 million in 2008–09 as a result of additional operating funds for Kununurra Secondary Education Hostel (\$0.3 million) and Fire Safety depreciation (\$0.1 million) and net increase in on-going operational costs of \$0.2 million.

Accommodation charges have increased due to revision of tariff rates in line with the increase in Centrelink benefits and the planned opening of new hostels such as Kununurra Secondary Education Hostel and Renal Dialysis hostel in Townsville.

Indigenous Youth Mobility Program (IYMP) is a four-year program ending on 30 June 2009. \$13.6 million has been received to date. A further \$1.7 million is due in 2008–09 with a final payment of \$0.4 million due in 2009–10.

Total Expenses

Salaries and employee benefits: These have been increased by \$0.56 million as a result of new AHL hostels and new hostels under the IYMP program.

Suppliers: This includes food, materials, services and sundry expenses.

Depreciation and Amortisation: Higher level of depreciation expenditure flow from the acquisition costs for Fire Safety works across all AHL sites of \$5.4 million over the three financial years to 2009–10.

Grants: This item represents the community hostels grants of a capital and operating nature to approved organisations to operate hostels.

Budgeted departmental balance sheet

This statement shows the financial position of AHL. It helps decision-makers to track the management of assets and liabilities.

The major variations between estimated actuals for 2007–08 and the budget for 2008–09 in the Balance Sheet are as follows:

- Investment activity in non-current assets continues to increase in 2008–09 due to the capital equity injections for the fire safety upgrades (\$1.2 million), Renal Dialysis Hostels (\$3.7 million) and Noongah Elders Home in Perth (\$1.6 million).
- The cash balance reflects the nature of hostel major maintenance and construction works as they normally take 2-3 years to complete. Consequently, actual payments are spread over two financial years resulting in higher than normal cash balance.
- The receivables are fairly stable and include items such as GST refunds due from Australian Taxation Office and trade debtors.
- Liabilities are expected to remain at similar level for the next three financial years.

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provide 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.

The major variations between estimated actuals for 2007–08 and budget for 2008–09 in the Statement of Cash Flows are as follows:

- The increase in total cash to be received in 2008–09 is linked to the increase in Commonwealth appropriation and higher level of accommodation charges collected (\$0.5 million cash impact).

- The trend in payments to suppliers and employees is in line with the comments provided under the expenses category in the Income Statement.
- The purchase of property, plant and equipment increases in 2008–09 due to the use of the capital equity injections for the fire safety upgrades (\$1.2 million), Renal Dialysis Hostels (\$3.7 million) and Noongah Elders Home in Perth (\$1.6 million).

Departmental statement of changes in equity – summary of movement

The changes in the statement of equity is represented by \$0.1 million surplus for the 2008–09 financial year and \$6.5 million capital equity injections for the fire safety upgrades (\$1.2 million), Renal Dialysis Hostels (\$3.7 million) and Noongah Elders Home in Perth (\$1.6 million).

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Accommodation Charges	8,200	8,528	8,869	9,000	9,427
Appropriations	33,675	34,281	36,723	42,029	42,026
Grants and Subsidies					
Department of Health and Ageing	2,800	3,195	4,213	1,800	1,800
Indigenous Youth Mobility Program	1,706	1,706	476	-	-
Interest	500	500	500	500	500
Other	120	120	120	120	120
Total income	47,001	48,330	50,901	53,449	53,873
EXPENSE					
Employees	23,293	23,853	25,704	27,283	27,321
Suppliers	12,249	12,385	12,910	13,200	13,200
Grants	8,200	8,200	8,200	8,200	8,200
Depreciation and amortisation	2,858	3,491	3,686	4,365	4,951
Write-down of assets and impairment of assets	200	200	200	200	100
Other	200	200	200	200	100
Total expenses	47,000	48,329	50,900	53,448	53,872
Surplus (Deficit) before income tax	1	1	1	1	1
Surplus (deficit) attributable to the Australian Government	1	1	1	1	1

Prepared on Australian Accounting Standards basis

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	11,578	10,179	8,592	12,151	12,152
Trade and other Receivables	1,197	1,703	2,634	3,687	4,366
Total financial assets	12,775	11,882	11,226	15,838	16,518
Non-financial assets					
Land and buildings	64,643	70,939	73,037	69,254	69,254
Infrastructure, plant and equipment	4,953	6,038	8,432	7,650	6,971
Total non-financial assets	69,596	76,977	81,469	76,904	76,225
Total assets	82,371	88,859	92,695	92,742	92,743
LIABILITIES					
Provisions					
Employees	3,361	3,376	3,421	3,467	3,467
Payables					
Suppliers	632	632	632	632	632
Total liabilities	3,993	4,008	4,053	4,099	4,099
Net assets	78,378	84,851	88,642	88,643	88,644
EQUITY*					
Parent entity interest					
Contributed equity	70,899	77,371	81,161	81,161	81,161
Retained surpluses or accumulated deficits	7,479	7,480	7,481	7,482	7,483
Total equity	78,378	84,851	88,642	88,643	88,644
Current assets	12,775	11,882	11,226	15,838	16,518
Non-current assets	69,596	76,977	81,469	76,904	76,225
Current liabilities	3,194	3,206	3,242	3,279	3,279
Non-current liabilities	799	802	811	820	820

*Note: 'equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis

Table 3.2.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Accommodation Charges	7,553	8,022	7,938	7,947	8,748
Appropriations	33,675	34,281	36,723	42,029	42,026
Grants and Subsidies	5,003	4,901	4,689	1,800	1,800
Interest	524	500	500	500	500
Other	120	120	120	120	120
Total cash received	46,875	47,824	49,970	52,396	53,194
Cash used					
Employees	22,421	23,098	24,796	26,325	26,375
Suppliers	12,610	13,325	13,973	14,312	14,246
Grants	8,200	8,200	8,200	8,200	8,200
Total cash used	43,231	44,623	46,969	48,837	48,821
Net cash from or (used by) operating activities	3,644	3,201	3,001	3,559	4,373
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	21,279	11,072	8,378	-	4,372
Net cash from or (used by) investing activities	(21,279)	(11,072)	(8,378)	-	(4,372)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	16,230	6,472	3,790	-	-
Net cash from or (used by) financing activities	16,230	6,472	3,790	-	-
Net increase or (decrease) in cash held	-1,405	-1,399	-1,587	3,559	1
Cash at the beginning of the reporting period	12,983	11,578	10,179	8,592	12,151
Cash at the end of the reporting period	11,578	10,179	8,592	12,151	12,152
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	16,230	6,472	3,790	-	-
Net cash from or (used by) financing activities	16,230	6,472	3,790	-	-
Net increase or (decrease) in cash held	-1,405	-1,399	-1,587	3,559	1
Cash at the beginning of the reporting period	12,983	11,578	10,179	8,592	12,151
Cash at the end of the reporting period	11,578	10,179	8,592	12,151	12,152

Prepared on Australian Accounting Standards basis

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008–09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	61,933	-	-	16,445	78,378
Surplus (deficit) for the period	1	-	-		1
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	6,472	6,472
Estimated closing balance as at 30 June 2009					
	61,934	-	-	22,917	84,851

Prepared on Australian Accounting Standards basis

3.2.4 Notes to the financial statements

The financial statements have been prepared in accordance with Australian Equivalent of International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements are prepared on an accrual basis and in accordance with historical cost convention.

The accounting policies adopted that underpin these statements are consistent with those applied in 2007–08.

Reference should be made to AHL's Annual Report 2007–08 for detailed disclosure of AHL's accounting policies.