



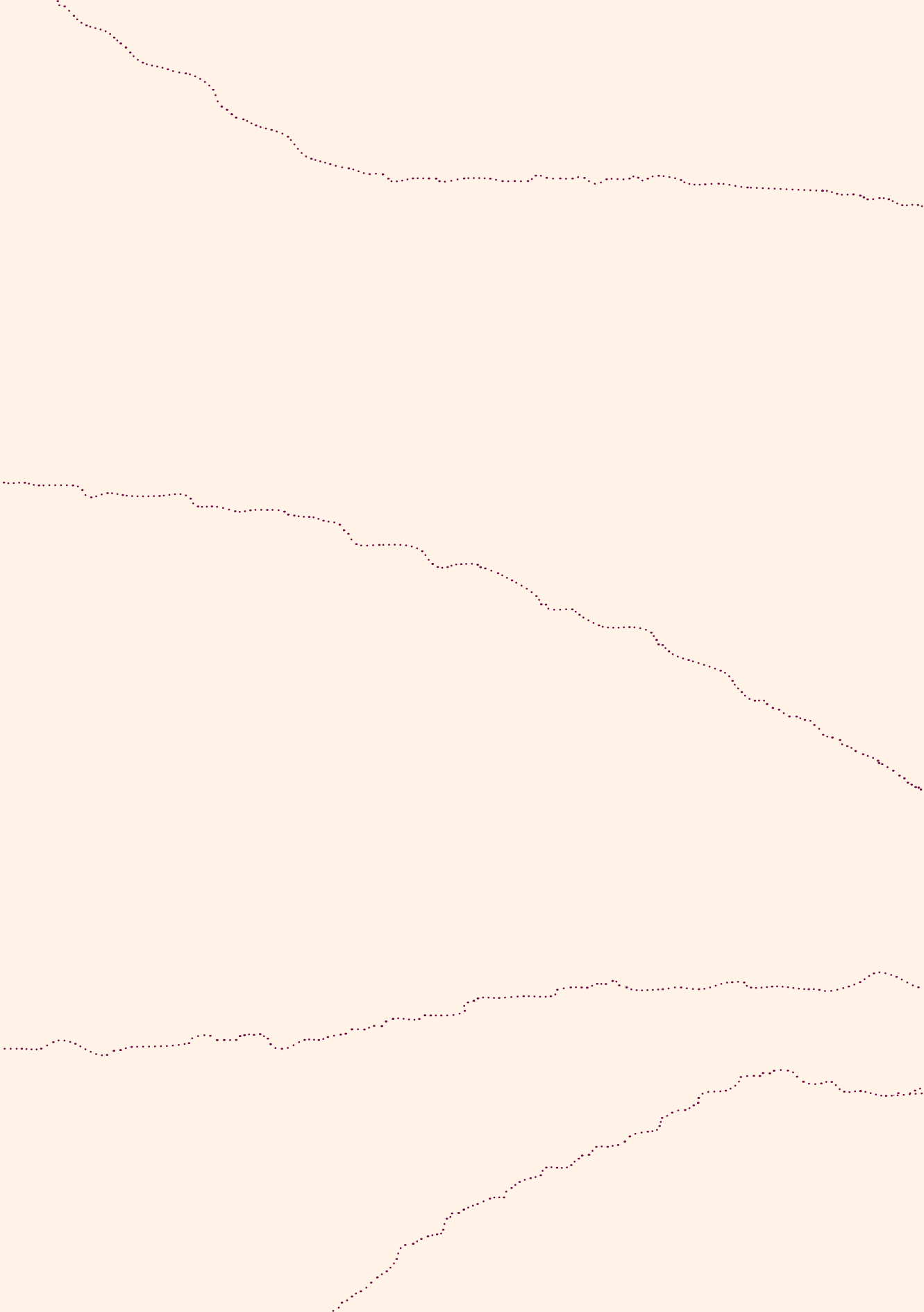
Australian Government  
Aboriginal Hostels Limited




ABORIGINAL HOSTELS LIMITED

# Annual Report

## 2017-18





ABORIGINAL HOSTELS LIMITED

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# Annual Report

## 2017-18



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# Aboriginal Hostels Limited

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ISSN: 0313-2129 (Print)

ISSN: 1447-3410 (Online)

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# Letter of transmittal

21 September 2018

Senator the Hon Nigel Scullion  
Minister for Indigenous Affairs  
Parliament House  
CANBERRA ACT 2600

Dear Minister

On behalf of the Board of Aboriginal Hostels Limited (AHL), I am pleased to submit our Annual Report for the financial year ended 30 June 2018.

This report was prepared in accordance with section 97 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and Chapter 2M of the *Corporations Act 2001*. Under section 97 of the PGPA Act, AHL is required to provide you a copy of its Annual Report, which includes its Financial Report and Directors' Report and the Independent Auditor's Report.

This Annual Report and the audited Financial Statements were approved in accordance with a resolution of the AHL Board of Directors on 21 September 2018.

AHL delivers essential accommodation services to Aboriginal and Torres Strait Islander families, students and people pursuing life opportunities that are not accessible in their home communities. This report covers those activities for the 2017–18 financial year.

I commend this report to you as a record of AHL's achievements and compliance.

Yours sincerely



Dr Susan Gordon AM  
Chairperson, Aboriginal Hostels Limited

**Better Lives, Better Futures...**

National Office • PO Box 30, WODEN ACT 2606 • p 02 6212 2001 • f 02 6212 2022 • ahl.gov.au

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# Guide to the report

This Annual Report describes the management and performance of Aboriginal Hostels Limited (AHL) in the financial year from 1 July 2017 to 30 June 2018.

It fulfils the reporting requirements set out in legislation, including the *Corporations Act 2001* and the *Public Governance, Performance and Accountability Act 2013*, and performance measures set out in the Australian Government Portfolio Budget Statements.

## The report is in four parts:

1. **Overview** delivers messages from the Chairperson and the Chief Executive Officer, and describes AHL's purpose and service network.
2. **Performance** sets out AHL's performance and reporting framework and reports on AHL's performance against its Budget measures and strategic goals in 2017–18.
3. **Organisation** describes the structure, governance and people that determine AHL's strategic direction, accountability and operational outcomes.
4. **Financial report** presents the Directors' Report and Financial Statements for 2017–18.

AHL's current and previous annual reports are available from AHL's website, [ahl.gov.au](http://ahl.gov.au).

For more information, or to comment on this Annual Report, please contact AHL by email at [marketing@ahl.gov.au](mailto:marketing@ahl.gov.au) or by telephone on 02 6212 2001.

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# 1 Overview

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# Message from the Chairperson

In response to challenges facing AHL in the previous year, the organisation continued with its consolidation agenda throughout 2017–18 to ensure the company's financial viability and that all available resources were being directed towards frontline accommodation services.

The Board and I have made professionalism and an outcomes-focused corporate culture a high priority and reinforced those values to frontline staff during the course of regular hostel visits throughout the year.

The Board is satisfied that AHL has now stabilised its financial position and is well placed to look to future opportunities to meet the changing demand for our accommodation services.

Having made child protection a lead initiative of the Board during the previous reporting period, I will pursue an expansion of AHL's Child Protection Framework from secondary education hostels into the multipurpose segment later in 2018. In addition, I have offered all assistance and means at AHL's disposal to support the new National Redress Scheme for people who have experienced institutional child sexual abuse.

As I approach the end of my first term as Chairperson, I will continue to pursue my stated goal that AHL strives to provide safe, comfortable, affordable accommodation that meets the needs of Aboriginal and Torres Strait Islander people across Australia.

**Dr Susan Gordon AM**

Chairperson

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# Message from the CEO

I am delighted to report the robust continuation of our business reformation, financial consolidation and restructuring strategies implemented during our previous financial year has delivered resoundingly successful outcomes across the AHL business.

Upon my appointment as CEO in mid-2016, my mandate and commitment to the Minister and Board of Directors was to reset the organisation's direction, to consolidate its financial and operational capabilities, and implement strategies for sustainability beyond 2018–19.

With the implementation of a range of initiatives, over the past year AHL has seen a rapid and significant positive turnaround in both our operating result and the way we do business.

As a result of prudent financial controls and a sustained focus on efficiency measures, we have recovered from an operating loss of \$3.1 million in 2016–17 to a surplus of \$4.8 million in 2017–18.

The significance of this result is emphasised in that we achieved this outcome without divesting of any of our facilities or assets.

Further restructuring and decentralisation of AHL's network management arrangements yielded positive improvements in service delivery and underpinned significant financial savings during the reporting period. Direct decision-making authority shifted from a Canberra-based National Office to business and operations managers in the field, enabling them to take a lead role in more quickly and effectively responding to local needs.

A key aspect of our decentralisation strategy has seen the Canberra National Office staff numbers reduce by in excess of 50 per cent which has allowed us to increase the staffing footprint throughout our regional and remote locations, whilst remaining well within our approved staffing levels.

AHL's strengthened financial position now enables the organisation to invest further in its service offering, and increased funds have been allocated in 2018–19 to maintain and improve our asset portfolio. It also allows the organisation to more fully consider options and opportunities to meet the accommodation needs of an even greater number of service users in out years.

I must take this opportunity to thank the Minister and our Board for their continued support, as well as my Executive Management team and all staff for their consistent hard work and dedication to delivering results that the company, and its customer base, can be proud of.

I want to particularly acknowledge the invaluable contribution of Ms Michelle Deavin, AHL's Chief Financial Officer and Company Secretary for her tireless contribution in guiding AHL's strategic direction and financial recovery, and her leadership as acting Chief Executive Officer at times during the year.

Following the achievements of this year, AHL is now well placed to continue offering culturally appropriate, safe and affordable accommodation to Australia's First Peoples, and in doing so, be in a stronger position to offer continuity and security of employment to our staff across the nation.

**Tony Usher GAICD**

Chief Executive Officer



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# About AHL

AHL is a not-for-profit company wholly owned by the Australian Government and positioned within the portfolio of the Prime Minister and Cabinet. AHL supports the government's Indigenous Affairs priority of greater participation by Aboriginal and Torres Strait Islander people in education and work, and their access to mainstream services.

Residents are charged a tariff that is affordable for recipients of Australian Government income support. Through an annual appropriation, the government provides funds to cover the gap between tariff income and the cost of providing hostel services.

As a company, AHL's first imperative is to remain financially viable. Measures to operate within budget are a precondition for AHL to meet its purpose and are therefore integral to our performance statements.

## AHL's purpose

AHL is the only national provider of temporary accommodation specifically for Aboriginal and Torres Strait Islander Australians.

AHL's purpose is to provide culturally safe, fit-for-purpose, affordable accommodation for Indigenous Australians who need to be away from home to access employment opportunities and health, education and other services.

## AHL's service network

Across its network, AHL provides temporary accommodation and meals. Staff are committed to the cultural wellbeing of residents and recognise the value of having strong relationships with local Indigenous service providers and referral agencies. AHL continues to build and create partnerships that help to maximise the use of our facilities year round.

## AHL's hostel network is segmented into three service categories:

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### Short-term (multipurpose)

(22 facilities, 1,152 beds, 64 per cent of resident capacity)

**Service:** short-term accommodation in towns and cities for individuals and families awaiting housing, seeking employment or meeting general business and other commitments away from their homes and communities.

*Note: Some residents stay until they are able to access long-term accommodation.*

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### Secondary and tertiary education

(14 facilities, 399 beds, 19 per cent of resident capacity)

**Service:** a safe, comfortable environment for secondary students to stay in while they attend school to pursue their educational goals, including the Year 12 certificate.

**Service:** accommodation for Indigenous students who undertake higher education and training — opening doors to degrees, diplomas and employment opportunities.

*Notes: ABSTUDY helps with the cost of education hostel accommodation. This category includes two former tertiary education facilities that are being repurposed to meet transitional accommodation demand.*

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### Health and medical

(11 facilities, 308 beds, 17 per cent of resident capacity)

**Service:** hostels catering specifically for Indigenous people who need to be away from home to access medical treatment, including renal dialysis and antenatal or postnatal care for mothers and babies.

*Note: Financial assistance and help with transport are available through state and territory patient assisted-travel schemes.*

AHL's network operates in locations of greatest need so that Aboriginal and Torres Strait Islander Australians in remote communities can access services in the areas of education, training, employment and health. The Northern Territory is the jurisdiction with the greatest concentration of hostels (Figure 1).

AHL's services are managed by its National Office and delivered by its network of accommodation facilities (listed below). The National Office enables functions that support AHL's operational business outcomes.

The five regional offices described in previous annual reports were closed in late 2016–17 and early 2017–18 as part of major restructuring within the organisation.

**Figure 1: Service delivery network at 30 June 2018**



## CANBERRA

National Office

## QUEENSLAND

### Brisbane

Elley Bennett Hostel [TET](#)  
Musgrave Park [TET](#) ([offline](#))  
Yumba Hostel [MP](#)

### Cairns

Kuiyam Hostel [MP](#)

### Mackay

Mackay Hostel [MP](#)

### Mount Isa

Kabalulumana Hostel [MP](#)

### Rockhampton

Neville Bonner Hostel [MP](#)

### Thursday Island

Canon Boggo Pilot Hostel [SE](#)  
Jumula Dubbins Hostel [MP](#)

### Townsville

Iris Clay Hostel [MP](#)  
Tonky Logan Hostel [R](#)

## SOUTH EASTERN AUSTRALIA

### Armidale

Ee-Kee-Na Hostel ([offline](#))

### Dubbo

Grey Street Hostel [SE](#)

### Melbourne

William T Onus Hostel [MP](#)

### Newcastle

Durungaling Hostel [TET](#)  
Kirinari Hostel—Newcastle (boys only) [SE](#)

### Sydney

Biala Hostel (girls only) [SE](#)  
Kirinari Hostel—Sydney (boys only) [SE](#)  
Tony Mundine Hostel [TET](#)

### Tamworth

Tamworth Hostel [MP](#)

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<a href="#">AP</a>	Antenatal and Postnatal
<a href="#">M</a>	Medical
<a href="#">MP</a>	Multipurpose
<a href="#">R</a>	Renal
<a href="#">SE</a>	Secondary education
<a href="#">TET</a>	Tertiary education and training
<a href="#">(offline)</a>	Temporarily offline for repurposing

## SOUTHERN CENTRAL AUSTRALIA

### Adelaide

Luprina Hostel [MP](#)  
Mulgunya Hostel [M](#)  
Nindee Hostel [MP](#)

### Alice Springs

Akangkentye Hostel [MP](#)  
Alyerre Hostel [M/R](#)  
Apmere Mwerre Visitor Park [MP](#)  
Ayiparinya Hostel [MP](#)  
Sid Ross Hostel [M](#)  
Topsy Smith Hostel [R](#)

### Tennant Creek

Wangkana Kari Hostel [SE](#)

## TOP END

### Darwin

Daisy Yarmirr Hostel [MP](#)  
Galawu Hostel [MP](#)  
Gudang Dalba Hostel [AP](#)  
Nagandji Nagandji-Ba Hostel [R](#)  
Silas Roberts Hostel [MP](#)

### Katherine

Corroboree Hostel [MP](#)  
Fordimail Student Hostel [SE](#)  
Katherine Women's Medical Hostel [AP](#)

### Kununurra

Kununurra Hostel [SE](#)

### Nhulunbuy

Nhulunbuy Hostel [MP](#)

### Wadeye

Kardu Darrikardu Numida Hostel [SE](#)

## WESTERN AUSTRALIA

### Broome

Broome Hostel [R](#)

### Derby

Kabayji Booroo Hostel [MP](#)

### Kalgoorlie

Trilby Cooper Hostel [MP](#)

### Perth

Allawah Grove Hostel [MP](#)  
Derbal Bidjar Hostel [M](#)

### South Hedland

South Hedland Hostel [M/R](#)



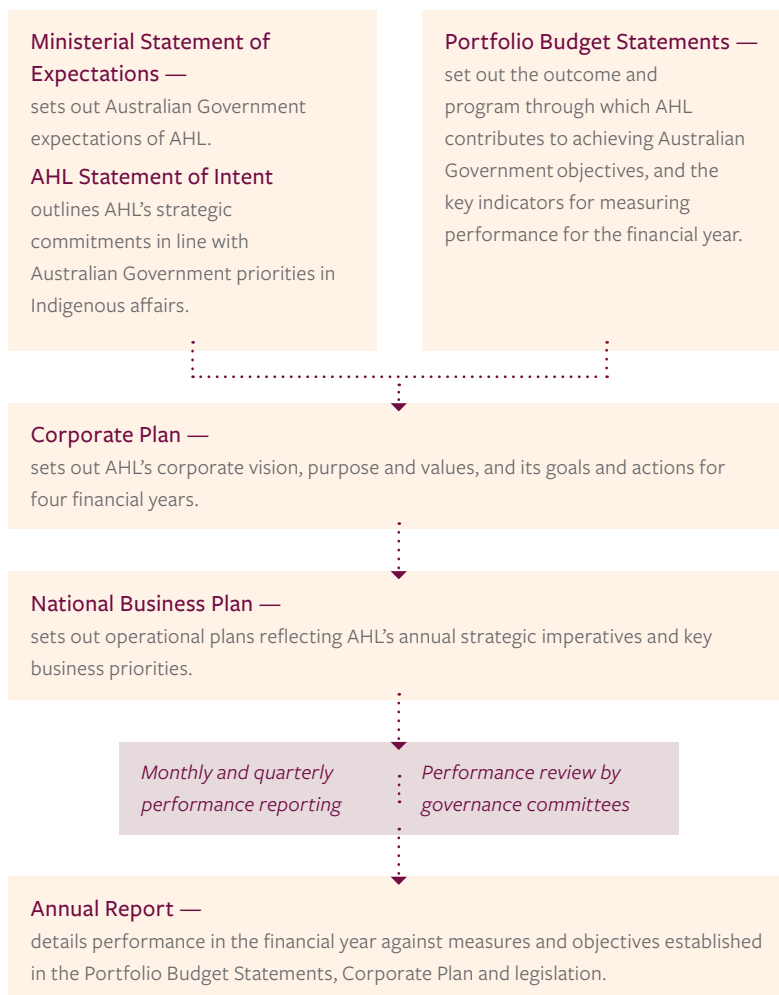
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# Planning and reporting framework

AHL's strategic planning and performance reporting framework guides AHL in meeting its objectives. In 2017–18, the central element of that framework was the 2017–2021 Corporate Plan, as shown in Figure 2.

**Figure 2:** Elements of the planning and reporting approach in 2017–18



# Budget outcome and program

AHL measures its success in achieving the Australian Government's intended outcome against a quantitative target. The outcome and target are established in the Prime Minister and Cabinet Portfolio Budget Statements (PBS) 2017–18, which also set out AHL's budgeted expenses for achieving its outcome.

In 2017–18, AHL contributed to the objectives of the Department of the Prime Minister and Cabinet through one outcome and one program, measured by one performance indicator, as Figure 3 shows.

**Figure 3: Outcome and program framework in 2017–18**

## Department of the Prime Minister and Cabinet

### Outcomes

**1: Prime Minister and Cabinet** — Provide high-quality policy advice and support to the Prime Minister, the Cabinet, Portfolio Ministers and Assistant Ministers, including through the coordination of government activities, policy development and program delivery.

**2: Indigenous** — Improve results for Indigenous Australians, including in relation to school attendance, employment and community safety, through delivering services and programs, and through measures that recognise the special place that Indigenous people hold in this nation.

## Aboriginal Hostels Limited

### Outcome

**1:** Improved access to education, employment, health and other services for Aboriginal and Torres Strait Islander people travelling or relocating, through the operation of temporary hostel accommodation services.

### Program

#### **1.1 Company Operated Hostels**

*Objective:* To provide temporary accommodation for Indigenous Australians who must live away from home to access services and economic opportunities.

### Performance Measure

Occupancy level as a percentage of resident bed nights available per annum (target: 70%).



# Performance against Budget measures

Table 1 shows AHL's performance against the performance indicator set out in the 2017–18 PBS.



**Table 1:** Results against portfolio performance measures, 2017–18

Measure	Available bed nights	Target	Actual
<i>Key performance indicator:</i> Occupancy level as a percentage of resident bed nights available	629,424	70%	64%

Full-year bed occupancy was below AHL's target of 70 per cent. However, overall utilisation remained high, as 22,493 Indigenous men, women and children stayed with AHL in 2017–18.

AHL's medical hostels continued as the segment with highest occupancy rates during the period.

AHL's accommodation services make an important contribution to achieving the Australian Government's outcomes for Aboriginal and Torres Strait Islander Australians by supporting their access to education, employment and health services, as illustrated in Table 2.

**Table 2:** Distribution of bed nights available, 2017–18

Distribution category		Bed nights
Type of accommodation	Health	111,638
	Multipurpose	419,062
	Secondary education	71,891
	Tertiary education and training	26,833
Location by region	Queensland	154,446
	South Eastern Australia	51,204
	Southern Central Australia	175,238
	Top End	161,637
	Western Australia	86,899
Location by remoteness	Regional	191,099
	Remote or very remote	323,597
	Urban	114,728
<b>Total</b>		<b>629,424</b>

Underperformance at several multipurpose sites and a fall in student enrolments and retention across AHL's nine secondary education hostels contributed to lower than target occupancy for the year. A review of AHL's secondary education hostels commenced in June 2018 to identify ways to better engage and support families and feeder schools who may be considering sending students away from community to stay with AHL while attending high school. Findings from the review will be used to inform approaches to strengthen enrolments ahead of the 2019 school year. Amenity improvements and engagement with potential referring organisations are expected to lift occupancy at selected multipurpose sites in 2018–19.

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# Supporting Indigenous advancement

## Ensuring children go to school

In addition to approximately 319 students staying in secondary education hostels in the reporting year, up to 943 children staying with parents at multipurpose hostels were required to attend primary or secondary school in order to comply with AHL's Conditions of Stay, which require school enrolment and attendance for children staying more than one week.

AHL provides bus transport to school for secondary students across its nine secondary education hostels in urban and remote locations in Western Australia, the Northern Territory, Queensland and New South Wales, ensuring their attendance at school and enabling their participation in extracurricular activities.

Ongoing communication with family members and communities is a primary driver of student commitment to remain at school. AHL continued to engage with parents and other stakeholders, including Indigenous sporting and education institutions.

Residential youth workers provided study assistance and helped ensure a culturally safe and nurturing environment. All secondary education facilities offer fully equipped facilities, tailored support services and extracurricular activities.



## Increasing Aboriginal and Torres Strait Islander employment and economic and social participation

AHL's accommodation services:

- support students to be engaged at school, university or vocational education, increasing their chances of success in education and later in life
- offer job-seekers a safe, stable and supportive environment to live in while they pursue employment opportunities
- offer people who are travelling, homeless or living in unstable conditions a culturally respectful, inclusive and supportive place to stay.

AHL is itself a leading national employer of Aboriginal and Torres Strait Islander Australians, who made up over 60 per cent of its workforce in 2017–18. In 2017–18, for the first time, AHL engaged with the Community Development Programme (CDP), which was established in 2015 under the Indigenous Portfolio to ensure training and access to employment. AHL accessed CDP's pools of potential job candidates located near hostels to attract potential staff.

## Making communities healthy and safe

AHL used its referral networks to enhance residents' ability to access services and any support they might need. Residents can expect an environment free of overcrowding, family violence and substance misuse. AHL's Child Protection Framework continued in 2018. Further training was delivered in two secondary education facilities and a specific child protection learning module was developed for multipurpose hostels. The module is scheduled for rollout in the second half of 2018.

A Managing Challenging Customer Interactions course was delivered to hostel managers in Alice Springs. During 2018–19, it will be rolled out to other multipurpose hostels experiencing antisocial or unsafe resident behaviour.

# Activities supporting corporate strategies and goals

The Corporate Plan 2017–2021 details how AHL’s strategic imperatives of *improved service delivery*, *business efficiency* and *sustainable asset management* translate into the actions and goals set out in AHL’s PBS Strategic Direction Statement.

The following three sections report on AHL’s performance in 2017–18 against the strategic imperatives and correspond directly to the performance measures in the Corporate Plan.

## Strategic Imperative 1 — Improved Service Delivery

Strategy	Activity
1.1 Clean, neat, welcoming hostel environment	<p>Board ‘sponsoring’ of hostels is an initiative that began in 2017–18, whereby hostels are allocated to Board members in their home region to visit and report on the condition of facilities against a standards checklist. During the reporting period, the Chair, accompanied by Board directors, inspected facilities in the Northern Territory, Western Australia and Queensland.</p> <p>Network-wide quality assurance audits were conducted at hostels in Alice Springs, New South Wales and Queensland.</p> <p>The audits use an expanded standards checklist that encompasses risk and safety as well as comfort and amenity, and will continue in 2018–19 in multiple locations as part of AHL’s scheduled program of audits.</p> <p>New equipment and changes to AHL’s laundry and linen service arrangements will ensure that levels of comfort and appropriate hygiene standards are maintained.</p>

Continued



## Strategic Imperative 1 — Improved Service Delivery

Strategy	Activity
<b>1.2</b> Quality, appropriate meal service	<p>Food safety training continued in a number of facilities as part of regular food safety and kitchen certification by local authorities. Oversight of recertification and scheduling of associated training is now centralised in National Office. A review of all facilities during the period has resulted in 100 per cent compliance with state and territory food safety regulatory requirements. A new compliance regime has been put in place to ensure ongoing training, licencing and food safety practices are maintained across AHL's kitchen facilities.</p> <p>With more than one million meals served each year, AHL is well placed to make a contribution to nutritional outcomes for its residents. Recognising this, a network-wide analysis of AHL's food services was completed. In 2018–19, this analysis will be used in collaboration with external expertise to better align AHL's meal service with national nutrition guidelines for Indigenous Australians.</p>
<b>1.3</b> Focus on safety and quality assurance	<p>In early 2018, Comcare undertook an audit of AHL's Work Health and Safety (WHS) Management System in the National Office and at sites in Sydney, Alice Springs, Darwin and Perth. Responses to the audit findings were incorporated into a comprehensive Corrective Action Plan, to be implemented throughout 2018–19.</p> <p>Child protection training was delivered to all staff in AHL's nine secondary education hostels as a key implementation component of AHL's Child Protection Framework. Repeat sessions for new staff at sites in Sydney and Wadeye continued throughout 2018.</p> <p>A new child protection training module targeting staff in selected multipurpose hostels was developed. This guided learning module will be implemented in eight multipurpose sites with high numbers of children typically in residence. Rollout is planned for the second half of 2018.</p> <p>Conflict management training was piloted in the Alice Springs hostel cluster in June 2018. Rollout of the Managing Challenging Customer Interactions course will continue throughout 2018–19 at hostels assessed as having a high safety risk.</p> <p>AHL was consulted on the development of proposed new Commonwealth Protection Orders legislation in early 2018. AHL will develop internal protocols to guide how staff will access the protection orders should the orders be legislated.</p> <p>Revisions to AHL's Pre-Employment Policy have established mandatory working with children checks, two-yearly police checks, and self-exclusion declarations (where applicable) for staff in secondary education hostels.</p>

Continued

## Strategic Imperative 1 — Improved Service Delivery

Strategy	Activity
<b>1.4 Right people doing work right</b>	<p>A major recruitment campaign commenced in mid-2018, expanding AHL's access to potential employees and targeting specific skillsets and capabilities required for positions across the network.</p> <p>To build capacity to provide improved services to students in particular, candidates for positions in secondary education hostels are now assessed for specific training and/or employment backgrounds (for example, the Certificate IV in Community Services is now highly desirable for residential youth workers).</p> <p>Additional initiatives to strengthen workforce capability and performance during the period included:</p> <ul style="list-style-type: none"><li>• improved probation management</li><li>• more rapid turnaround of rehabilitation management reporting and responses</li><li>• improved performance and attendance management practices</li><li>• review of recruitment strategies, simplification of application processes and strengthened pre-employment checks</li><li>• further workforce planning and modelling.</li></ul>
<b>1.5 Responsiveness to guests' needs</b>	<p>AHL's Customer Service Charter and Conditions of Stay were revised and reissued for display at reception and in bedrooms in all multipurpose and medical hostels, reinforcing both staff and resident expectations of service levels and promoting access to customer feedback/complaint mechanisms where required.</p> <p>Resident feedback mechanisms are available to residents by telephone, by email and via an e-form on the AHL website.</p> <p>Response protocols are embedded into the feedback process, including:</p> <ul style="list-style-type: none"><li>• issues are to be acknowledged within 24 hours</li><li>• most issues are to be resolved within 30 days.</li></ul> <p>Governance oversight of both the Customer Service Charter and resident feedback platforms is through the Audit, Risk and Finance Committee, which receives quarterly reports on trend data and performance.</p>

## CASE STUDY

# Child Protection Framework

In the previous reporting period, AHL developed a new Child Protection Framework based on recommendations arising from the Royal Commission into Institutional Responses to Child Sexual Abuse. The rollout of the framework focused initially on AHL's nine secondary education facilities, which have responsibility for unaccompanied minors during school term. From July to October 2017, all staff in secondary hostels received training to embed knowledge and practice in line with the Child Protection Framework.

Soon after the release of the Royal Commission's final report, the AHL Chair wrote to the Commission's Chair, Justice McClellan, reaffirming AHL's commitment to child protection and outlining the progress of initiatives to date. Following a risk assessment of AHL's multipurpose facilities, a new suite of child protection activities for 2018–19 was established. The new measures will focus on:

- training for new staff in secondary education hostels
- creating child safe environments in multipurpose hostels.

A new approach will be trialled in multipurpose hostels, using guided-learning materials and specialist remote telephone coaching to embed best practice at selected sites in the Northern Territory, Western Australia and Queensland.

As a result of AHL's growing expertise in this domain, the Australian Government sought permission in mid-2018 to use elements of the AHL Child Protection Framework to inform the development of new government-wide agency responses to child protection.

## Creating safe environments

Violence and aggression towards staff, other residents and AHL property, is an unfortunate feature of AHL's service delivery environment, for the most part in multipurpose hostels.

Staff face aggression when they are asked to intervene in a violent episode or they investigate an argument that escalates into violence. Their options are to call the police or other emergency services and/or impose bans on residency, whether for months or permanently. Where incidents are substantial or sustained, AHL contracts private security services until the threat of further violence or aggression has been removed.

The cost of these services, as well as AHL's relatively high annual Comcare premium contributions (driven in part by high-cost psychological injury claims), are a significant drain on the organisation's limited resources.



Acknowledging the first responder role often played by frontline staff, AHL engaged AP Psychology to provide de-escalation training for staff in selected hostels. The one-day Managing Challenging Customer Interactions course was piloted and then delivered to staff at AHL's Alice Springs hostels in June 2018. Based on its success at these hostels, the course will be rolled out to other sites throughout 2018-19.

The course provides participants with an understanding of the underlying causes of aggression and how to identify behaviour that might lead to violence. The Alice Springs hostel managers gained insights into how their own behaviour can escalate a situation and how to take verbal control and defuse aggression.

They were also trained in what to do during a violent incident, how to exit safely and how to report it.

Key skills developed during the training include:

- avoiding conflict in difficult situations
- depersonalising verbal attacks
- managing intimidation, verbal abuse and threats
- avoiding or reducing physical injury
- engaging effectively with police
- self-management in an aggressive or confronting situation
- self-care after an incident.

## Strategic Imperative 2 — Business Efficiency

Strategy	Activity
<b>2.1</b> Focus of operations on areas of greatest need	<p>The Ee-Kee-Na tertiary education hostel in Armidale, NSW, was temporarily taken offline in early 2018 while options to better meet local need were considered. Under a new agreement with a leading community housing provider in the New England region, the facility reopened in mid-2018 to provide transitional accommodation to Aboriginal and Torres Strait Islander families on waiting lists as part of the Housing Pathways program in NSW. Under the new partnership, which includes Indigenous employment outcomes for some residents, a social impact measurement tool will be used to track socioeconomic impacts over time.</p> <p>The conversion of the Kabalulumana Hostel, Mt Isa, from a multipurpose to a medical facility in response to increasing unmet need for access to health services was completed in April 2018. More than 70 per cent of that facility's resident base now comprises Aboriginal people accessing local medical services. A program of building works was also completed at this site to ensure improved accessibility and safety of residents.</p>
<b>2.2</b> Operation within available resources	<p>AHL recorded a \$4.8 million surplus in 2017–18 (against a \$3.1 million loss in the previous year). This included new grant funding to provide additional accommodation services in the Northern Territory, approved at the conclusion of the reporting period.</p> <p>The company's financial position has improved as a result of continued tight financial controls, ongoing efficiency measures and further restructuring.</p>
<b>2.3</b> Greater focus on secondary education	<p>A comprehensive operating framework was developed and implemented at AHL's flagship Kardu Darrikardu Numida secondary education hostel in Wadeye, NT. Addressing key elements of student services (including learning plans, health checks, pastoral care and extracurricular activities), the framework also formalises arrangements for effective community engagement and the new Transition to Boarding Program for students and families considering boarding away from community.</p> <p>A review of AHL's secondary education segment commenced in June 2018. Recommendations from the review are expected to inform further improvements in AHL's student service offering at all nine secondary education sites from 2018–19.</p>

Continued

## Strategic Imperative 2 — Business Efficiency

Strategy	Activity
<b>2.4 Streamlined, evidence-based business planning</b>	<p>In 2017, the Board requested that an evidence base be developed to inform a more demand-driven approach to AHL's future supply of accommodation.</p> <p>In partnership with the Australian Institute of Health and Welfare (AIHW), work began in late 2017 on the first stage of building the evidence base by mapping demographic and socioeconomic shifts in AHL's client base.</p> <p>Geospatial 'heat maps' were commissioned from AIHW to show changes in demand for a range of services and AHL's capacity to meet demand.</p> <p>Completed in early 2018, stage 1 mapping of AHL's medical hostel segment generated data and analysis based on renal dialysis hospitalisation rates, Indigenous births and population trends, as well as long-term geographical projections of Indigenous burden of disease indicators across Australia.</p> <p>Further demographic mapping commenced in mid-2018 to generate analysis of AHL's multipurpose and secondary education segments based on data describing Indigenous employment, housing pressure points, homelessness and Indigenous participation in secondary and tertiary education.</p> <p>In 2018–19, the newly established Strategic Investment Committee will consider opportunities for investment in new, upgraded or repurposed facilities on the basis of the evidence base.</p>
<b>2.5 All hostels fit for purpose</b>	<p>Throughout 2016–17, AHL's asset focus was on addressing critical compliance issues. During 2017–18, the focus shifted to addressing residual backlogs in minor asset replacements and upgrades.</p> <p>In late 2017–18, those works were largely completed, and AHL's focus has since transitioned to addressing changing security risk profiles and baseline building elements approaching their midlife or end of life.</p> <p>A program of refurbishments is in place for 2018–19, with a particular focus on amenity enhancements for residents.</p> <p>Major amenity and security refurbishments were completed at the Kabaluluma Hostel in Mt Isa and William T Onus Hostel in Melbourne.</p>

## CASE STUDY

# Creating pathways to educational opportunities: Kardu Darrikardu Numida Hostel, Wadeye

Under contract to the Department of the Prime Minister and Cabinet (PMC), AHL accommodates up to 40 secondary education students from the Wadeye and outlying communities at a hostel adjacent to Our Lady of the Sacred Heart Thamarrurr Catholic School.

Through the funding agreement, Kardu Darrikardu Numida (or ‘Wadeye’) Hostel is run as a flagship secondary education facility, supporting PMC’s goals of consistent attendance, positive behaviour and wellbeing, which lead to tangible outcomes in academic attainment and life skills.

AHL’s funding agreement with PMC is delivered via an Operating Framework comprising four components: staffing, student services, community and stakeholder engagement, and the Transition to Boarding Program.

### Engaging with families, school and community

Staff meet with the parents of potential students at open days and information sessions to begin a targeted enrolment plan for each term. Information on the progress of students already in residence is exchanged regularly between the hostel and family members, and both parties attend parent–teacher interviews (via teleconference for remote locations).

AHL’s attendance management regime achieved a higher rate of attendance for residents than the school average for the year.

Wadeye students participate in a pastoral care program that promotes life skills such as cooking and personal organisation, culturally appropriate after-school activities and basic literacy during structured homework sessions. Swimming, football, soccer, art and computer skills are also offered. Personal learning plans developed together by students, parents, teachers and AHL mentoring staff identify areas for development — including academic skills, attendance and personal growth — as well as strengths to focus on. The plans are the basis for establishing goals and teaching strategies. Candidates for the Transition to Boarding Program can be identified in the plans.

The Head of Boarding, youth workers and teachers make regular visits to communities to maximise opportunities for engagement with prospective new boarders at the hostel. Taking their lead from teachers and other school personnel, they aim to identify children at a young age who show a keen interest in learning but who are not able to attend full time because of distances to be travelled or home environments not conducive to study. Most students live in the Wadeye community, returning home on weekends.



To maximise engagement and connection with community, local organisations and other stakeholders are encouraged to use the hostel as a venue for meetings, training and other business.

### Marist College Canberra Immersion Program

In April 2018, as part of Marist College Canberra's fourth Easter holiday Immersion Program at Wadeye, eight Year 11 boys attended the first week of term at Our Lady of the Sacred Heart Thamarrurr Catholic School in Wadeye. They were hosted as part of an ongoing memorandum of understanding between AHL and Marist College.

The enthusiasm of the hosts and visiting students was apparent to hostel staff during the visit. Marist students gave classroom support, mainly in the differentiated maths learning environment, and the Wadeye students introduced the visitors to community.

The students shared time at the hostel, where the visitors joined in routines and excursions.

Later, hostel residents visited Marist College, as well as Merici College for girls, in Canberra, taking part in an excursion with the colleges' Indigenous students organised by Indigenous liaison staff.

### Transition to Boarding Program

The Transition to Boarding Program creates a pipeline for AHL's Wadeye students into interstate boarding schools to increase their educational opportunities and access to future employment opportunities. Staff work closely with parents and students during the selection and recruitment of students, monitoring their progress and providing support through ongoing contact with students, families and the principals and staff of the transition schools.

In selecting students for the program, the boarding and transition managers take into account the commitment of the students (and their parents), attendance levels, behaviour while boarding at Wadeye, and age appropriateness.

In the past 12 months of operation, the Transition to Boarding Program placed 14 students in schools in Queensland (six at Mount St Bernard College and two boys at AFL Cape York House) and Victoria (three at Melbourne Indigenous Transition School, two girls at Worawa Aboriginal College and one girl at Bright College).



## Strategic Imperative 3 — Sustainable Asset Management

Strategy	Activity
<b>3.1</b> Scoping and assessment of asset portfolio	A network-wide asset condition audit conducted in 2016–17 was actioned in 2017–18. Its findings were also used as the basis for key performance indicators incorporated into individual hostel asset management plans.
<b>3.2</b> Phased spending: 2017–18 on urgent safety and repairs; 2018–19 on other planned works	<p>The backlog of urgent safety and repair work was cleared in 2017–18, leaving predominantly non-urgent work to be completed in 2018–19. Spending was initially focused on critical compliance issues and then shifted to residual backlogs in minor asset replacements and upgrades (split systems and distribution boards).</p> <p>In mid-2018, spending addressed:</p> <ul style="list-style-type: none"> <li>• changing security risk profiles</li> <li>• base building elements approaching end of life or in need of midlife refurbishment</li> <li>• amenity enhancements, particularly resident bathrooms.</li> </ul>
<b>3.3</b> Implementation of asset management platforms	<p>A new property management information system was deployed in late 2017. This new business infrastructure is a cornerstone of AHL’s Strategic Asset Management Framework and will be used to manage routine maintenance plans for each hostel, including monitoring the progress of works and expenditure, maintaining contractor data and progressing work orders.</p> <p>During 2018–19, asset management plans for each of the 47 hostels are expected to be finalised and incorporated into the new system.</p>
<b>3.4</b> Sustainable portfolio management	Under the direction and oversight of AHL’s Asset Management Committee, a fully funded program of works has been established for 2018–19.
<b>3.5</b> Consolidation Plan	<p>Given the improvement in AHL’s financial position in 2017–18, an enhanced 2018–19 capital budget will direct resources to hostels requiring repurposing or adaptation to changing demand and a continued program of enhancements, including to security, safety and amenity through either CCTV installation or fencing and lighting upgrades; bathroom modifications; and enhanced access for residents with mobility impairment.</p> <p>The program to refresh and regenerate ageing hostels will run concurrently with further analysis of supply and demand evidence by the newly formed Strategic Investment Committee.</p>



# Financial summary

This section provides an overview of AHL's income and expenditure in 2017–18. The audited Financial Statements are provided in Part 4 of the Annual Report.

## Income

In 2017–18, of AHL's \$60.6 million operating income, 67.5 per cent came from the Australian Government and 27 per cent was generated through tariffs collected from residents. The remaining income comprised funding from state and territory governments to operate hostels on behalf of other agencies (4.5 per cent) and interest earned from investments in term deposits (1 per cent).

Table 3 shows where AHL's income came from in 2017–18.

Table 4 includes information from the previous three reporting periods for comparison.

**Table 3: Sources of operating income, 2017–18**

Source	\$m	%
Australian Government funding <sup>a</sup>	41.0	67.5
Hostel accommodation revenue	16.4	27
State and territory government funding <sup>b</sup>	2.7	4.5
Interest and rent received	0.5	1.0
<b>Total operating income</b>	<b>60.6</b>	<b>100</b>

a AHL operational grant received from portfolio department (PMC).

b Funding received to operate hostels on behalf of other agencies.

**Table 4: Sources of income, 2014–15 to 2017–18 (\$m)**

Source	2014–15	2015–16	2016–17	2017–18
Australian Government — appropriation	38.1	37.6	37.1	36.6
Hostel accommodation revenue	13.8	16.0	14.9	16.4
Australian Government — other funding agreements	2.2	2.4	2.1	4.4
State and territory governments	2.2	2.3	2.5	2.7
Gain on sale of property, plant and equipment	0.4	1.8	0	0
Interest and rent received	0.4	0.5	0.5	0.5
Reversal of previous asset write-downs and impairments	0.1	0.1	0	0
<b>Total</b>	<b>57.2</b>	<b>60.7</b>	<b>57.1</b>	<b>60.6</b>

## Expenditure

AHL's total operating expenditure for 2017–18 was \$55.8 million.

AHL's capital expenditure for 2017–18 was \$3.3 million.

Capital expenditures are funded from internal income sources.

Tables 5 and 6 show where AHL's income was spent in 2017–18.

The tables show expenditure directly relating to the operation of hostels.

They do not show indirect support from National Office.

**Table 5: Operating expenditure, by region, 2017–18**

Region	\$m	%
Southern Central Australia	11.6	26.2
Top End	11.0	24.8
Queensland	10.2	23.0
Western Australia	6.3	14.2
South Eastern Australia	5.2	11.8
<b>Total</b>	<b>44.3</b>	<b>100</b>

**Note:** Excludes National Office administration costs, including IT upgrades.

**Table 6: Capital expenditure, by region, 2017–18**

Region	\$m	%
Queensland	1.3	39.4
South Eastern Australia	0.8	24.2
Top End	0.5	15.2
Western Australia	0.3	9.1
Southern Central Australia	0.4	12.1
<b>Total</b>	<b>3.3</b>	<b>100</b>

# 3 Organisation

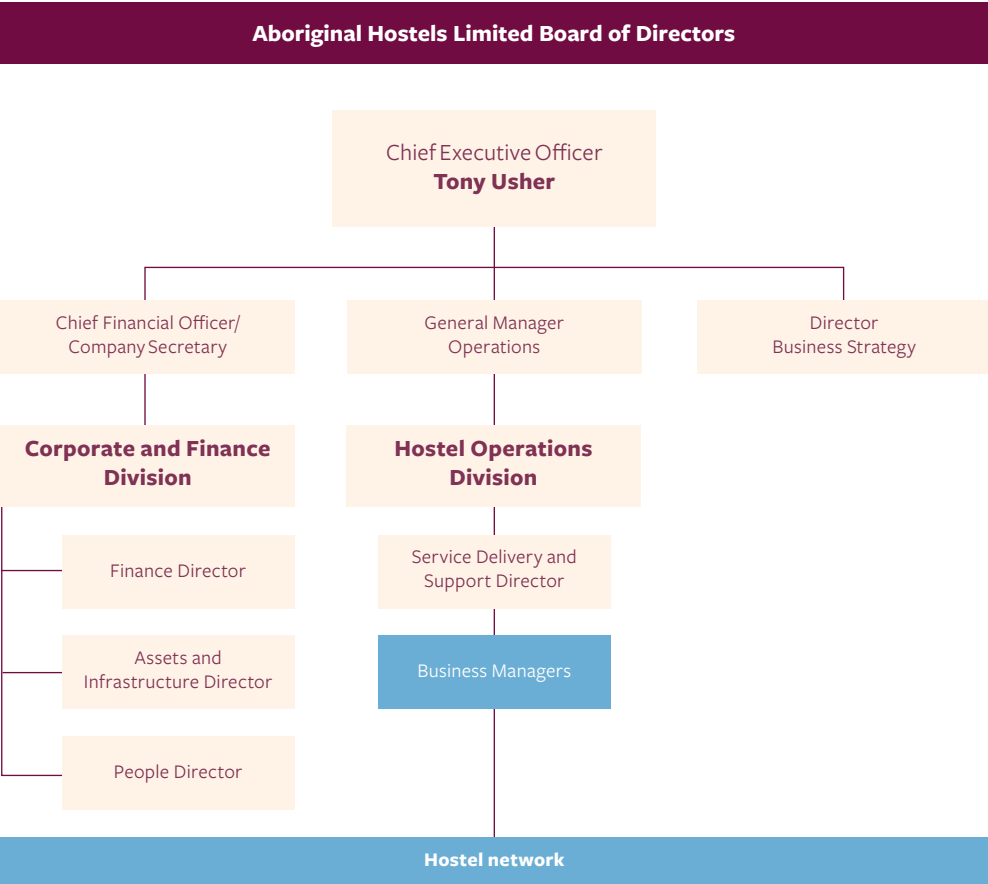
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# Structure

Figure 4 shows the structure of the organisation at 30 June 2018.

As part of further restructuring late in the reporting period, the General Manager Operations position was devolved, and direct management of hostels in each state and territory is now overseen by two business managers based in Perth and Brisbane. Those positions will be supported by a team of hostel-based operations managers located in hostel clusters in Brisbane, Sydney, Darwin and Alice Springs.

**Figure 4:** Organisational structure in 2017–18



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# Board

The Board of Directors is responsible for the overall corporate governance and successful operation of AHL and is accountable to the Minister.

In carrying out its governance role, the Board ensures that AHL complies with its contractual, statutory and other legal obligations. The powers and duties of the Board are specified in AHL's Constitution and in legislation.

Key accountabilities and matters reserved for the Board include:

- setting and reviewing objectives, goals and strategic direction and assessing performance against those benchmarks
- ensuring that AHL is financially sound and has appropriate financial reporting practices
- ensuring that a process is in place to maintain the integrity of internal controls, risk management, delegations of authority, and financial and management information systems
- appointing, supporting and evaluating the CEO
- ensuring high business standards and ethical conduct and fostering a culture of compliance and accountability

- reporting to the Minister on the Board's stewardship of AHL and monitoring its achievement against the Corporate Plan
- ensuring that AHL submits an annual report that is compliant with the *Public Governance, Performance and Accountability Act 2013*.

The Chairperson is responsible for ensuring that the Board receives accurate, timely and clear information to enable the directors to analyse and constructively critique the performance of AHL and its management. The Chairperson is responsible for representing the Board to the Minister.

The Company Secretary is an ancillary role of the Chief Financial Officer, appointed by the CEO. The Company Secretary is responsible for developing and maintaining information systems that enable the Board to fulfil its role. The Company Secretary is also responsible for ensuring compliance with Board procedures and provides advice to the Board, through the Chairperson, on governance matters.

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# Executive

The Executive Management Team implements the Board's strategic direction and oversees governance in AHL's daily operations.

During 2017–18, the Executive Management Team comprised the CEO, the Chief Financial Officer/ Company Secretary, and the General Manager Frontline Services.

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# Governance

AHL is accountable to the Australian community, through the Australian Parliament, for the effective delivery of its accommodation services and administration. AHL's governance framework is built on principles of accountability, leadership, executive instruction, quality control and duty of care for residents.

## Legal framework

AHL is a wholly owned Australian Government company within the portfolio of the Prime Minister and Cabinet. The Minister responsible for AHL at 30 June 2018 was Senator the Hon Nigel Scullion, Minister for Indigenous Affairs.

The Minister did not issue any directions to AHL, and AHL was not subject to any general government policy orders, in 2017–18.

AHL complies with all relevant legislation, such as the:

*Aboriginal and Torres Strait Islander Act 2005*

*Archives Act 1983*

*Auditor-General Act 1997*

*Commonwealth Electoral Act 1918*

*Corporations Act 2001*

*Environment Protection and Biodiversity Conservation Act 1999*

*Fair Work Act 2009*

*Freedom of Information Act 1982*

*Privacy Act 1988*

*Public Governance, Performance and Accountability Act 2013*

*Public Interest Disclosure Act 2013*

*Public Service Act 1999*

*Remuneration Tribunal Act 1973*

*Safety, Rehabilitation and Compensation Act 1988*

*Work Health and Safety Act 2011.*



## Business structure

AHL is a wholly owned Commonwealth company, limited by guarantee. It does not have any subsidiaries and is not a government business enterprise. The Australian Government, through the Minister, is the sole member of the company.

AHL is incorporated under the Corporations Act 2001.

## Internal control framework

The AHL Board is responsible for determining AHL's overall internal control framework and for reviewing its effectiveness — recognising that no cost-effective internal control system will prevent all errors and irregularities.

AHL's internal control processes are intended to provide reasonable assurance on:

- the effectiveness and efficiency of operations and programs
- the reliability of financial reporting
- compliance with applicable laws and regulations.

## Risk management

During 2017–18, AHL substantially enhanced its approach to risk management through a comprehensive Enterprise Risk Management (ERM) Framework.

ERM is now a structured, consistent and continuous process used across AHL at the strategic and operational levels, and is applied to individual project areas to identify, assess, respond to and report on opportunities and threats that affect the achievement of AHL's business objectives.

Risk tolerances are set at an appropriate level for the company, with reference to the company's Risk Management Plan. Within this framework, AHL's Risk Appetite Statement establishes the degree of risk exposure that the company is willing to accept in pursuit of its goals.

Regular review mechanisms during 2017–18 included:

- the annual review of AHL's ERM Framework as part of the continual improvement process set out in AS/NZS ISO 31000
- quarterly reviews of AHL's Enterprise Risk Register by the Audit, Risk and Finance Committee, presented to quarterly Board meetings
- the annual full assessment of risks, controls and strategies by the Audit, Risk and Finance Committee, presented to the Board
- regular Board appraisal of mitigation strategies for significant risk and assurances made to the Board that risk management plans are in place for each key risk and satisfactory mitigation is undertaken for operational risks and functional risks.

## External scrutiny

No reports on AHL were made by the Auditor-General, parliamentary committees, the Commonwealth Ombudsman, the Office of the Australian Information Commissioner, or the Australian Securities and Investments Commission during 2017–18.

No judicial decisions of administrative tribunals made during 2017–18 significantly affected, or may significantly affect, the operations of AHL.

The Auditor-General (through the Australian National Audit Office) audits the records and financial statements of AHL in accordance with the *Public Governance, Performance and Accountability Act 2013*.

## Ethical standards

Each AHL director agrees to abide by the code of conduct in the Board's Governance Charter on:

- commitment and knowledge
- conduct in Board meetings
- confidentiality and collegiality
- relationship with management.

AHL employees are bound by standards of ethical behaviour communicated by the Australian Public Service Values, Employment Principles and Code of Conduct. AHL promotes fraud awareness and ethical behaviour to all employees.

## Ecologically sustainable development

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* requires Australian Government agencies to report against the core criteria:

- how agencies accord with and contribute to ecologically sustainable development
- the impact of agencies' activities on the natural environment, how that impact is mitigated and how it will be further mitigated.

Table 7 details AHL's response to the criteria.

**Table 7:** Ecologically sustainable development activities

Reporting requirement	AHL response
How AHL accords with and contributes to the principles of ecologically sustainable development	AHL continues to focus on identifying and embedding better practice in the sustainable management of energy, water and waste.
Activities that affect the environment	AHL's core function — accommodation — consumes energy, water and materials, such as packaging, that contribute to landfill, pollution and greenhouse gas emissions. Energy is required to power AHL's offices and hostels and provide hot water, heat for cooking, and air conditioning in some of our hottest regions.
Measures taken to minimise the effect of activities on the environment	<p>AHL will create a sustainability function in 2018. The role will be responsible for promoting energy-efficient practice across the organisation.</p> <p>AHL will market test for a service delivery partner in 2018 to assist with the minimisation of utility usage.</p> <p>AHL continues to apply environmental principles in procurement, particularly through its capital works program.</p> <p>The organisation will encourage staff to adopt sustainable waste management practices and educate residents in minimising energy use and in recycling practices.</p> <p>AHL continues to upgrade lighting systems to LED on a rolling basis across hostels.</p>
Mechanisms for reviewing and increasing the effectiveness of measures to minimise the environmental impact of activities	<p>The new sustainability function will work with AHL management to develop a program of sustainability activities across the organisation.</p> <p>AHL's utility category spend will be analysed in 2018 to identify areas of potential efficiency gains and financial benefits.</p>

# People

AHL staff are integral to delivering safe, comfortable and culturally appropriate accommodation services to Aboriginal and Torres Strait Islander Australians. AHL strongly supports workplace diversity, recognising the value of the diverse knowledge, skills, backgrounds and perspectives that people bring to their work.

## Staff profile

AHL employed 243 full-time and 170 part-time staff (a total of 413) at 30 June 2018. Table 8 shows the staff headcount for the period. With an average staffing level (ASL) equivalent of 358 in 2017–18, AHL remains well within its ASL cap of 411. In 2017–18, AHL's staffing profile included strong representation of Aboriginal and Torres Strait Islander people (63 per cent) and women (62 per cent).

**Table 8:** Staff numbers, by category, 30 June 2018

Level	Female	Male	Full-time	Part-time*	Ongoing	Non-ongoing*	Indigenous	Non-Indigenous	Total
Agency Head	0	1	1	0	0	1	0	1	1
SES 1	1	0	1	0	0	1	0	1	1
EL2	2	4	6	0	3	3	0	6	6
EL1	4	6	10	0	5	5	2	8	10
APS 6	7	8	15	0	10	5	3	12	15
APS 5	8	4	12	0	7	5	3	9	12
APS4	22	14	33	3	9	27	10	26	36
APS 3	45	28	66	7	51	22	54	19	73
APS 2	13	9	13	9	13	9	15	7	22
APS 1	152	85	86	151	65	172	172	65	237
<b>Total</b>	254	159	243	170	163	250	259	154	413
	62%	38%	59%	41%	39%	61%	63%	37%	100%

\*Includes casual employees

## Recruitment and retention

AHL completed 335 new recruitment activities in 2017–18, including the engagement of 147 Aboriginal and Torres Strait Islander employees. Of the 335 engagements, 10 were ongoing, 159 were non-ongoing and 166 were casual.

Following the closure of regional offices in 2016–17, centralised recruitment was transferred to National Office, enabling it to more directly support the recruitment of hostel staff.

Management of all pre-employment checks, including working with children checks, is also now centralised in National Office to ensure AHL's compliance with state and territory legislation.

## Enterprise Agreement

AHL's Enterprise Agreement was approved by the Fair Work Commission in July 2017 and came into operation from the first full pay period in August 2017.

Key features of the agreement include:

- Pay increases of 6 per cent over three years
- Changes to salary packaging to facilitate access to the SmartSalary Visa Debit card for the majority of staff (all ongoing employees and non-ongoing employees with a contract for more than three months)
- An increase in purchased annual leave allowance from one to four weeks
- District Allowance for 15 AHL locations, as in the APS Enterprise Award 2015
- Retention of most existing employment conditions (in accordance with 'better off overall' provisions under the government bargaining framework).

## Learning and development

During 2017–18, various staff in AHL’s network received training in:

- child protection
- food safety
- managing challenging customer interactions

## Performance management

The performance management cycle in AHL commences each year on 1 August and concludes on 31 July with an annual review. In 2017–18, 86 per cent of eligible AHL staff participated in the performance management process and completed their annual reviews.

## Work health and safety

Improved safety outcomes were pursued during the period as part of AHL’s ongoing WHS framework, which addressed:

- bullying and harassment
- chemical management
- first aid
- staff health and safety representation
- incident reporting
- staff wellbeing
- WHS risk assessment and management.

AHL staff made four compensation claims in 2017–18, four less than in 2016–17. The majority of new claims were high-cost psychological injury claims.

Table 9 provides a summary of notifiable incidents that occurred during the year, as required by the Work Health and Safety Act 2011. There were no investigations or notices served in the year.

**Table 9:** Work health and safety statistics, 2016–17 to 2017–18

Notifiable incident classification	2016–17	2017–18
Death	0	0
Serious injury/illness	5	1
Dangerous incident	3	3
<b>Total</b>	<b>8</b>	<b>4</b>

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# Directors' Report

The Board of Directors presents its report on Aboriginal Hostels Limited for the financial year ended 30 June 2018.

## Corporate information

AHL is a company wholly owned by the Australian Government and is limited by guarantee. The registered office of the company is located at 2-6 Shea Street, Phillip, ACT 2606.

AHL is recognised as a public benevolent institution by the Australian Taxation Office and has deductible gift recipient status.

## Principal activities

The principal activity of the company during 2017-18 was the operation of hostels for Aboriginal and Torres Strait Islander Australians.

The objective of the company is to provide safe, comfortable, culturally appropriate and affordable accommodation for Aboriginal and Torres Strait Islander Australians who must live away from home to access services and economic opportunity.

To help achieve the aims of the company, the Australian Government provides funding for the construction, operating costs, repairs and maintenance of hostels.

AHL also enters into contracts with the Australian Government and state and territory governments to operate their hostels on a fee-for-service basis.



## Operating results

The operating result in 2017–18 was a surplus of \$4.8 million (the result in 2016–17 was an operating loss of \$3.1 million).

## Financial position

The net assets of the company at 30 June 2018 were valued at \$149,556 million. This is an increase of \$2,453 million from 2016–17.

## Significant activities or changes in state of affairs

There were no significant changes in AHL's state of affairs during the period.

## Significant events subsequent to reporting period

There were no significant events subsequent to the reporting period.

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# Board of Directors

At 30 June 2018, the AHL Board had seven members. The term of the Deputy Chair expired on 24 June 2018 and was extended on an interim basis by the Minister.

An annual board performance survey was undertaken. In 2018–19, the Chairperson will undertake further performance reviews and skills audits with directors to maximise the governance capacity of the Board.

The names and details of the directors and the Company Secretary in 2017–18 are as follows.

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**Dr Susan Gordon**  
**AM**

**Non-executive  
Chairperson**

Appointed  
11 September 2015

## Qualifications

Bachelor of Laws

## Experience

Dr Gordon is a Ngooonooru Wadjari woman from the Yamatji people. A retired magistrate who served for 20 years on the bench of the Children’s Court of Western Australia, Dr Gordon has had a long and distinguished career, with extensive senior leadership experience.

She has worked in the area of Indigenous employment, was a member of the first board of the Aboriginal and Torres Strait Islander Commission, chaired the National Indigenous Council, and led the Gordon Inquiry and the Northern Territory Emergency Response Taskforce.

Dr Gordon is President of the Graham (Polly) Farmer Foundation and the Federation of Western Australian Police and Community Youth Centres Board, and she sits on other boards around Australia. Her special long-term project is Sister Kate’s Aged Persons Project.

In 1993, Dr Gordon was made a Member of the Order of Australia in recognition of her commitment to Aboriginal people and community affairs.

Other major awards she has received include:

- the Centenary Medal for service to the community, and particularly the Aboriginal community, in 2001
- an Honorary Doctor of Letters degree from the University of Western Australia in 2003
- Senior Woman Lawyer of the Year, awarded by Women Lawyers of Western Australia, in 2004
- the Defence Service Medal.

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**Mr David Evans**  
**Non-executive  
Director,  
Deputy Chair**

Appointed  
24 June 2013

**Qualifications**

Master of Business Administration; Bachelor of Commerce; International Company Directors Course; Fellow, CPA Australia; Fellow, Financial Services Institute of Australasia; Fellow, Australian Institute of Company Directors

**Experience**

With over 30 years' experience in banking and finance in Australia and the Asia-Pacific, Mr Evans is a consultant and facilitator for the Australian Institute of Company Directors.

Mr Evans has been active in governance roles in the not-for-profit sector. He is an independent member of the Queensland Police Service Audit and Risk Committee. His other roles have included appointments to an Indigenous trust in the Pilbara and the Murdoch University Veterinary Trust.

In 2003, Mr Evans was awarded a Centenary Medal by the Australian Government for his services to the health industry through the National Heart Foundation.

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**Mr Mike Allen**  
**PSM**  
**Non-executive  
Director**

Appointed  
2 March 2016

**Qualifications**

Graduate Diploma in Urban Estate Management; Member, Australian Institute of Company Directors; Fellow, Institute of Public Administration Australia; Life Member, Australasian Housing Institute

**Experience**

The former CEO of Housing NSW, Mr Allen has over 30 years' experience in social housing management and asset services, homelessness, and community and Aboriginal housing.

Mr Allen was instrumental in leading a number of major housing reforms, including the development of the National Regulatory System for Community Housing.

He was awarded the Public Service Medal in 2011 in recognition of his outstanding and meritorious services to the community and his strong commitment to the values and principles of social housing.

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**Emeritus  
Professor  
MaryAnn  
Bin-Sallik AO**  
**Non-executive  
Director**

Appointed  
2 March 2016

**Qualifications**

Doctor of Education (Harvard)

**Experience**

Professor Bin-Sallik, a member of the Djaru nation, is recognised internationally as a pioneer of Indigenous higher education in Australia.

She has invested the past 40 years in advancing Indigenous Australia through her participation in major government reform committees and academic appointments in Australia and overseas.

In 2016, Professor Bin-Sallik was named NAIDOC Female Elder of the Year, and in 2017 she became an Officer of the Order of Australia in recognition of her distinguished service to tertiary education as an academic, author and administrator, particularly in the area of Indigenous studies and culture, and as a role model and mentor.

<p><b>Ms Denise Bowden</b> <b>Non-executive Director</b> Appointed 2 March 2016</p>	<p><b>Experience</b> Ms Bowden has extensive knowledge and experience of Aboriginal and Torres Strait Islander affairs, particularly relating to the delivery of services for the Yolngu clans of north-east Arnhem Land in the Northern Territory. She is Chief Executive Officer of the Yothu Yindi Foundation and Director of the Garma Festival.  Ms Bowden's background is in the reform of Indigenous education in the remote north. She has at her disposal a large support network from across Australia, and her Indigenous cultural and arts knowledge is rich and diverse.</p>
<p><b>Jennifer Ullungura Clancy</b> <b>Non-executive Director</b> Appointed 10 May 2017</p>	<p><b>Experience</b> Ms Clancy is a senior Mantiyupwi woman from the Wurrumiyanga Bathurst Island and is the Registrar of the Tiwi Land Council. She has a strong understanding of AHL's core issue of transitioning students from remote communities to boarding facilities. Ms Clancy is a board member of several Tiwi Islands corporations.</p>
<p><b>Karen Sheldon AM</b> <b>Non-executive Director</b> Appointed 10 May 2017</p>	<p><b>Experience</b> As Managing Director, Karen Sheldon Group, Ms Sheldon is a renowned and highly respected entrepreneur in Darwin. She is a Member of the Order of Australia and winner of the Telstra Northern Territory Entrepreneur Award 2016 for businesswomen. Ms Sheldon's award-winning catering company and her establishment of the Northern Territory's first Vocational Training and Employment Centre both focus on a shared vision to close the gap in Indigenous employment disadvantage and to assist job-seekers to transition from welfare to a life of purpose and sustainable employment.</p>
<p><b>Ms Michelle Deavin</b></p>	<p><b>Chief Financial Officer and Company Secretary</b> Appointed Company Secretary and Chief Financial Officer in August 2016, Ms Deavin is a CPA with extensive experience in private-sector and government agencies in the areas of finance, audit and risk.</p>

## Retirements and resignations

No retirements or resignations from the Board occurred during the reporting period.

## Board committees

To assist in the performance of its responsibilities, the Board has established two subcommittees: the Audit, Risk and Finance Committee and the Asset Management Committee.

### Audit, Risk and Finance Committee

The role of the Audit, Risk and Finance Committee is to provide independent assurance to the Board on:

- financial reporting
- performance reporting
- risk oversight and management
- the system of internal controls.

This includes:

- monitoring AHL's funding, financial and planning strategies
- monitoring the flow of funds to ensure AHL's financial viability
- overseeing the investment/divestment strategy (cash and property), and monitoring its performance
- reporting regularly to the Board on significant financial matters
- providing input into new projects and proposals
- advising on annual key performance indicators in relation to finance and resources, including human resources, and performance against them.

From time to time, the Board may create time-limited working groups to assist the Executive Management Team with specific issues or projects.

### Asset Management Committee

The Asset Management Committee was formed in December 2016 to provide oversight of matters relating to longer term strategic asset management, including providing the Board with assurance that AHL is appropriately and sustainably managing and maintaining its asset portfolio.

### Strategic Investment Committee

The newly established Strategic Investment Committee will consider AHL's future service footprint to ensure it meets changing needs for accommodation services.

## Directors' meetings

In 2017–18, the Board met four times, the Audit, Risk and Finance Committee met five times, and the Asset Management Committee met four times.

Each director's attendance at the meetings is shown in Table 10.

**Table 10: Attendance at board and committee meetings, 2017–18**

<b>Board</b>				
<b>Member</b>	<b>23/8/2017</b>	<b>13/12/2017</b>	<b>28/2/2018</b>	<b>23/5/2018</b>
Dr Susan Gordon (Chairperson)	✓	✓	✓	✓
Mr David Evans	✓	✓	✓	✓
Mr Mike Allen	✓	✓	✓	✓
Prof. MaryAnn Bin-Sallik	✓	✓	✓	✓
Ms Denise Bowden	✓	✓	✓	✓
Ms Jennifer Ullungura Clancy	✓	✓	✓	✓
Ms Karen Sheldon	✓	✓	✓	✓

<b>Audit, Risk and Finance Committee</b>					
<b>Member</b>	<b>8/8/2017</b>	<b>19/9/2017</b>	<b>14/11/2017</b>	<b>13/2/2018</b>	<b>8/5/2018</b>
Mr David Evans (Chair)	✓	✓	✓	✓	✓
Mr Mike Allen	✓	✓	✓	✓	✓
Mr Geoff Knuckey (Independent)	✓	✓	✓	✓	✓
Mr Dennis Clark (Independent)	✓	✓	✓	✓	✓

<b>Asset Management Committee</b>				
<b>Member</b>	<b>18/7/2017</b>	<b>14/11/2017</b>	<b>13/2/2018</b>	<b>8/5/2018</b>
Mr Mike Allen (Chair)	✓	✓	✓	✓
Ms Denise Bowden	✓	✓	X	✓
Mr Trevor Moody (Independent)	✓	✓	✓	✓

**Note:** Excludes out-of-session teleconferences.

## Remuneration policy

The Remuneration Tribunal determines the company's remuneration policy for the directors and the CEO. The tribunal approves the company's terms and conditions of remuneration relating to the appointment and retirement of the Board members and of the CEO.

The remuneration and terms of conditions of employment for the senior executives are in accordance with the *Public Service Act 1999* and common law contracts.

The non-executive directors receive the superannuation guarantee contribution required by the Australian Government, which is currently 9.5 per cent, and do not receive any other retirement benefits.

The total remuneration of the directors and senior executives of the company in 2017-18, and the relevant remuneration bands, are shown in Table 11.

**Table 11:** Remuneration of directors and executives, 2017-18

Category	Remuneration band	Number
Directors	\$0-\$29,999	0
	\$30,000-\$59,999	6
	\$60,000-\$89,999	1
<b>Total</b>		<b>7</b>
Senior executives	\$0-\$159,999	0
	\$175,000-\$249,999	3
	\$250,000-\$354,999	1
<b>Total</b>		<b>4</b>

## Indemnities and insurance

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

The company also covers personal accident and travel insurance for directors travelling on official company business.

## Proceedings on behalf of company

No person has applied for leave of a court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

## Related party disclosures

There were no related party transactions in 2017–18.

## Rounding

The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the Financial Statements and the Directors' Report have been rounded to the nearest \$1,000.

## Auditor's independence

The directors received an Independence Declaration from the Auditor-General for the year ended 30 June 2018. A copy of the report has been included with the Financial Statements.

## Resolution of directors

This report is made in accordance with a resolution of the Board of Directors.



**Dr Susan Gordon AM**  
*Chairperson*  
*Aboriginal Hostels Limited*

21 September 2018



# Financial Statements



Dr Susan Gordon AM  
Chairman of the Board  
Aboriginal Hostels Ltd  
Level 1 2-6 Shea St  
PHILIP ACT 2606

## **ABORIGINAL HOSTELS LTD FINANCIAL REPORT 2017–18 AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the Aboriginal Hostels Ltd for the year ended 30 June 2018, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

A handwritten signature in blue ink, appearing to read 'Rebecca Reilly', written over a light blue rectangular background.

Rebecca Reilly  
Executive Director

Delegate of the Auditor-General

Canberra

20 September 2018

GPO Box 707 CANBERRA ACT 2601  
19 National Circuit BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777



## **INDEPENDENT AUDITOR'S REPORT**

**To the members of Aboriginal Hostels Limited**

### **Opinion**

In my opinion, the financial report of Aboriginal Hostels Limited for the year ended 30 June 2018 is in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of Aboriginal Hostels Limited's financial position as at 30 June 2018 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

The financial report of Aboriginal Hostels Limited, which I have audited, comprises the following statements as at 30 June 2018 and for the year then ended:

- Declaration by Aboriginal and Hostels Limited Chairperson and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements.

### **Basis for Opinion**

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of Aboriginal Hostels Limited in accordance with the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aboriginal Hostels Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Other Information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the director's report for the year ended 30 June 2018 but does not include the financial statements and my auditor's report thereon.

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My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Directors' Responsibility for the Financial Report**

The directors of Aboriginal Hostels Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing Aboriginal Hostels Limited's ability to continue as a going concern, disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Australian National Audit Office

A handwritten signature in blue ink, appearing to read 'Rebecca Reilly', is positioned above a faint, light blue rectangular stamp.

Rebecca Reilly  
Engagement Executive  
Delegate of the Auditor-General  
Canberra  
21 September 2018

## Declaration By Aboriginal Hostels Limited Chairperson and Chief Financial Officer

For The Period Ended 30 June 2018

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
  - a) comply with the Australian Accounting Standards and the Corporations Regulations 2001; and
  - b) give a true and fair view of the financial position of Aboriginal Hostels Limited as at 30 June 2018 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that Aboriginal Hostels Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Signed



Dr Susan Gordon AM  
Chairperson  
21 September 2018

Signed



Michelle Deavin CPA  
Chief Financial Officer  
21 September 2018

## Statement of Comprehensive Income

For The Period Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1A	28,364	31,964	31,794
Hostel accommodation expenses	1B	4,697	4,398	3,634
Administration expenses	1C	7,590	6,398	9,219
Property operating expenses	1D	10,487	13,017	9,301
Depreciation and amortisation	1E	4,103	4,096	4,028
Write-down and impairment of assets and bad debts	1F	449	290	598
Finance costs		75	64	8
<b>Total expenses</b>		<b>55,765</b>	<b>60,227</b>	<b>58,582</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Other operational funding received	2A	7,126	4,623	4,916
Hostel accommodation revenue	2B	16,387	14,931	16,636
Interest	2C	529	447	435
Other revenue	2D	34	42	32
<b>Total own-source revenue</b>		<b>24,076</b>	<b>20,043</b>	<b>22,019</b>
<b>Net (cost of)/contribution by services</b>		<b>(31,689)</b>	<b>(40,184)</b>	<b>(36,563)</b>
Revenue from Commonwealth Government				
Grant received from portfolio department	3	36,563	37,075	36,563
<b>Total revenue from Commonwealth Government</b>		<b>36,563</b>	<b>37,075</b>	<b>36,563</b>
<b>Surplus/(Deficit) on continuing operations</b>		<b>4,874</b>	<b>(3,109)</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Revaluation of land		(776)	-	-
Revaluation of buildings		(2,359)	-	-
Revaluation of art and artefacts		714	-	-
<b>Total other comprehensive deficit</b>		<b>(2,421)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive surplus/(deficit)</b>		<b>2,453</b>	<b>(3,109)</b>	<b>-</b>

The above statement should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Budget variances commentary – Statement of comprehensive income

Employee benefits	During 2017-18 AHL undertook a major staffing restructure as part of a program of necessary efficiency measures. The actual employee head count during the year was lower than budgeted which resulted in a reduction in employee benefits paid.
Hostel accommodation expenses	This variance mainly relates to an increase in food expenditure in 2017-18 as compared to the PBS budget.
Administration expenses	This variance mainly relates to the forecasted increased spend on hostels in the Northern Territory which did not occur.
Property operating expenses	This variance mainly relates to the higher than expected expenditure in repairs and maintenance, security services and cost of electricity across the hostel network. At the time of preparing the PBS, these amounts were not known and could not be reliably estimated.
Write-down and impairment of assets and bad debts	At the time of preparing the PBS, the amount of write-down of assets in 2017-18 was not known and could not be reliably estimated.
Other operational funding received	This variance mainly relates to the recognition of an operational grant received for additional accommodation services in the Northern Territory. The associated spend will occur from 2018-19.
Revaluation of land, buildings and art and artefacts	This variance relates to the revaluation of land, buildings and art and artefacts. At the time of preparing the PBS, these values were not known and could not be reliably estimated.

## Statement of Financial Position

For The Period Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4	29,566	25,996	26,364
Trade and other receivables	5A	2,999	628	525
Other financial assets	6	243	177	303
<b>Total financial assets</b>		<b>32,808</b>	<b>26,801</b>	<b>27,192</b>
<b>Total current assets</b>		<b>32,808</b>	<b>26,801</b>	<b>27,192</b>
<b>NON CURRENT ASSETS</b>				
<b>Non-financial assets</b>				
Land	7A	37,794	38,570	38,570
Buildings	7A	82,621	85,716	85,217
Art and artefacts	7A	2,125	1,469	1,458
Plant and equipment	7A	1,415	1,453	3,751
Computer software	7A	38	119	240
<b>Total non-financial assets</b>		<b>123,993</b>	<b>127,327</b>	<b>129,236</b>
<b>Total non current assets</b>		<b>123,993</b>	<b>127,327</b>	<b>129,236</b>
<b>Total assets</b>		<b>156,801</b>	<b>154,128</b>	<b>156,428</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
<b>Payables</b>				
Trade payables	8	1,837	1,006	1,521
Lease incentive payable	9	43	43	43
Minimum lease payables	11	20	35	-
Other payables	10	1,138	1,310	731
<b>Total payables</b>		<b>3,038</b>	<b>2,394</b>	<b>2,295</b>
<b>Provisions</b>				
Employee provisions	13	1,562	2,156	4,209
<b>Total current liabilities</b>		<b>4,600</b>	<b>4,550</b>	<b>6,504</b>
<b>NON CURRENT LIABILITIES</b>				
<b>Operating lease payable</b>				
Minimum lease payables	11	522	474	545
Unearned lease incentive payable	9	336	380	337
<b>Total operating lease payable</b>		<b>858</b>	<b>854</b>	<b>882</b>
<b>Provisions</b>				
Employee provisions	13	1,787	1,621	2,601
<b>Total provisions</b>		<b>1,787</b>	<b>1,621</b>	<b>2,601</b>
<b>Total non current liabilities</b>		<b>2,645</b>	<b>2,475</b>	<b>3,483</b>
<b>Total liabilities</b>		<b>7,245</b>	<b>7,025</b>	<b>9,987</b>
<b>Net assets</b>		<b>149,556</b>	<b>147,103</b>	<b>146,441</b>
<b>EQUITY</b>				
Contributed equity		94,243	94,243	94,243
Reserves		53,744	56,165	56,165
Retained surplus/(Accumulated deficit)		1,569	(3,305)	(3,967)
<b>Total equity</b>		<b>149,556</b>	<b>147,103</b>	<b>146,441</b>

The above statement should be read in conjunction with the accompanying notes.



## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Budget variance commentary - Statement of financial position

Cash, cash equivalents	This variance mainly relates to lower than expected payments in employee benefits which significantly contributed to the 2017-18 surplus position.
Trade and other receivables	This variance mainly relates to the accrual of an operational grant received for additional accommodation services in the Northern Territory.
Land, buildings and art and artefacts	This variance relates to the independent revaluation of land, buildings and art and artefacts undertaken as at 30 June 2018.
Plant and equipment	During 2017-18 AHL reprioritised spend on capital works to expenditure on repairs and maintenance across the hostel network.
Computer software	AHL deferred projects relating to the purchase of new software to focus on the repairs and maintenance program. At the time of preparing the PBS this program of work was not known.
Trade payables	This variance is due to a higher than expected accrual of expenditure for 2017-18 as compared to the PBS budget.
Other payables	This variance relates mainly to revenue received in advanced which is recorded as a liability until it can be recognised. At the time of preparing the PBS this amount was not known and could not be reliably estimated.
Employee provisions (current and non-current)	This variance mainly relates to long service leave payments that were made as a result of redundancies in 2016-17 and 2017-18. At the time of preparing the PBS these estimates were not known and could not be reliably estimated, hence the budgeted employee provisions were higher than what has eventuated.
Retained surplus/(accumulated deficit)	This variance relates to the recorded 2017-18 surplus which at the time of preparing the PBS was not expected or known.

## Statement of Changes in Equity

For The Period Ended 30 June 2018

For The Period Ended 30 June 2018	Note	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>CONTRIBUTED EQUITY</b>				
Opening balance				
Balance carried forward from previous period		94,243	94,243	94,243
Closing balance as at 30 June		<u>94,243</u>	<u>94,243</u>	<u>94,243</u>
<b>RETAINED EARNINGS</b>				
Opening balance				
Balance carried forward from previous period		(3,305)	(196)	(3,967)
<b>Comprehensive income</b>				
Surplus/(Deficit) for the period		4,874	(3,109)	-
<b>Total comprehensive income</b>		<u>4,874</u>	<u>(3,109)</u>	<u>-</u>
Closing balance as at 30 June		<u>1,569</u>	<u>(3,305)</u>	<u>(3,967)</u>
<b>ASSET REVALUATION RESERVE</b>				
Opening balance				
Balance carried forward from previous period		56,165	56,165	56,165
<b>Comprehensive income</b>				
Other comprehensive income		(2,421)	-	-
<b>Total comprehensive income</b>		<u>(2,421)</u>	<u>-</u>	<u>-</u>
Closing balance as at 30 June		<u>53,744</u>	<u>56,165</u>	<u>56,165</u>
<b>TOTAL EQUITY</b>				
Opening balance				
Balance carried forward from previous period		147,103	150,212	146,441
<b>Comprehensive income</b>				
Surplus/(Deficit) for the period		4,874	(3,109)	-
Other comprehensive income		(2,421)	-	-
<b>Total other comprehensive deficit</b>		<u>2,453</u>	<u>(3,109)</u>	<u>-</u>
Closing balance as at 30 June		<u>149,556</u>	<u>147,103</u>	<u>146,441</u>

The above statement should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Accounting policy

#### Equity injections

Amounts appropriated which are designated as "equity injections" for a year (less formal reductions) and AHL capital budgets are recognised directly in contributed equity in that year.

### Budget Variance Commentary – Statement of Changes in Equity

(Deficit)/Surplus for the period	This variance relates to the recorded 2017-18 surplus which at the time of preparing the PBS was not expected or known.
Other comprehensive income	This variance relates to the revaluation of land, buildings and art and artefacts. At the time of preparing the PBS, these values were not known and could not be reliably estimated.

## Cash Flow Statement

For The Period Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Receipts from Commonwealth Government		39,203	39,182	39,203
Receipts from State and Territory Governments		2,999	3,002	2,767
Receipts from hostel accommodation customers		16,286	14,882	16,369
Interest		522	488	435
Net GST received		1,576	1,288	1,659
Other		78	198	152
<b>Total cash received</b>		<b>60,664</b>	<b>59,040</b>	<b>60,585</b>
<b>Cash used</b>				
Employees		29,081	32,902	32,124
Suppliers		24,497	26,140	23,404
<b>Total cash used</b>		<b>53,578</b>	<b>59,042</b>	<b>55,528</b>
<b>Net cash from/(used by) operating activities</b>	12	<b>7,086</b>	<b>(2)</b>	<b>5,057</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Term deposits		-	7,000	-
<b>Total cash received</b>		<b>-</b>	<b>7,000</b>	<b>-</b>
<b>Cash used</b>				
Payment for property, plant and equipment		3,516	2,327	4,410
Payment for intangibles		-	42	90
<b>Total cash used</b>		<b>3,516</b>	<b>2,369</b>	<b>4,500</b>
<b>Net cash from/(used by) investing activities</b>		<b>(3,516)</b>	<b>4,631</b>	<b>(4,500)</b>
<b>Net increase/(decrease) in cash held</b>		<b>3,570</b>	<b>4,629</b>	<b>557</b>
Cash and cash equivalents at the beginning of the reporting period		25,996	21,367	25,810
<b>Cash and cash equivalents at the end of the reporting period</b>	4	<b>29,566</b>	<b>25,996</b>	<b>26,367</b>

The above statement should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Budgetary variance commentary – Cash flow statement

Investing activities cash used –  
Payment for property, plant and  
equipment

During 2017-18 AHL continued the major program of repairs and maintenance work which saw a decrease in the purchase of items of a capital nature as against budget.

Operating cash used for employees

This variance relates to the major staffing restructure undertaken in 2017-18 which saw lower than expected payments in employee benefits.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Overview

Aboriginal Hostels Limited (AHL) is an Australian Government controlled entity. It is a not-for-profit entity. The objective of AHL is to provide safe, comfortable, culturally appropriate and affordable accommodation for Indigenous Australians who must live away from home to access services and labour markets.

AHL is structured to meet the following outcome of improving access to education, employment, health and other services for Aboriginal and Torres Strait Islander people travelling or relocating through the operation of temporary hostel accommodation services.

The continued existence of the entity in its present form and with its present programmes is dependent on Government policy and on continuing funding by Parliament for the entity's administration and programmes.

Entity activities contributing toward these outcomes are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the entity in its own right. AHL does not have any Administered items.

### Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001*, the *Australian Charities and Not-for-profits Commission Act 2012*, and the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). AHL is classified for financial reporting purposes as a not-for-profit (NFP) entity under the *Corporations Act 2001* and the Australian Accounting Standards.

The financial report, except for cash flow information, has been prepared on an accrual basis and on a historical cost basis modified where applicable by the measurement at fair value of selected assets and liabilities.

AHL's financial instruments are limited to cash, trade and other receivables and trade and other payables. AHL does not have any complex financial instruments therefore are not disclosed further in the notes.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

### Accounting Policy Changes

The accounting policies adopted by AHL during 2017-18 are consistent with those of the previous financial year.

### New Accounting Standards

#### *Adoption of New Accounting Standard Requirements*

No accounting standard has been adopted earlier than the application date as stated in the standard. There have been no other new, revised or amended standards or interpretations issued by the Australian Accounting Standards Board prior to the sign off date that are applicable to the current reporting period that have a material effect, or that are expected to have a future material effect on the Aboriginal Hostels Limited's statements.

#### *Future Accounting Standard requirements*

The following new, revised and amending standards and interpretations were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Chairperson and Chief Financial Officer (CFO), and are expected to have a financial impact on Aboriginal Hostels Limited's financial statements for future reporting periods:

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### AASB 9 Financial Instruments

*Nature:*

The revised standard incorporates the final requirements from all three phases of the financial instruments project: classification and measurement, impairment and hedge accounting. Classification of financial instruments under the new standard will be primarily determined by the Aboriginal Hostels Limited's business model, i.e. the purpose for which the entity holds the instrument.

*Likely impact:*

Expected to have minimal impact on the Aboriginal Hostels Limited statements. Specifically, under the revised standard, financial assets recorded by Aboriginal Hostels Limited are managed under the 'Hold to Collect' model. Due to the nature of the revenue streams of the Agency, the expected credit loss requirement of this standard will have minimal impact on the financial statements.

### AASB 16 Leases

*Nature:*

The revised standard replaces AASB 117 *Leases* and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with AASB 16's approach to lessor accounting substantially unchanged from its predecessor, AASB 117.

*Likely impact:*

Expected to have an impact on the recognition, measurement and disclosure of leases. Effective date of AASB 16 1 July 2019. Expected to have an as yet unquantifiable impact on the recognition, measurement and disclosure of Lease assets and liabilities.

### AASB 1058 Income of Not-for-Profit Entities and AASB 2016-7 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

*Nature:*

AASB 1058, AASB 2016-7 and AASB 2016-8 clarify and simplify the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. They supersede all income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

The requirements of AASB 1058 more closely reflect the economic reality of NFP entity transactions that are not contracts with customers (as defined in AASB 15). The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

*Likely impact:*

Expected to have an as yet unquantifiable impact on the recognition, measurement and disclosure of in-kind gains recognised as a result of the difference between consideration paid and the fair value of services received by Aboriginal Hostels Limited.

All other new, revised and amending standards and interpretations that were issued prior to signing date and are applicable to future reporting periods are not expected to have a material impact on the Agency's financial statements.

### Events after balance date

No events after balance date requiring reporting have occurred.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Financial performance

This section analyses the financial performance of AHL for the year ended 30 June 2018.

Expenses	Note	2018	2017
Note 1A: Employee benefits		\$'000	\$'000
Wages and salaries		21,532	23,452
Annual leave		1,483	1,678
Long service leave		302	208
Other leave		1,189	1,508
Superannuation		3,531	4,005
Termination benefits		327	1,113
<b>Total employee benefits</b>		<b>28,364</b>	<b>31,964</b>

### Accounting Policy

Accounting policies for employee related expenses is contained in the People and relationships section.

### Note 1B: Hostel accommodation expenses

Food and beverages		3,967	3,668
Cleaning and hygiene		726	725
Medical sundries		4	5
<b>Total hostel accommodation expenses</b>		<b>4,697</b>	<b>4,398</b>

### Note 1C: Administration expenses

Consultants and contractors		1,043	520
Travel and accommodation		1,231	919
Training and recruitment		216	395
Information technology and communications		1,229	1,252
Insurance		234	214
Directors' remuneration <sup>1</sup>	<b>13C</b>	342	313
Audit fees		112	112
Workers compensation expenses		2,473	1,772
Other		710	901
<b>Total administration expenses</b>		<b>7,590</b>	<b>6,398</b>

1 In note 13C the comparative for Directors' fee and the Superannuation expenses for Directors in 2016-17 have been adjusted to reflect one of the board member's 2016-17 back pay disbursed in 2017-18. The total adjustment of \$5.5k has not been included in the comparatives of Note 1C Administration expense.



## Notes to the Financial Statements

For The Period Ended 30 June 2018

Note 1D: Property operating expenses	Note	2018 \$'000	2017 \$'000
Operating lease expense		867	1,619
Repairs and maintenance		4,703	5,900
Minor furnishings		562	1,142
Fuel and power		2,053	1,991
Rates		815	762
Other		1,487	1,603
<b>Total property operating expenses</b>		<b>10,487</b>	<b>13,017</b>
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>			
Within 1 year		962	1,267
Between 1 to 5 years		3,090	3,628
More than 5 years		3,006	3,576
<b>Total operating lease commitments</b>		<b>7,058</b>	<b>8,471</b>

### Accounting Policy

#### Leasing Commitments

Aboriginal Hostels Limited in its capacity as lessee has entered into a number of operating leases for its National Office operations, IT equipment and motor vehicle leases. Details are as follows:

<u>Region/lease type</u>	<u>Expiry date</u>	<u>Annual rental</u>	<u>Annual rental increases</u>
Western Australia – office space	31/12/2018	\$ 55,200	4% fixed on anniversary
National Office – office space	31/03/2027	\$ 534,694	3% fixed on anniversary
HP Financial services – IT equipment	24/07/2019	\$ 20,565	Flat rate

Negotiations for an early exit from the WA office space are ongoing.

AHL holds operating leases for its motor vehicle fleet which are primarily used as official pool cars for its hostels. The fleet includes a number of passenger transport buses to provide transportation to students at its secondary education hostels.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Note 1E: Depreciation and amortisation</b>			
<b>Depreciation:</b>			
Buildings		3,260	3,225
Plant and equipment		624	671
Art and artefacts		15	15
<b>Total depreciation</b>		<b>3,899</b>	<b>3,911</b>
<b>Amortisation:</b>			
Leasehold improvements		165	144
Intangibles		39	41
<b>Total amortisation</b>		<b>204</b>	<b>185</b>
<b>Total depreciation and amortisation</b>		<b>4,103</b>	<b>4,096</b>
<b>Note 1F: Write-down and impairment of assets and bad debts</b>			
<b>Write-down and impairment of assets</b>			
Building		212	43
Plant and equipment		26	100
Art and artefacts		46	-
Intangibles		42	-
<b>Total write-down and impairment of assets</b>		<b>326</b>	<b>143</b>
Bad debts write off and provision for bad debts		123	147
<b>Total write-down and impairment of assets and bad debts</b>		<b>449</b>	<b>290</b>

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Accounting Policy

Accounting policies for depreciation expenses are located after Note 7B: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles 2018.

### Expense recognition

#### *Resources provided free of charge*

Resources provided free of charge by AHL are recognised as expenses when and only when the 'fair value' can be reliably determined and the services would have been sold if they had not been donated. Resources provided free of charge are recorded as either an expense or a loss depending on their nature.

AHL utilises five hostels under a rent offset maintenance agreement. The properties are Durungaling Hostel, Kirinari Newcastle Hostel, Kirinari Sylvania Hostel, Biala Hostel and Broome Hostel.

### Income tax

No provision for income tax has been raised as AHL is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

### Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, except where the GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable or payable to the Australian Taxation Office is included with other receivables and payables in the statement of financial position. Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office are presented as operating cash flows.

### Own-Source revenue

<b>Note 2A: Other operational funding received<sup>1</sup></b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Funding for operation of hostels managed by AHL on behalf of other agencies</b>			
Department of Prime Minister and Cabinet (PM&C)			
<i>Wadeye Secondary Education Boarding Facility</i>		2,400	2,107
<i>Additional accommodation services in Northern Territory</i>		2,000	-
Northern Territory Housing			
<i>Akangkentye Hostel</i>		717	634
<i>Apmere Mwerre Visitor Park</i>		1,600	1,363
Northern Territory Department of Health			
<i>Alyerre Hostel</i>		409	519
<b>Total Funding for operation of hostels managed by AHL on behalf of other agencies</b>		<b>7,126</b>	<b>4,623</b>

<sup>1</sup> These grants are defined as non-reciprocal transfers under accounting standard AASB 1004

Contributions, therefore revenue is accounted for at the time of receipt and liabilities are not raised for unearned revenue received in advance.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Note 2B: Hostel accommodation revenue

Tariff collected	16,348	14,815
Other revenue	39	116
<b>Total hostel accommodation revenue</b>	<b>16,387</b>	<b>14,931</b>

### Accounting policy

#### Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to AHL and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised.

#### Rendering of services

Revenue received for the provision of hostel accommodation is recognised upon the delivery of the service to customers, with all outstanding hostel tariff revenue accounted for as trade receivables and revenue payable by State and Territory organisations.

#### Other income

Other income is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to AHL and the income can be reliably measured.

#### Contributions

A contribution occurs when AHL receives an asset or cash without returning approximately equal value to the parties that provided the cash or asset for example property donations, grant funding to deliver administered programs. Contributions are referred to under Accounting Standard AASB 1004 as non-reciprocal transfers of economic benefits. Income from contributions is recognised at the time the revenue is received, not in the period when the expense is incurred.

#### Resources received free of charge

Resources received free of charge by AHL are recognised as revenue when the 'fair value' can be reliably determined and the services would have been purchased if they had not been donated. AHL does not include an estimate of the value of hostels provided to AHL free of charge to operate in its financial statements as these arrangements always result in nil impact to the financial position of AHL. AHL would not have purchased these resources if they were not provided free of charge.

No value has been recognised in AHL's current or prior year financial statements for resources received free of charge.

	Note	2018 \$'000	2017 \$'000
<b>Note 2C: Interest income</b>			
Interest income		529	447
<b>Total interest income</b>		<b>529</b>	<b>447</b>

### Note 2D: Other income

Rent received		34	42
<b>Total other income</b>		<b>34</b>	<b>42</b>

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Note 3: Revenue from Commonwealth Government

Department of Prime Minister and Cabinet (PM&C)

Grant received from portfolio department

	36,563	37,075
<b>Total Grant received from Commonwealth Government</b>	<b>36,563</b>	<b>37,075</b>

### Accounting policy

#### *Interest revenue*

Interest revenue is recognised using the effective interest method.

#### *Sale of assets*

Gain from disposal of assets are recognised when control of the assets has passed to the buyer.

#### *Revenue from Government*

Funding received or receivable from non-corporate Commonwealth entities (appropriated to PM&C for payment to corporate entities) is recognised as Revenue from Government by AHL unless the funding is in the nature of an equity injection or a loan.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Financial Position

This section analyses AHL's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the people and relationships section.

<b>Note 4: Cash and cash equivalents</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
Cash at bank		29,398	25,828
Donation account		168	168
<b>Total cash and cash equivalent</b>		<b>29,566</b>	<b>25,996</b>
<b>Note 5A: Trade and other receivables</b>			
Trade receivables		414	345
Less: Provision for impairment		(104)	(75)
<b>Total trade receivables</b>		<b>310</b>	<b>270</b>
GST receivable		269	211
Operational grant receivable		2,000	-
Other receivables		420	147
<b>Total other receivable</b>		<b>2,689</b>	<b>358</b>
<b>Total trade and other receivables</b>		<b>2,999</b>	<b>628</b>

### Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand;
- b) deposits held at call at bank; and
- c) other short-term deposits.

### Note 5B: Provision for impairment of receivables

A review is undertaken at 30 June each year of all outstanding trade receivables to identify impaired and uncollectable debts. Individual debts deemed uncollectable are written off at year end and a provision for impairment (doubtful debts) is recognised.

Total trade and other receivables expected to be recovered no more than 12 months from reporting date.

### Accounting policy

#### *Trade and other receivables*

Receivables for goods or services are recognised at the nominal amounts due less any allowances for impairment. The collectability of debts is reviewed at year end. An allowance is recognised when the collectability of the debt is no longer probable and reported as a provision for impairment. The 'No Pay No Stay' policy is in place to reduce the level of irrecoverable debts from residents and hostel accommodation tariff payable by institutional debtors (e.g. State and Territory government agencies). Debts are either paid upfront or due within 60 days of the accommodation being provided to residents.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

Reconciliation of the impairment allowance for trade receivables are noted below:

<b>Note 5B: Movement in relation to 2018</b>	<b>2018</b>
	<b>\$'000</b>
<b>As at 1 July 2017</b>	<b>(75)</b>
Amount written off	94
Increase/(Decrease) recognised in net cost of service	<u>(123)</u>
<b>Closing balance provision for impairment as at 30 June 2018</b>	<b><u>(104)</u></b>
<b>Note 5B: Movement in relation to 2016</b>	<b>2017</b>
	<b>\$'000</b>
<b>As at 1 July 2016</b>	<b>(75)</b>
Amount written off	147
Increase/(Decrease) recognised in net cost of service	<u>(147)</u>
<b>Closing balance of provision for impairment as at 30 June 2017</b>	<b><u>(75)</u></b>

	2018	2017
	\$'000	\$'000
<b>Note 6: Other current assets</b>		
Prepayments	<u>243</u>	<u>177</u>
<b>Total other current assets</b>	<b><u>243</u></b>	<b><u>177</u></b>

## Notes to the Financial Statements

For The Period Ended 30 June 2018

<b>Note 7A: Schedule of property, plant and equipment and intangible assets</b>	<b>Note</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
<b>Land and buildings</b>			
Land at fair value <sup>1</sup>		37,794	38,570
<b>Total land</b>		<b>37,794</b>	<b>38,570</b>
Buildings at fair value <sup>1</sup>		79,681	90,818
Add: Work in progress at historic cost		1,184	55
Less: Accumulated depreciation		-	(6,219)
<b>Total buildings</b>		<b>80,865</b>	<b>84,654</b>
Leasehold improvements at historic cost		2,420	1,897
Less: Accumulated depreciation		(664)	(835)
<b>Total leasehold improvements</b>		<b>1,756</b>	<b>1,062</b>
<b>Total land and buildings</b>		<b>120,415</b>	<b>124,286</b>
<b>Plant and equipment</b>			
Plant and equipment at historic cost		3,661	3,460
Less: Accumulated depreciation		(2,246)	(2,007)
<b>Total plant and equipment</b>		<b>1,415</b>	<b>1,453</b>
<b>Art and artefacts<sup>1</sup></b>			
Art and artefacts at fair value		2,125	1,499
Less: Accumulated depreciation		-	(30)
<b>Total art and artefacts</b>		<b>2,125</b>	<b>1,469</b>
<b>Software</b>			
Software at historic cost		500	510
Add: Work in progress at historic cost		-	42
Less: Accumulated depreciation		(462)	(433)
<b>Total software</b>		<b>38</b>	<b>119</b>
<b>Total property, plant and equipment</b>		<b>123,993</b>	<b>127,327</b>

<sup>1</sup> Aboriginal Hostels Limited revalued its Land, building and Art and artefacts as at 30 June 2018 by an independent valuer. The fair value of the Land and Buildings assets decreased by \$776k and \$2.35m respectively. The total fair value of the Art and artefacts increased by \$714k.



## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Note 7B: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles 2018

	Land		Buildings		Buildings Work In Progress		Leasehold Improvements		Total Land and Buildings		Plant and Equipment		Art and Artefacts		Software Work in progress		Total Computer Software		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
As at 30 June 2017																			
Closing gross book value	38,570	90,818	55	1,897	131,340	3,460	1,499	42	510	552	136,851								
Closing accumulated depreciation	-	(6,219)	-	(835)	(7,054)	(2,007)	(30)	-	(433)	(433)	(9,524)								
<b>Closing net book value at 30 June 2017</b>	<b>38,570</b>	<b>84,599</b>	<b>55</b>	<b>1,062</b>	<b>124,286</b>	<b>1,453</b>	<b>1,469</b>	<b>42</b>	<b>77</b>	<b>119</b>	<b>127,327</b>								
Additions:																			
By acquisition	-	-	3,528	-	3,528	-	-	-	-	-	-	-	-	-	-	-	-	-	3,528
Capitalised from work in progress	-	1,648	(2,399)	127	(624)	619	5	-	-	-	-	-	-	-	-	-	-	-	-
Other corrections <sup>3</sup>	-	-	-	(3)	(3)	(7)	(2)	-	-	-	-	-	-	-	-	-	-	-	(12)
Disposal of assets	-	(119)	-	(93)	(212)	(26)	(46)	-	-	-	-	-	-	-	-	-	-	-	(284)
Reclassifications <sup>1</sup>	-	(828)	-	828	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset revaluation increments (decrements) <sup>2</sup>	(776)	(2,359)	-	-	(3,135)	-	-	-	714	-	-	-	-	-	-	-	-	-	(2,421)
Impairment of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(42)
Depreciation expense	-	(3,260)	-	(165)	(3,425)	(624)	(15)	-	(39)	(39)	(4,103)	-	-	-	-	-	-	-	(39)
<b>Closing net book value at 30 June 2018</b>	<b>37,794</b>	<b>79,681</b>	<b>1,184</b>	<b>1,756</b>	<b>120,415</b>	<b>1,415</b>	<b>2,125</b>	<b>-</b>	<b>38</b>	<b>38</b>	<b>123,993</b>								

Net book value as at 30 June 2018 represented by

Closing gross book value	37,794	79,681	1,184	2,420	121,079	3,661	2,125	-	500	500	127,365								
Closing accumulated depreciation	-	-	-	(664)	(664)	(2,246)	-	-	(462)	(462)	(3,372)								
<b>Closing net book value at 30 June 2018</b>	<b>37,794</b>	<b>79,681</b>	<b>1,184</b>	<b>1,756</b>	<b>120,415</b>	<b>1,415</b>	<b>2,125</b>	<b>-</b>	<b>38</b>	<b>38</b>	<b>123,993</b>								

<sup>1</sup> In 2017-18 AHL reclassified as leasehold improvements all of its capital improvement of non owned buildings that have been given to use under the condition of maintenance cost offset rental agreement. The properties are Durungaling Hostel, Kirinari New castle Hostel, Kirinari Sylvania Hostel, Biata Hostel and Broome.

<sup>2</sup> In 2017-18 AHL revalued its land, building and art and artefacts as per the accounting policy by an independent valuer. The total net impact to the revaluation reserve is \$2,421K.

<sup>3</sup> AHL has made a depreciation calculation correction for two national leasehold assets. The total impact of the correction is \$12K.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Accounting policy

#### Property, plant and equipment (includes fit out in leased properties, art and artefacts)

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total) or they are art and artefacts, where AHL has no capitalisation threshold.

Art, artefacts, land and buildings are carried at 'fair value' less depreciation, whereas leasehold improvements, plant and equipment are carried at historic cost less accumulated depreciation and less any identified impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

#### *Independent valuations*

The last independent valuation of land and buildings was undertaken by Jones Lang LaSalle (JLL) as at 30 June 2018.

These independent valuations were undertaken by AHL to: obtain the current values of land and buildings for accounting and insurance purposes, identify potential impairment to historical values, and ensure AHL's assets are not carried at amounts greater than 'fair value' as required by accounting standard AASB 136, Impairment of Assets.

AHL undertakes revaluations of its land, buildings, art and artefacts, every three years and reflect these valuations and remaining useful lives in AHL's asset register and accounts.

#### *Valuation policy for art and artefacts*

AHL adopted a revaluation model in 2012-13 as a policy for subsequent measurement of its art and artefacts. Accordingly, in 2017-18 AHL engaged an independent valuer to revalue its art and artefacts as at 30 June 2018 on the basis of 'fair value'. Any art and artefacts received as a gift or donation or that were identified for the first time during the 2014-15 stocktake were assigned a minimum management valuation of \$50. All valuation increases have been recognised in the 'Art and Artefacts Revaluation Reserve'. All art and artefacts continue to be depreciated over 100 years. Although all care is taken by AHL to protect its art and artefacts, AHL does not have a formal 'preservation plan' in place to protect these assets indefinitely. Consequently, these assets cannot be classified as heritage assets and have not been assigned unlimited useful lives.

#### *Valuation policy for land and buildings*

AHL adopted a revaluation model in 2012-13 as a policy for subsequent measurement of its land, buildings and building improvements. Accordingly, in 2017-18 AHL engaged an independent valuer to revalue its land and buildings as at 30 June 2018. The remaining useful lives of all buildings and building improvements in 2017-18 were also reviewed and updated. AHL will depreciate all building and building improvements over the revised remaining useful lives of the assets until the next revaluation to be conducted in 2020-21. The net valuation increases were recognised in AHL's Land and Buildings Revaluation Reserves.

Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Accounting policy (continued) - Property, plant and equipment

In 2014-15 AHL updated its accounting policy to include other plant and equipment that are permanently fitted to the building and form an integral part of the building achieving its expected economic benefit.

New acquisitions are initially valued at 'historic cost' and subsequently revalued to 'fair value' as part of the next scheduled independent tri-annual revaluation process.

#### *Disclosure of leasehold improvements*

AHL records the cost of office fitouts and capital improvements over \$2,000 undertaken by AHL in leased properties at 'historic cost' and depreciates the cost over the life of each lease.

AHL reviews its leasehold makegood liabilities with respect to each leasehold improvement agreement. For 2017-18, there was no evidence, past or present, of any damage to the leasehold premises that would require a provision for makegood to be accounted for.

#### *Depreciation of property, plant and equipment*

Depreciable property, plant and equipment with the exception of leasehold improvement assets are written off to their estimated residual values over their estimated useful lives using the straight line method of depreciation commencing from the time the asset is available for use. Leasehold improvements are depreciated on a straight line basis over the estimated useful life of the improvements.

Depreciation rates (useful lives) at the end of each reporting period together with necessary adjustments are recognised in the current and future reporting periods as appropriate. Depreciation rates applying to each class of depreciable asset are based on the following average useful lives:

<b>Asset category</b>	<b>2018</b>	<b>2017</b>
Buildings – infrastructure	32 Years	32 Years
Buildings – structure	53 Years	53 Years
Buildings – plant and equipment	17 Years	17 Years
Buildings – fit out	24 Years	24 Years
Buildings – Health and safety equipment	20 Years	20 Years
Art and artefacts	100 Years	100 Years
Leasehold improvements*	5-15 Years	5-15 Years
Furniture and fittings	5 Years	5 Years
Computer equipment	3 Years	3 Years
Office machinery	5 Years	5 Years
Electrical equipment	5 Years	5 Years

#### **Notes:**

\* Leasehold improvements include fitout of AHL's National Office which is depreciated over the 15 year lease and improvements to all other leased offices.

The aggregate amounts of depreciation and amortisation expenses allocated for each class of asset during the reporting period are disclosed in notes 1E and 7A.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Accounting policy (continued) - Property, plant and equipment

#### *Gains and losses on disposal*

Gains and losses on disposals are determined by comparing proceeds from sale of assets with the carrying value of each asset. These gains or losses are included in the statement of comprehensive income.

#### *Work in progress – Property, plant and equipment*

The full cost of construction work undertaken on AHL owned projects is capitalised in work in progress (WIP) at historical cost. Once completed, these assets are transferred from WIP to the respective asset classes within property, plant and equipment. However, where AHL receives funding to construct hostels or maintain hostels on behalf of other agencies, the full cost is immediately expensed and not capitalised. These hostels are capitalised by the respective owners upon completion and handover by AHL.

### Intangibles

#### *Software*

AHL's intangibles comprise purchased software which is carried at cost less accumulated amortisation and less any impairment losses. Software is amortised on a straight line basis over its anticipated useful life commencing when the software is installed ready for use. The useful life of AHL's software is estimated at five years and the value is assessed annually for impairment. AHL's capitalisation threshold for software is \$2,000.

#### *Work in progress – software*

The full cost of purchasing IT software and customising it for AHL's business operations is capitalised in WIP at historical cost until the IT systems are installed ready for use. The full cost of purchasing and developing the completed software is then transferred from WIP to the appropriate software category in the asset register and amortised over the estimated useful life of the software.

Any software development costs not directly related to the development of the final installed software is expensed. Software licence fees are capitalised separately from the software and amortised over the life of each licence.

### Impairment of assets

At the end of each reporting period, AHL reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists because the recoverable amount of the asset, (i.e. Fair value less selling costs) is lower than the asset's carrying value, the difference is recognised as an expense. AHL believes that all property, plant, equipment and software are accurately valued and reflect the current condition of these assets.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Note 8: Trade payables</b>			
<b>Trade payables</b>			
Trade payables		1,837	1,006
<b>Total trade payables</b>		<b>1,837</b>	<b>1,006</b>
<b>Suppliers expected to be settled</b>			
No more than 12 months		1,837	1,006
<b>Total trade payables</b>		<b>1,837</b>	<b>1,006</b>
<b>Note 9: Unearned lease incentive payable</b>			
Unearned lease incentive payable		379	423
<b>Total Unearned lease incentive payable</b>		<b>379</b>	<b>423</b>
<b>Unearned lease incentive payable expected to be settled</b>			
No more than 12 months		43	43
More than 12 months		336	380
<b>Total Unearned lease incentive payable</b>		<b>379</b>	<b>423</b>
<b>Note 10: Other payables</b>			
Employee payables		578	851
Revenue received in advance		560	459
<b>Total other payables</b>		<b>1,138</b>	<b>1,310</b>
<b>Other payable expected to be settled</b>			
No more than 12 months		1,138	1,310
<b>Total Unearned lease incentive payable</b>		<b>1,138</b>	<b>1,310</b>
<b>Note 11: Minimum lease payables</b>			
Minimum lease payables		542	509
<b>Total Minimum lease payable</b>		<b>542</b>	<b>509</b>
<b>Minimum lease payable expected to be settled</b>			
No more than 12 months		20	35
More than 12 months		522	474
<b>Total minimum lease payables</b>		<b>542</b>	<b>509</b>

Credit terms for goods and services were within 30 days (2017: 30 days). AHL has not made loans to any entity.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Accounting policy

#### *Trade payables*

Trade creditors represent the liability outstanding at the end of the financial year for goods and services received by AHL before year end which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### *Provisions*

Provisions are recognised when AHL has a legal or constructive obligation as a result of past events, where it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions record AHL's best estimate of the amounts required to settle the obligations at the end of the financial year.

#### *Leases*

All lease payments relate to operating leases where all the risks and benefits substantially remain with the lessor and are recognised as an expense on a straight-line basis over the lease term.

Lease incentives incorporated in operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term. AHL does not hold any finance leases.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

<b>Note 12: Cash flow reconciliation</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement</b>			
Cash flow statement		29,566	25,996
Statement of financial position	4	29,566	25,996
<b>Discrepancy</b>		<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from/(used by) operating activities			
Net(cost of)/contribution by services		(31,689)	(40,184)
Revenue from Government		36,563	37,075
<b>Adjustments for non-cash items</b>			
Depreciation/amortisation		4,103	4,096
Net write down and impairment of non-financial assets		326	143
<b>Movement in assets and liabilities</b>			
<b>Assets</b>			
(Increase)/Decrease in net receivables		(2,371)	(126)
Decrease in prepayments		(66)	121
<b>Liabilities</b>			
(Decrease) in unearned lease incentive payable		(44)	(43)
Increase/(Decrease) in employee provisions		(428)	(461)
Increase/(Decrease) in suppliers payables		831	(551)
(Decrease) in other payables		(139)	(72)
Net cash from/(used by) operating activities		<u><b>7,086</b></u>	<u><b>(2)</b></u>

## Notes to the Financial Statements

For The Period Ended 30 June 2018

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### People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

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	Note	2018 \$'000	2017 \$'000
<b>Note 13A: Provision for employee benefits</b>			
Provision for annual leave		1,676	1,824
Provision for long service leave		1,673	1,953
<b>Total employee benefits</b>		<b>3,349</b>	<b>3,777</b>

### Employee benefits expected to be settled

No more than 12 months		1,562	2,156
More than 12 months		1,787	1,621
<b>Total employee benefits</b>		<b>3,349</b>	<b>3,777</b>

### Accounting policy

#### Employee benefits

##### *Leave provisions*

A provision is made for AHL's liability for employee entitlements arising from services rendered by employees at the reporting date to the extent that they have not been settled. These benefits include wages and salaries, annual leave and long service leave.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Other employee entitlements payable later than twelve months have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave, as it is non-vesting and the average sick leave taken in future years by employees of AHL is estimated to be less than the annual entitlement for sick leave.



## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Accounting policy (continued) – Employee benefits.

#### *Superannuation*

Staff at AHL are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or of each employee's chosen superannuation fund.

The CSS and PSS are defined benefit schemes of the Australian Government. The PSSap is a defined contribution scheme. From 1 July 2005, new employees are eligible to join the PSSap scheme. Where staff do not indicate a preference, PSSap is the default superannuation fund.

Contributions are made by AHL to the above schemes at the rates determined by an actuary to be sufficient to meet the costs to the Commonwealth Government of the superannuation entitlements of AHL's employees. AHL recognises contributions as expenses when incurred.

#### *Accounting Judgements and Estimates*

In 2014-15 AHL adopted the Shorthand method as per PGPA rule 2015.24(b).(iii) as the calculation methodology for employee entitlements. Each year AHL updates the calculation parameters as published in the Standard Parameters table by the Department of Finance as at reporting date.

In 2017-18 AHL reviewed its employee profile for the purpose of determining application parameters for on-cost factor application and to estimate the pattern of the employees likely to access their long term entitlement while in service and on termination of their contract with AHL. AHL will continue to review its employee profile with a sufficient regularity to ensure the parameters applied do not differ materially against the employee profile of the reporting period. In 2017-18 AHL has estimated its 10 year salary growth as 2% for employee provision discounting.

### **Note 13B: Names of directors and key management personnel in office at any time during the financial year are:**

<b>Directors</b>	<b>Position</b>	<b>Term</b>
Dr Susan Gordon AM	Chair, non-executive director	11/09/2015 to 10/09/2020
Mr David Evans	Deputy Chair, non-executive director	24/06/2013 to 23/09/2019
Prof. MaryAnn Bin-Sallik AO	Non-executive director	02/03/2016 to 01/03/2019
Mr Mike Allen	Non-executive director	02/03/2016 to 01/03/2019
Ms Denise Bowden	Non-executive director	02/03/2016 to 01/03/2019
Ms Jennifer Ullungura Clancy	Non-executive director	10/05/2017 to 10/05/2020
Ms Karen Sheldon AO	Non-executive director	10/05/2017 to 10/05/2020
<b>Key management personnel</b>	<b>Position</b>	
Mr Tony Usher	Chief Executive Officer	
Ms Michelle Deavin	Company Secretary, Chief Financial Officer	
Ms Brenda Graham	General Manager Frontline Services	
Mr Richard Thomson	General Manager Frontline Services	

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Note 13C: Key management personnel remuneration

	2018	2017
	\$	\$
<b>Short-term employee benefits</b>		
Salary	607,187	611,935
Motor vehicle and other allowances <sup>1</sup>	103,097	85,461
<b>Total short-term employee benefits</b>	<b>710,284</b>	<b>697,396</b>
<b>Post-employment benefits</b>		
Superannuation	97,821	105,404
<b>Total post-employment benefits</b>	<b>97,821</b>	<b>105,404</b>
<b>Other long-term employee benefits</b>		
Annual leave	48,958	45,498
Long-service leave	15,740	14,628
<b>Total other long-term employee benefits</b>	<b>64,698</b>	<b>60,126</b>
<b>Termination benefits</b>		
Eligible termination benefits	-	67,775
<b>Total termination benefits</b>	<b>-</b>	<b>67,775</b>
<b>Total senior executive remuneration<sup>2</sup></b>	<b>872,803</b>	<b>930,701</b>
<b>Directors' remuneration<sup>3</sup></b>		
<b>Short-term benefits</b>		
Directors' fees <sup>4</sup>	307,344	290,894
<b>Total directors' fees</b>	<b>307,344</b>	<b>290,894</b>
<b>Post-employment benefits</b>		
Superannuation <sup>4</sup>	29,198	27,540
<b>Total superannuation</b>	<b>29,198</b>	<b>27,540</b>
<b>Total directors' remuneration</b>	<b>336,542</b>	<b>318,434</b>
<b>Total key management personnel remuneration</b>	<b>1,209,345</b>	<b>1,249,135</b>

<sup>1</sup> The comparatives for key management personnel motor vehicle and other allowances have been updated to include fringe benefits received.

<sup>2</sup> The total number of senior management personnel that are included in the above table are 4, which includes part year positions of two senior management personnel. The duration of their tenures are disclosed in Note 13B.

<sup>3</sup> The above Directors' fee calculation includes 7 members including the chairperson of the board. At the time of reporting AHL board had 7 directors.

<sup>4</sup> The comparative for Directors' fee and the Superannuation expenses for Directors in 2016-17 have been adjusted to reflect one of the board member's 2016-17 back pay disbursed in 2017-18. The total adjustment of \$5.5k has not been included in the comparatives of Note 1C Administration expense.

### Note 13D: Related party disclosures

There are no related party disclosure transactions for 2017-18 (nil in 2016-17).

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### **Note 14: Resources received and provided free of charge**

In 2017-18 AHL had the use of five hostel properties which they received and operated free of charge (five in 2016-17). AHL did not provide any resources free of charge in 2017-18. The value of the benefits received free of charge during 2017-18 as in prior years, has not been estimated by AHL as these services would not have been purchased if not provided free of charge.

### **Note 15: Economic dependency**

AHL currently receives the majority of its funding from the Commonwealth, State and Territory Governments and is therefore financially dependent on them.

### **Note 16: Contingent assets and liabilities**

AHL is a joint party in relation to an alleged incident in one of its Victorian hostels in the 1980's. It is currently not possible to quantify the impact, if any, of this action.

### **Accounting policy**

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### **Fair value measurement**

#### **Accounting Policy**

AHL engaged the service of Jones Lang LaSalle (JLL) to conduct a comprehensive revaluation for all land, building and artwork non-financial assets at 30 June 2018. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations carried out at least once every three years with the previous valuation conducted at 30 June 2015. JLL has provided written assurance to AHL that the models developed are in compliance with AASB 13.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical depreciation and obsolescence - assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the depreciated replacement cost approach. Under the depreciated replacement cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

AHL's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

## Notes to the Financial Statements

For The Period Ended 30 June 2018

### Note 17: Trust accounts

AHL administers the following two trust accounts in accordance with the individual bequests. As these trust accounts are not AHL monies, they have not been incorporated into AHL's financial statements but have been instead reported separately in this note.

#### Note 17A: May Ames bequest account

During 1981-82 \$46,980 was received by AHL from the estate of the late May Ames to be used for the benefit of secondary school children. The funds have been invested by AHL in the following Commonwealth Bank of Australia bank accounts:

	Note	2018	2017
		\$	\$
<b>CAPITAL ACCOUNT</b>			
Opening balance		75,563	75,563
Closing balance of capital account		<u>75,563</u>	<u>75,563</u>
<b>OPERATING ACCOUNT</b>			
Opening balance		11,460	11,440
Bank interest		-	20
Closing balance of operating account		<u>11,460</u>	<u>11,460</u>
<b>Closing balance of May Ames bequest account</b>		<b><u>87,023</u></b>	<b><u>87,023</u></b>

#### Note 17B: Ashley Cooper bequest account

During 2006-07 \$137,189 was received by AHL from the estate of the late Ashley Cooper to be used for the benefit of secondary school children in South Australia and Northern Territory. The funds have been invested by AHL in the following Commonwealth Bank of Australia bank accounts:

<b>CAPITAL ACCOUNT</b>			
Opening balance		125,000	125,000
Closing balance capital account		<u>125,000</u>	<u>125,000</u>
<b>OPERATING ACCOUNT</b>			
Opening balance		20,148	20,115
Bank interest		-	33
Closing balance of operating account		<u>20,148</u>	<u>20,148</u>
<b>Closing balance of Ashley Cooper bequest account</b>		<b><u>145,148</u></b>	<b><u>145,148</u></b>

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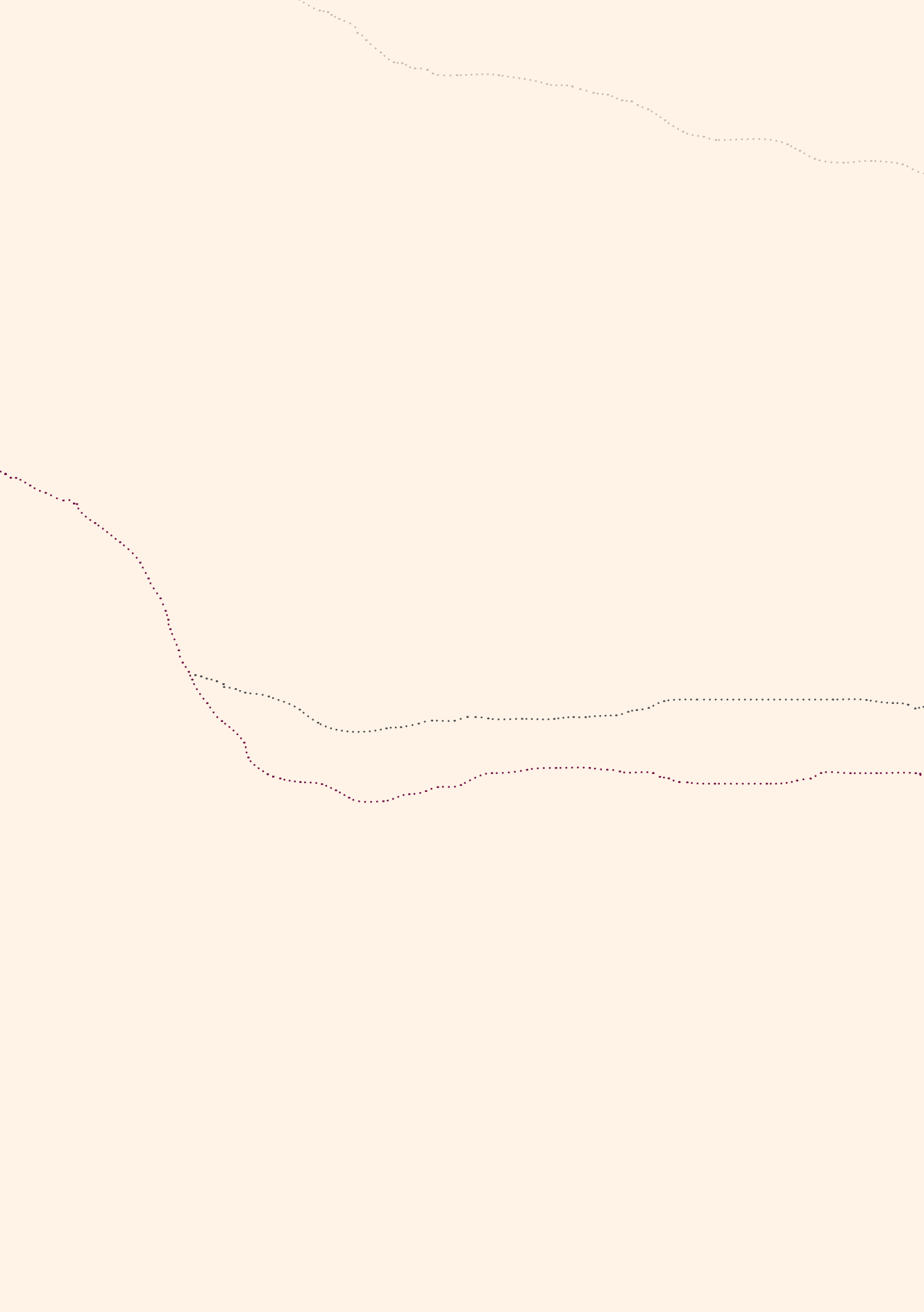
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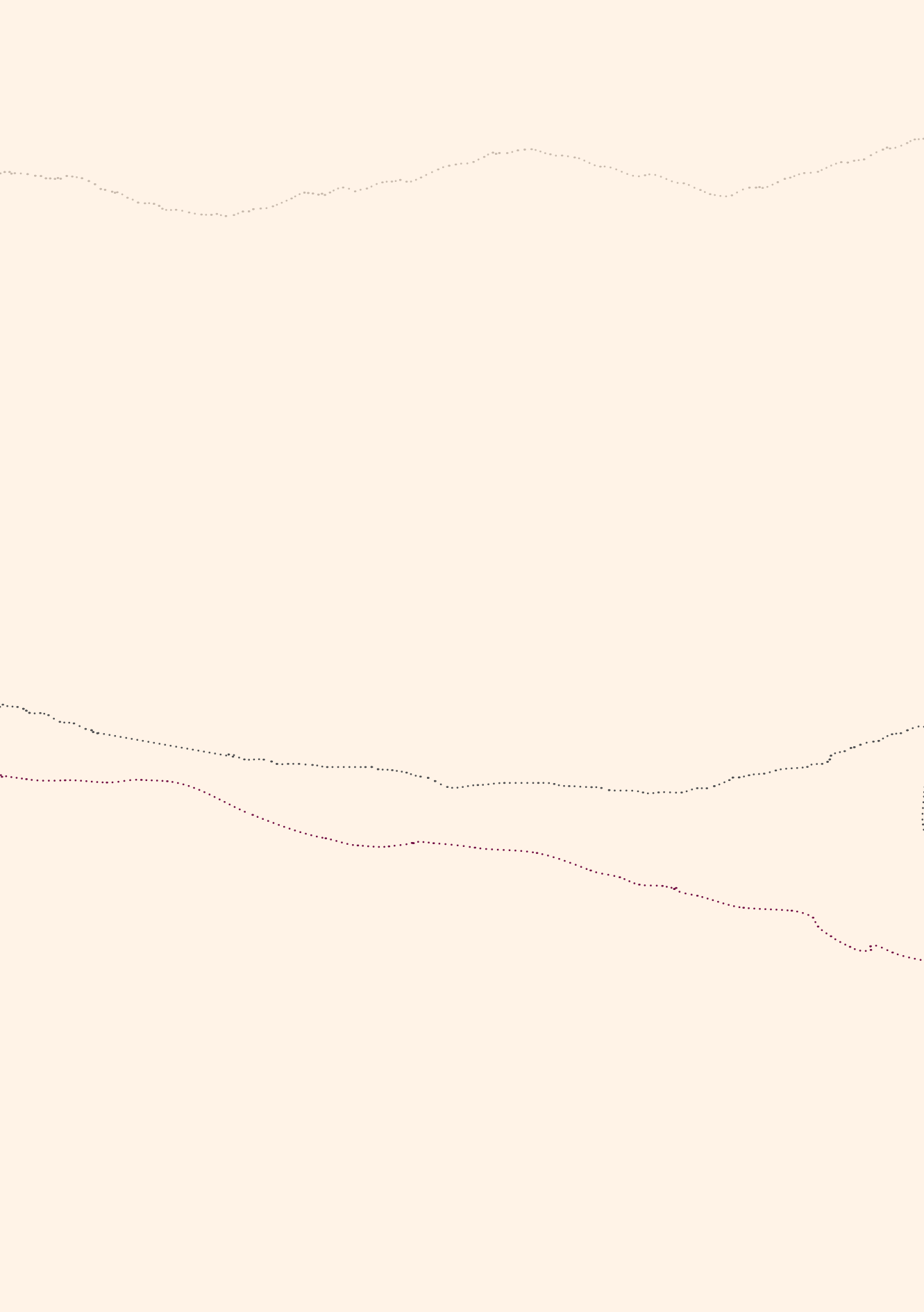
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# Compliance index

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