



Australian Government
Aboriginal Hostels Limited



ABORIGINAL HOSTELS LIMITED

Annual Report

2019–20

Aboriginal Hostels Limited

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This document must be attributed as the Aboriginal Hostels Limited Annual Report 2019–20.

ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE ARE ADVISED THAT THIS PUBLICATION MAY CONTAIN REFERENCES TO PEOPLE WHO HAVE PASSED AWAY.

ABORIGINAL HOSTELS LIMITED

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Annual Report

2019–20



Letter of transmittal

13 November 2020

The Hon Ken Wyatt AM MP
Minister for Indigenous Australians
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 2020.

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, 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 13 November 2020.

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 2019–20 financial year.

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

Yours sincerely



Anthony Ashby
Chairperson¹
Aboriginal Hostels Limited

Better Lives, Better Futures...

National Office
PO Box 30, WODEN ACT 2606
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¹ Mr Ashby's term as Chairperson commenced on 18 September 2020

Guide to the report

This Annual Report describes the management and performance of Aboriginal Hostels Limited (AHL) for the financial year from 1 July 2019 to 30 June 2020.

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** includes messages from the Chairperson and the Chief Executive Officer (CEO), and describes AHL's purpose and service network.
- 2. Performance** sets out AHL's planning and reporting framework, and reports on AHL's performance against its Budget performance measures and strategic goals in 2019–20.
- 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 2019–20.

AHL's current and previous annual reports are available on AHL's website, ahl.gov.au.

For more information, or to comment on this Annual Report, please contact AHL by email at executive@ahl.gov.au or by telephone on [02 6212 2001](tel:0262122001).

Contents

Letter of transmittal.....	iv
Guide to the report.....	v
1 Overview	3
Message from the Chairperson.....	4
Message from the CEO.....	5
About AHL.....	6
2 Performance.....	11
Planning and reporting framework.....	12
Accommodation services.....	14
Support for Indigenous advancement.....	17
Business efficiency and asset management.....	21
Financial summary.....	23
3 Organisation.....	27
Structure.....	28
Board.....	29
Executive.....	29
Governance.....	30
People.....	35
4 Financial Report.....	43
Directors' report.....	44
Indemnities and insurance.....	57
Australian National Audit Office report.....	58
Declaration by Aboriginal Hostels Limited Chairperson and Chief Financial Officer.....	61
Financial Statements.....	62
5 Compliance Index.....	97
Appendix A: List of Requirements – Commonwealth Companies.....	98
Index.....	102

Tables and figures

Tables

Table 1: Occupancy rate overall, 2019–20	15
Table 2: Occupancy rate by accommodation segment, 2019–20.....	15
Table 3: Distribution of bed nights available, 2019–20.....	16
Table 4: Business efficiency and asset management initiatives, 2019–20	22
Table 5: Sources of operating income, 2019–20	23
Table 6: Operating income, 2017–18 to 2019–20 (\$m).....	23
Table 7: Operating expenditure by location, 2019–20	24
Table 8: Capital expenditure by location, 2019–20	24
Table 9: Ecologically sustainable development activities	34
Table 10: Indigenous employees	35
Table 11: All ongoing employees.....	36
Table 12: All non-ongoing employees.....	37
Table 13: All ongoing employees, previous reporting period	38
Table 14: All non-ongoing employees, previous reporting period	39
Table 15: Work health and safety statistics, 2017–18 to 2019–20.....	41
Table 16: Details of Directors, 2019–20.....	46
Table 17: Remuneration of key management personnel, 2019–20.....	53
Table 18: Audit, Risk and Finance Committee, 2019–20	55

Figures

Figure 1: Service delivery network at 30 June 2020	8
Figure 2: Planning and reporting framework in 2019–20.....	12
Figure 3: Portfolio Budget Statements outcomes and program in 2019–20	13
Figure 4: Organisational structure at 30 June 2020.....	28





Overview





Message from the Chairperson

Over the past year, Aboriginal Hostels Limited continued with its agenda to improve the quality of its hostel accommodation, to strengthen governance and accountability, and to increase usage by Indigenous Australians.

It has been a challenging year, with the impact of the COVID-19 pandemic being felt in many areas of AHL's business, which relies heavily on the movement of staff and residents into and between hostels around the country on a daily basis. I am pleased to say that AHL acted quickly to put in place measures to protect our residents and staff.

The coming year will be one of renewal and refocus, which began with the appointment of four new Directors to the Board in late 2019 and early 2020, as well as a new CEO and Executive Management Team.

As I conclude my term as Chairperson, I would like to take this opportunity to thank my fellow Directors, the Executive, and all of AHL's dedicated staff for their continued hard work and commitment to providing safe, comfortable, affordable accommodation that meets the needs of Aboriginal and Torres Strait Islander people across Australia.

Dr Susan Gordon AM
Chairperson²

² Dr Sue Gordon's term as Chairperson ended on 10 September 2020

Message from the CEO

Having taken up the role of CEO in March 2020, I have made it a priority to set a clear strategic agenda for the company going forward. This includes responding to an increasingly difficult operating environment and financial outlook, both of which are placing pressure on AHL's ability to maintain core services into the future.

I will be working closely with the Board, my Executive team and staff, as well as at the Ministerial level, to identify solutions going forward to ensure AHL maintains its place as a lead accommodation provider for Indigenous Australians.

The timing of my commencement has meant that interstate travel to visit hostels has had to be postponed. I look forward to meeting with as many staff and residents as I can, as soon as circumstances allow.

I would like to take the opportunity to thank Mr Tony Usher for his leadership and dedication during his term as CEO. I also like to pay tribute to Dr Sue Gordon AM, who as Chair since 2015 has set such a strong example of commitment to putting Aboriginal and Torres Strait Islander people at the forefront of our efforts.

Dave Chalmers AO, CSC
Chief Executive Officer

About AHL

AHL is a not-for-profit company wholly owned by the Australian Government, with an independent non-executive Board of Directors.

Each year, AHL provides a place to stay for more than 20,000 Aboriginal and Torres Strait Islander men, women and children.

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

AHL is one of the largest Australian Government providers of employment and training for Aboriginal and Torres Strait Islander people, with 49 per cent of the company's workforce identifying as Indigenous as at 30 June 2020.

AHL's purpose

AHL's purpose is to provide safe, comfortable, culturally appropriate and affordable short term accommodation for Indigenous Australians who must live away from home to access services, education and economic opportunities.

AHL's services

Across a network of hostels, AHL provides accommodation and meals in an environment which supports the cultural wellbeing of residents, including through strong relationships with local Indigenous service providers and referral agencies. AHL builds and creates partnerships that help to maximise the use of our facilities.

AHL's hostel network is segmented into three service categories: multipurpose; education (including secondary and tertiary education); and health and medical.

Multipurpose

21 facilities, 1,095 beds, 63 per cent of capacity

Multipurpose hostels provide 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.

Multipurpose hostels generally provide short-stay accommodation, but some residents stay longer term until they are able to access long-term accommodation elsewhere.



Secondary and tertiary education

12 facilities, 284 beds, 17 per cent of capacity

Secondary education hostels provide a safe, comfortable environment for secondary students while they attend high school to pursue their educational goals, including the Year 12 certificate and transition to higher education and training.

ABSTUDY assistance is available to help with the cost of secondary education hostel accommodation.

Tertiary education hostels provide accommodation for Indigenous students who undertake higher education and training — opening doors to degrees, diplomas and employment opportunities.

Health and medical

12 facilities, 350 beds, 20 per cent of capacity

Health and medical hostels cater 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.

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

AHL's network

AHL's network covers areas of greatest need, so that Aboriginal and Torres Strait Islander Australians in urban, regional and remote communities can access services in the areas of education, training, employment and health.

AHL's services are managed by its National Office in Canberra, and delivered through its network of accommodation facilities (Figure 1: Service delivery network at 30 June 2020).

Figure 1: Service delivery network at 30 June 2020



LEGEND

- AP* — Antenatal and Postnatal
- M* — Medical
- MP* — Multipurpose
- R* — Renal
- SE* — Secondary education
- TET* — Tertiary education and training

CANBERRA

National Office

QUEENSLAND

Brisbane

Elley Bennett Hostel *TET*

Yumba Hostel *MP*

Cairns

Kuiyam Hostel *MP*

Mackay

Mackay Hostel *MP*

Mount Isa

Kabalulumana Hostel *M*

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

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*

SOUTHERN CENTRAL AUSTRALIA

Adelaide

Luprina Hostel *MP*

Mulgunya Hostel *M*

Nindee Hostel *MP*

Alice Springs

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 *MP*

Tennant Creek Student Accommodation Centre *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*



Performance

Planning and reporting framework

AHL's strategic planning and performance reporting framework guides the company in meeting its objectives. In 2019–20, the central element of that framework was the 2019–2023 Corporate Plan, as shown in Figure 2.

Figure 2: Planning and reporting framework in 2019–20



In 2019–20, AHL contributed to the objectives of the Prime Minister and Cabinet portfolio through its Company Operated Hostels program under Outcome 1, as set out in the Portfolio Budget Statements (Figure 3). AHL contributes to improved results for Indigenous Australians by supporting school attendance, employment opportunities and community safety through its core accommodation services.

Figure 3: Portfolio Budget Statements outcomes and program in 2019–20

Aboriginal Hostels Limited	<p>Outcome 1</p> <p>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.</p>
	<p>Program 1.1</p> <p>Company Operated Hostels — Objective: To provide temporary accommodation for Indigenous Australians who must live away from home to access services and economic opportunities.</p>
	<p>Performance measure</p> <p>Occupancy level as a percentage of resident bed nights available per annum (target: 70%).</p>

Accommodation services

Performance Measures

Government priorities for Indigenous Australians

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

AHL Corporate Plan

- Minimum 70% occupancy rate
- Number of residents accommodated (measured as unique occasions of stay)
- Minimum 80% resident satisfaction rating.

Achievements in 2019–20

AHL's network occupancy rose in 2019–20. At 67 per cent (65 per cent in 2018–19), full-year occupancy was marginally below AHL's target of 70 per cent.

The COVID-19 pandemic saw restrictions on new residents from March 2020, and beds taken offline to ensure social distancing. Despite these impacts, overall utilisation remained strong, with 20,054 Indigenous men, women and children staying with AHL in 2019–20 (23,255 in 2018–19).

The 67 per cent occupancy result was driven by ongoing strong demand for homelessness and medical accommodation. AHL's multipurpose and medical hostels continued to be the highest performing accommodation segments, while the education segment performed below expectation.

Actions to address low occupancy, particularly at secondary education hostels, were constrained by COVID-19 travel restrictions and border closures.

As a result of lockdown measures in place across the network, AHL did not conduct a resident satisfaction survey in 2019–20.

Tables 1–3 illustrate occupancy rates and beds available in 2019–20.

Table 1: Occupancy rate overall, 2019–20

Performance measure	Available bed nights	Occupied bed nights	PBS target occupancy (%)	Actual occupancy (%)
Occupancy level as a percentage of resident bed nights available	557,986	375,719	70%	67%

Table 2: Occupancy rate by accommodation segment, 2019–20

Accommodation category	Occupancy (%)
Health and medical	77%
Multipurpose	68%
Secondary education	47%
Tertiary education and training	52%

Table 3: Distribution of bed nights available, 2019–20

Distribution category	Bed nights
Type of accommodation	
Health	109,940
Multipurpose	373,350
Secondary education	52,892
Tertiary education and training	21,804
Location by region	
Queensland	133,315
South Eastern Australia	48,734
Southern Central Australia	147,432
Top End	134,613
Western Australia	93,892
Location by remoteness	
Regional	175,541
Remote or very remote	272,165
Urban	110,280
Total	557,986

Support for Indigenous advancement

Education and school attendance

Performance Measures

Government priorities for Indigenous Australians

- Improve results for Indigenous Australians, including in relation to **school attendance**, employment and community safety
- 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.

AHL Corporate Plan

- Implementation of secondary education strategy
- Increase in secondary student enrolments (measured as occupancy rate)
- Number of children staying in multipurpose facilities (and attending school).

Achievements in 2019–20

233 students stayed in AHL's secondary education hostels in 2019–20 while attending high school away from home (251 in 2018–19). A further 673 children (5 to 16 years old) who stayed 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 (761 in 2018–19).

AHL's secondary education hostels met or exceeded national Indigenous student school attendance averages during the reporting period.

Secondary education strategy

As part of its 2019–20 Secondary Education Strategy, AHL trialled a number of new initiatives in two of its Northern Territory student hostels in Katherine and Tennant Creek.

Following service reviews at both sites in late 2019, AHL put in place new operating frameworks and partnered with a number of key stakeholders to strengthen its engagement with schools, families and communities, and drive improved student outcomes. Based on review recommendations, these activities focussed on:

- Collaboration with the Australian Childhood Foundation to strengthen AHL's service model, including training and professional development for staff
- Strengthening strategic ties with local Aboriginal organisations in both Katherine and Tennant Creek to support students and help them maintain strong connections with their culture

- Strengthening ties and working in close partnership with Tennant Creek and Katherine High Schools, as well as outlying remote schools. The main driver of this partnership was the establishment of a Strategic Reference Group in both locations, jointly chaired by AHL's Heads of Boarding and the Principals at each High School. These Reference Groups are a key initiative to ensure an effective and ongoing partnership is maintained between AHL, schools and Northern Territory Education staff, in achieving and sustaining student attendance, retention and attainment.

In both locations, these connections are directly supporting students' full participation in, and benefits from, the educational and cultural opportunities available to them.

In mid-2020, AHL put in place a more targeted Secondary Education Action Plan, which focusses on engagement and student recruitment to build enrolments and strengthen student support initiatives across its nine secondary education hostels.

The Action Plan addresses priorities across the following categories:

1. Student Welfare
2. Education Support
3. Staffing & Staff Training
4. Hostel Facilities & Operations
5. Student Enrolments, Retention & Attainment
6. Community & Stakeholder Engagement
7. Communication & Marketing
8. National Boarding Standards
9. Review & Continuous Improvement

Healthy and safe communities

Performance Measures

Government priorities for Indigenous Australians

- Improve results for Indigenous Australians, including in relation to school attendance, employment and community safety
- 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.

AHL Corporate Plan

- Meet duty of care standards and legislative requirements
- Extend child protection and working with vulnerable people frameworks
- Expand presence in areas of greater accommodation need, including Darwin and Tennant Creek, NT
- Develop and implement a demonstration project in Darwin to deliver tailored levels of service to medical residents.

Achievements in 2019–20

Child Protection Framework

With the assistance of the National Office of Child Safety, AHL's Child Protection Framework, originally published in 2017–18, was substantially revised ahead of a planned relaunch in late 2020. Key documents within the Framework were rationalised and updated to ensure their alignment with the Council of Australian Governments National Principles for Child Safe Organisations and the Commonwealth Child Safe Framework.

The face-to-face training program to support the Framework, as outlined in AHL's 2019–20 Child Protection Roadmap, was suspended due to continuing COVID-19 travel restrictions. Instead, delivery of a new Managing Critical Child Protection Incidents remote training module was implemented with staff in AHL's nine secondary education hostels.

A benchmarking survey was also undertaken with managers in secondary education hostels to help inform future training plans and promote awareness of the upcoming relaunch of AHL's framework, until such time as face-to-face training can resume.

Addressing homelessness in Tennant Creek

AHL's Wangkana Kari hostel continued to meet high demand for homelessness and medical accommodation in Tennant Creek, supported by a comprehensive service agreement with local support agencies and Affordability Trial funding to prevent residents who are unable to pay tariff returning to homelessness.

Occupancy was impacted by COVID-19 restrictions from March through to May 2020, which saw all AHL hostels cease taking new bookings, and beds taken offline to ensure adequate social distancing in rooms for current residents.

Despite this, more than 300 residents utilised the facility during the reporting period. Affordability Trial funding has meant that 137 medical and homeless residents who would otherwise have returned to homelessness, overcrowded housing or rough sleeping, were able to maintain safe and secure accommodation.

AHL continued to provide local employment opportunities, with 21 staff working across the homelessness and student accommodation facilities, 14 of whom (66%) were Indigenous.

Both services have secured Indigenous Advancement Strategy funding for a further three years from 1 July 2020. This funding includes provision to continue the Affordability Trial as a permanent measure for the next three years.

Responding to accommodation needs in Darwin

Designed to provide a specialised response to homelessness pressures in Darwin, specifically rough sleepers, the Galawu homelessness project was extended with the Northern Territory Government to December 2020.

While impacted by the COVID-19 pandemic, which saw large numbers of Aboriginal and Torres Strait Islander people leave Darwin to return to their home communities, the hostel continued to meet high demand for accommodation, with occupancy rates close to 80% for the majority of the reporting period.

AHL worked closely with the Northern Territory Government and the three referral partners involved in the project (Larrakia Nation, City of Darwin Council and Danila Dilba Health Service) to strengthen and refine referral protocols and external support arrangements for those residents requiring more intensive case management.

Addressing medical residents' nutritional and amenity needs

This demonstration project, based in Daisy Yarmirr Hostel in Darwin, commenced in late 2019 to develop best-practice responses to issues raised by key renal and medical stakeholders, as well as a 2019 Deeble Institute Issues Paper which found that more needs to be done to respond to the needs of longer-term renal patients staying in medical and multipurpose hostels.

AHL engaged PwC Indigenous Consulting in Darwin to assist in leading this project. An advisory group of high-level renal and medical experts has continued to meet since January 2020. Site visits to Daisy Yarmirr, as well as a renal dietician in-service for staff, were held ahead of the introduction of COVID-19 restrictions. A number of planned resident-focused workshops were suspended while restrictions remained in place and were rescheduled to later in 2020.

During 2020–21, the project will move into production of a best practice guide for staff and renal residents, addressing specific requirements in relation to appropriate food and nutrition, amenity, cultural connectedness and in-reach arrangements for services, to facilitate more active support of their clients staying at AHL hostels.

Business efficiency and asset management

Performance Measures

AHL Corporate Plan

- Improved work health and safety indicators
- Implementation of Strategic Asset Management Plan
- Implementation of ICT Strategy.

Achievements in 2019–20

Table 4 outlines key activities in 2019–20 supporting improved business efficiency and asset management objectives.

Table 4: Business efficiency and asset management initiatives, 2019–20

Objective	Activity
<p>Improved work health and safety indicators</p>	<p>A benchmarking analysis of AHL’s Lost Time Injury Frequency Rates (LTIFR) and Serious Claims Frequency Rates against comparative data from Safe Work Australia (SWA) for the Accommodation and Food Services Industry from 2018–19 to 2019–20 showed that:</p> <ul style="list-style-type: none"> • AHL’s LTIFR increased over both years, and is higher than the SWA Accommodation and Food Services industry LTIFR • none of AHL’s Lost Time Injuries became workers’ compensation claims • AHL’s early intervention strategy is preventing lost time injuries from becoming workers compensation claims • AHL’s Serious Claims Frequency Rate increased for both years, but is below the SWA Accommodation and Food Services industry benchmark. <p>Continuous improvement initiatives implemented during the period include:</p> <ul style="list-style-type: none"> • Work Health and Safety (WHS) Plan 2020–21 • Hostel specific Induction package • Workplace Inspections checklists • WHS Risk Registers • promotion of Employee Assistance Programs (EAP) to all staff, including improved arrangements for staff to access Indigenous specialists if required.
<p>Implementation of Asset Management Plan</p>	<p>A comprehensive Asset Management Plan has been implemented to effectively manage AHL’s network of assets across Australia. The Plan provides direction to operate and maintain AHL hostel facilities in the most cost effective manner, while maintaining fit for purpose facilities to meet AHL’s resident requirements. Hostel Accommodation Standards have been incorporated into the Plan.</p>
<p>Implementation of ICT Strategy</p>	<p>Significant new measures were put in place to upgrade AHL’s IT environment, usability and IT security, including:</p> <ul style="list-style-type: none"> • review of AHL’s compliance with the Australian Cyber Security Centre’s Essential Eight ICT Security maturity model • staff cyber-security awareness program • upgrades to back-end systems, software platforms and desktop equipment • rollout of computer labs at secondary and tertiary education hostels.

Financial summary

This section provides an overview of AHL's income and expenditure in 2019–20. The audited Financial Statements are provided in Part 4 of the Annual Report.

Income

In 2019–20, of AHL's \$54.7 million operating income, 66 per cent came from the Australian Government and 25 per cent was generated through tariffs collected from residents.

The remaining income comprised funding from the Australian Government and state and territory governments to operate hostels on behalf of other agencies (8 per cent) and interest earned from investments in term deposits (1 per cent).

Table 5 shows where AHL's income came from in 2019–20.

Table 6 includes information from the previous two reporting periods for comparison.

Table 5: Sources of operating income, 2019–20

Source	\$m	%
Australian Government appropriation	36.2	66
Hostel accommodation revenue	13.8	25
Other government funding ³	4.0	8
Interest and other	0.7	1
Total operating income	54.7	100

³ Operational grants received from the Northern Territory Government and Australian Government to operate hostels on their behalf.

Table 6: Operating income, 2017–18 to 2019–20 (\$m)

Source	2017–18	2018–19	2019–20
Australian Government — appropriation	36.6	36.3	36.2
Hostel accommodation revenue	16.4	14.8	13.8
Australian Government — other funding agreements	4.4	0.9	1.7
State and territory governments	2.7	2.8	2.3
Interest and other	0.5	0.6	0.7
Total	60.6	55.4	54.7

Expenditure

AHL's total operating expenditure for 2019–20 was \$57.9 million.

AHL's capital expenditure for 2019–20 was \$2.9 million.

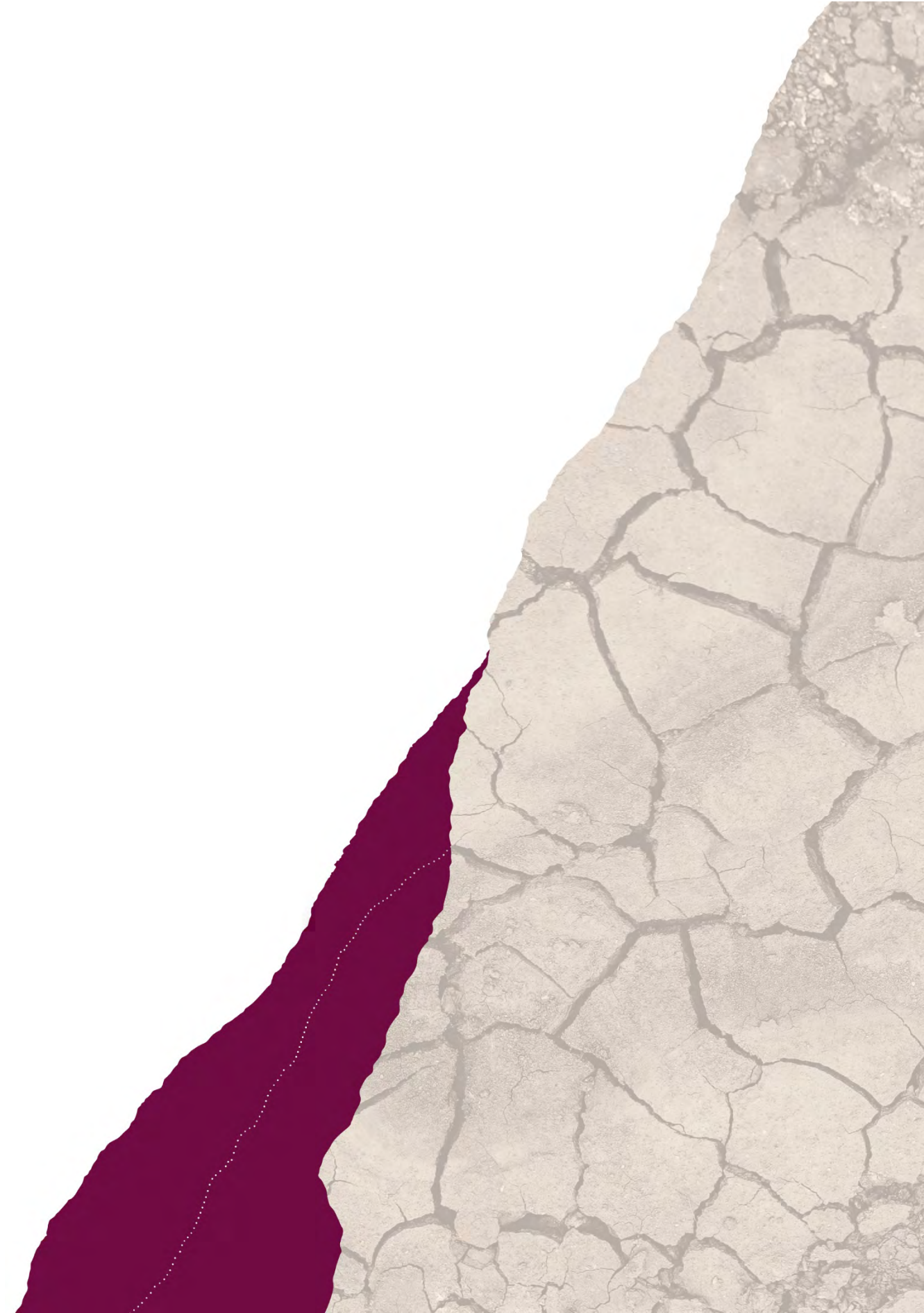
Tables 7 and 8 show where AHL's income was spent in 2019–20.

Table 7: Operating expenditure by location, 2019–20

Location	\$m	%
NSW	4.7	8%
VIC	0.8	1%
QLD	11.0	19%
WA	8.0	14%
SA	1.7	3%
ACT (National Office)	11.9	21%
NT	19.8	34%
Total	57.9	100%

Table 8: Capital expenditure by location, 2019–20

Location	\$m	%
NSW	0.11	4%
VIC	0.02	1%
QLD	0.86	29%
WA	0.17	5%
SA	0.05	2%
ACT (National Office)	0.45	15%
NT	1.29	44%
Total	2.93	100%

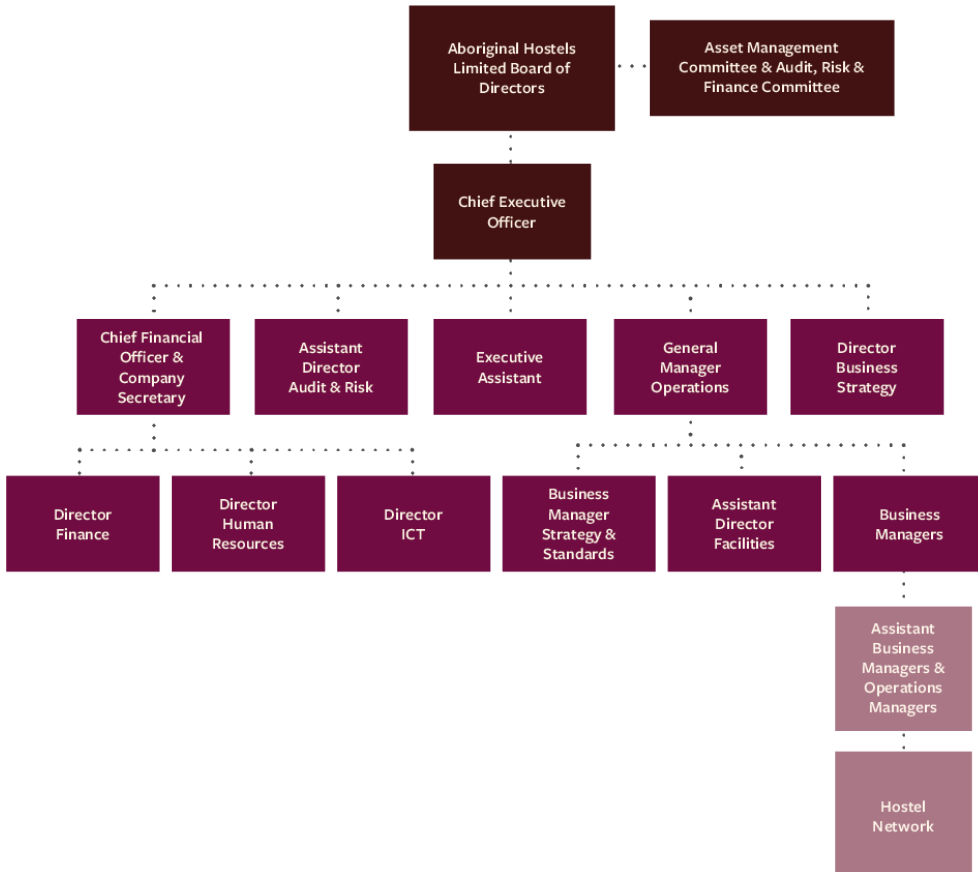




Structure

Figure 4 shows the structure of the organisation at 30 June 2020.

Figure 4: Organisational structure at 30 June 2020



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 (CFO), 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.

Executive

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

The key management personnel are:

- Chief Executive Officer — Mr Dave Chalmers AO, CSC
- Chief Financial Officer and Company Secretary — Mr Dermot Walsh FCPA, MAICD (commenced July 2020)
- General Manager Operations — Mr Bob Harvey PSM

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.

From 1 July 2019 to 30 June 2020, the Minister responsible for AHL was the Hon. Ken Wyatt AM MP, Minister for Indigenous Australians.

The Minister did not issue any directions to AHL, and AHL was not subject to any general government policy orders, in 2019–20.

AHL complies with all relevant legislation, including 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 2019–20, AHL maintained its proactive approach to risk management through a comprehensive Enterprise Risk Management (ERM) Framework.

ERM is embedded as a structured, consistent and continuous process 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 2019–20 included:

- the annual review of AHL's ERM Framework as part of the continual improvement process set out in AS ISO 31000:2018
- quarterly reviews of AHL's Enterprise Risk Register by the Audit, Risk and Finance Committee, and presented to quarterly Board meetings
- an annual full assessment of risks, controls and strategies by the Audit, Risk and Finance Committee, and presented to the Board
- regular Board appraisal of mitigation strategies for significant risks
- a comprehensive internal audit program across all areas of the organisation's business.

AHL's Enterprise Risk Framework was substantially revised during 2019–20. The process included reviewing and updating AHL's Risk Management Plan and the Risk Appetite Statement. It also included reviewing and revising subsidiary risk registers to inform the Enterprise Risk Register update. New and emerging risks have seen the addition of new subsidiary registers, including for COVID-19.

Active mitigation strategies were put in place against risks outside tolerance to ensure each is brought within tolerance, including:

- i. Finance and Legal — Secondary student enrolments
- ii. Duty of Care — Amenity standards
- iii. Duty of Care — Vulnerable persons at hostels
- iv. Infrastructure & IT — ICT security.

A 2020–22 Fraud Risk Control Plan and Fraud Risk Policy was developed and fraud awareness training for all staff will be rolled out early in 2020–21.

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 2019–20.

AHL notified the Fair Work Ombudsman (FWO) on 5 March 2020 that it had identified an incorrect application of an undertaking in relation to AHL's 2017 Enterprise Agreement, which had resulted in underpayments to APS1 staff up to the time the issue was identified in 2019. AHL notified affected employees of the underpayment issue in September 2019, and provided advice on the steps being taken to remediate. AHL also notified the Australian Taxation Office, the Community and Public Sector Union, and the United Workers Union.

No judicial decisions or decisions of administrative tribunals made during 2019–20 significantly affected, or may significantly affect, the operations of AHL.

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.

AHL's values and standards are embedded throughout all levels of the organisation as part of AHL's Cultural Statement, designed to foster a sense of pride and commitment in delivering services for Indigenous Australians:

Professional

Respectful

Open

Understanding

Dedicated

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 9 details AHL's response to the criteria.

Table 9: Ecologically sustainable development activities

Reporting requirement	AHL response
<p>How AHL accords with and contributes to the principles of ecologically sustainable development</p>	<p>All newly built AHL hostels must meet minimum mandatory building requirements, as determined by the National Construction Code, in particular the Building Code of Australia. These minimum standards include statutory requirements around energy efficiency and sustainability with the requirement being to reduce carbon and greenhouse gas emissions. With each new development, AHL engages private consultants who assess the intended building’s energy use (water, thermal performance and energy).</p> <p>AHL continues to focus on identifying and embedding better practices in the sustainable management of energy, water and waste.</p>
<p>Activities that affect the environment</p>	<p>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, power for cooking and air conditioning.</p> <p>AHL staff and residents are being made aware of rising energy bills and are being encouraged to make adjustments to their behaviour to reduce carbon emissions.</p>
<p>Measures taken to minimise the effect of activities on the environment</p>	<p>AHL applies environmental principles in procurement, particularly for its capital works program.</p> <p>AHL is in the process of reviewing and repairing its photovoltaic systems to ensure all are working to maximum efficiency, and is considering further expansion of these systems across the hostel network.</p> <p>AHL is in the process of replacing all incandescent light bulbs with LED bulbs.</p> <p>AHL encourages staff to adopt sustainable waste management practices, and educates residents in minimising energy use and to follow good recycling practices.</p> <p>Each time AHL conducts upgrade works or refurbishment projects, energy efficiency gains in the design and products chosen are considered.</p>
<p>Mechanisms for reviewing and increasing the effectiveness of measures to minimise</p>	<p>AHL is currently conducting an energy audit to identify areas of potential efficiency gains and financial benefit.</p>

People

Performance Measures

AHL Corporate Plan

- Workforce strategy indicators:
 - maintain minimum 60% Indigenous employment
 - targeted recruitment of suitably skilled/qualified hostel staff.
- Work Health & Safety indicators:
 - reduce staff injury incidents
 - reduce Comcare reportable incidents
 - reduce/maintain Comcare premium in line with APS comparator agencies.

Achievements in 2019–20

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 240 full-time and 66 part-time staff (a total of 306) at 30 June 2020.

Tables 10–14 show details of AHL's staffing as at 30 June 2020. With an average staffing level (ASL) equivalent of 326 in 2019–20, AHL remains well within its ASL cap of 386.

AHL's staffing profile included strong representation of Aboriginal and Torres Strait Islander people (49 per cent of the total workforce) and women (58 per cent).

Table 10: Indigenous employees

Indigenous Employees			
Measure	Male	Female	Total
Number	52	97	149
Proportion of total workforce	17%	32%	49%

Table 11: All ongoing employees

Location	Male		Female		Indeterminate		Total
	Full time	Part time	Full time	Part time	Full time	Part time	
NSW	3	1	4	5	3	8	12
VIC	2	0	2	0	0	0	2
QLD	6	1	7	13	3	16	23
WA	1	1	2	5	2	7	9
SA	3	0	3	3	2	5	8
TAS.	0	0	0	0	0	0	0
ACT	13	0	13	7	2	9	22
NT	9	1	10	6	3	9	19
External Territories	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0
Total	37	4	41	39	15	54	95

Note: Does not include casual employees

Table 12: All non-ongoing employees

Location	Male		Female		Indeterminate		Total
	Full time	Part time	Full time	Part time	Full time	Part time	
Measure	Full time	Part time	Total Male	Total Female	Total Full time	Total Indeterminate	Total
NSW	7	3	10	13	7	0	23
VIC	1	1	2	4	4	0	6
QLD	18	7	25	26	16	0	51
WA	6	0	6	25	22	0	31
SA	0	0	0	4	0	0	4
TAS.	0	0	0	0	0	0	0
ACT	14	0	14	11	10	0	25
NT	29	1	30	41	30	0	71
External Territories	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0
Total	75	12	87	124	89	35	211

Note: Does not include casual employees

Table 13: All ongoing employees, previous reporting period

Location	Male		Female		Indeterminate		Total
	Full time	Part time	Full time	Part time	Full time	Part time	
Measure	Total Male	Total Female	Total Male	Total Female	Total Male	Total Female	Total
NSW	4	1	5	6	4	10	15
VIC	2	0	2	0	0	0	2
QLD	8	2	10	16	3	19	29
WA	1	2	3	3	2	5	8
SA	4	0	4	4	2	6	10
TAS.	0	0	0	0	0	0	0
ACT	10	1	11	8	0	8	19
NT	14	0	14	16	3	19	33
External Territories	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0
Total	43	6	49	53	14	67	116

Note: Does not include casual employees

Table 14: All non-ongoing employees, previous reporting period

Location	Male		Female		Indeterminate		Total
	Full time	Part time	Full time	Part time	Full time	Part time	
Measure	Full time	Part time	Total Male	Total Female	Total Indeterminate	Part time	Total Indeterminate
NSW	5	4	9	9	0	0	18
VIC	0	1	1	4	0	0	5
QLD	13	5	18	18	0	0	36
WA	10	1	11	27	0	0	38
SA	0	0	0	4	0	0	4
TAS.	0	0	0	0	0	0	0
ACT	8	0	8	8	0	0	16
NT	29	1	30	51	0	0	81
External Territories	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0
Total	65	12	77	121	0	0	198

Note: Does not include casual employees

Recruitment and retention

To maintain service delivery in the context of relatively high frontline staff turnover and mobility, AHL completed 257 new recruitment activities in 2019–20, including the engagement of 106 Aboriginal and Torres Strait Islander employees.

Of the 257 engagements, seven were ongoing, 81 were non-ongoing and 169 were casual.

Enterprise Agreement

The AHL Enterprise Agreement expired on 27 July 2020. Due to the impact of COVID-19 on travel and face-to-face meetings, AHL postponed the bargaining phase for a period of 12 months. In mid-July, AHL put a proposal to all staff seeking to defer wage bargaining and instead move forward with a 12 month Determination to grant employees a two per cent pay increase from August 2020. The Government's six month pause on general wage increases in Commonwealth agencies will defer the increase until February 2021. A majority of AHL staff supported this proposal.

Learning and development

During 2019–20, various staff in AHL's network received job specific training, as required, including First Aid, Food Safety Handling, and Food Safety Supervisor training. In addition, the following training was provided:

- Critical Child Protection Incident training for secondary education hostel staff
- Resilience / Dealing with Aggression / Managing Pressure & Trauma
- Code of Conduct and Behaviours
- COVID-19 infection control.

Performance management

The performance management cycle in AHL commences each year on 1 August and concludes on 31 July with an annual review. In 2019–20, 89 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 reporting period as part of AHL's ongoing work health and safety (WHS) framework, which addressed:

- COVID-19 prevention
- Chemical management
- Emergency management
- Consultation
- Incident and hazard reporting
- Staff wellbeing
- WHS risk assessment and management.

There were seven notifiable incidents reported to Comcare of which one, involving fire, was investigated by Comcare.

Comcare WHS management system audit

In March 2018, Comcare undertook an audit of AHL's WHS management system. As a result of the audit and subsequent report, a Corrective Action Plan was developed to address 45 non-conformances and eight observations made in the Comcare report.

AHL has worked closely with Comcare in managing the Corrective Action Plan. All findings were addressed and/or remediated by the close of the reporting period.

Comcare workers' compensation performance

During 2019–20 there were six workers' compensation claims submitted, and four claims accepted. This was two less than the four year average of six claims.

Table 15 provides a summary of notifiable incidents that occurred during the year, as required by the *Work Health and Safety Act 2011*. One investigation was conducted by Comcare, and no notices were served during the year.

AHL maintains proactive management of injury cases underpinned by robust early intervention, rehabilitation and claims management processes.

Table 15: Work health and safety statistics, 2017–18 to 2019–20

Notifiable incident classification	2017–18	2018–19	2019–20
Death	0	0	0
Serious injury/illness	5	1	1
Dangerous incident	3	3	6
Total	8	4	7





Financial Report

Directors' Report
Financial Statements

Directors' Report

The Board of Directors presents its report on Aboriginal Hostels Limited for the financial year ended 30 June 2020.

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 2019–20 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 2019–20 was a deficit of \$3.179 million (the result in 2018–19 was an operating deficit of \$0.235 million).

The increase in the 2019–20 operating deficit from the previous year was mainly due to:

- an increase in employee benefits expenses
- a reduction in own source revenue.

Financial position

The net assets of the company at 30 June 2020 were valued at \$146.912 million, a decrease from \$149.321 million in 2018–19.

The company continues to maintain a strong financial position with \$36.2m in cash and cash equivalents.

Significant activities or changes in state of affairs

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

Significant events subsequent to reporting period

There were no significant events subsequent to the reporting period.



Board of Directors

At 30 June 2020, the AHL Board had seven members (up to nine directors may be appointed as prescribed by the AHL Constitution).

In 2019–20, an annual Board performance review was undertaken and the Chairperson undertook performance assessments and skills audits with directors to maximise the governance capacity of the Board. The performance review process was also undertaken with members of the Audit, Risk and Finance Committee and the Asset Management Committee. Given the number of new directors appointed to the Board during the reporting period, a detailed skills audit is planned in late 2020 to establish a program of director training and development in 2021.

In 2019–20, the Board met five times; the Audit, Risk and Finance Committee met six times; and the Asset Management Committee met five times.

Directors' details

Table 16 outlines the names and details of the Directors in 2019–20

Table 16: Details of Directors, 2019—20

Name	Qualifications of the Director	Experience of the Director	Position	Period as the Director		Number of eligible meetings attended
				Date of Commencement	Date of cessation	
Dr Susan Gordon AM	Bachelor of Laws	A retired magistrate who served for 20 years on the bench of the Children's Court of Western Australia. Member of the first board of the Aboriginal and Torres Strait Islander Commission, who chaired the National Indigenous Council and led the Gordon Inquiry and the Northern Territory Emergency Response Taskforce. Member of the Order of Australia in recognition of her commitment to Aboriginal people and community affairs.	Chairperson Non-executive director	11/09/2015	10/09/2020	5/5
Mr David Evans	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	Consultant and facilitator for the Australian Institute of Company Directors, with over 30 years' experience in banking and finance in Australia and the Asia-Pacific. Active in governance roles in the public and private sectors. Recipient of the Centenary Medal for his services to the health industry through the National Heart Foundation.	Deputy Chairperson Non-executive director Chair, Audit Risk & Finance Committee	24/06/2013	23/09/2019	2/2

Name	Qualifications of the Director	Experience of the Director	Position	Period as the Director		Number of eligible meetings attended
				Date of Commencement	Date of cessation	
Mr Mike Allen PSM	Graduate Diploma in Urban Estate Management Member, Australian Institute of Company Directors Fellow, Institute of Public Administration Australia Life Member, Australasian Housing Institute	Former CEO of Housing NSW, with over 30 years' experience in social housing management and asset services, homelessness, and community and Aboriginal housing. Leader of major housing reforms, including the development of the National Regulatory System for Community Housing. Recipient of the Public Service Medal in recognition of his services to the community and strong commitment to the values and principles of social housing.	Non-executive director Chair, Asset Management Committee	02/03/2016	03/06/2022	5/5
Prof. MaryAnn Bin-Sallik AO	Doctor of Education (Harvard)	Internationally recognised pioneer of Indigenous higher education in Australia. Officer of the Order of Australia in recognition of her distinguished service to tertiary education, particularly in the area of Indigenous studies and culture.	Non-executive director	02/03/2016	03/06/2022	5/5
Ms Jennifer Ullungura Clancy		Senior Mantiyupwi woman from the Wurrumiyanga Community, Bathurst Island. Board member of several Tiwi Islands corporations and former registrar of the Tiwi Land Council.	Non-executive director	10/05/2017	09/08/2020	4/5

Name	Qualifications of the Director	Experience of the Director	Position	Period as the Director		Number of eligible meetings attended
				Date of Commencement	Date of cessation	
Mr Daniel Bouchier		<p>Experienced senior journalist, including as a political reporter for NITV and National Indigenous Affairs Correspondent for Sky News.</p> <p>Presenter of ABC television news and breakfast radio in Canberra.</p> <p>Former resident of Tennant Creek, with coastal Victorian Aboriginal heritage and an interest in the culture, history and social justice issues of Aboriginal and Torres Strait Islander Australians.</p> <p>Mr Bouchier is a Director on the Board of Outback Stores.</p>	Non-executive director	2/06/2019	1/12/2019	3/3

Name	Qualifications of the Director	Experience of the Director	Position	Period as the Director		
				Date of Commencement	Date of cessation	Number of eligible meetings attended
Mr Paul Allen	Bachelor Commerce (Accounting), University of Canberra Graduate Diploma of Government Investigations, Member Australian Institute of Company Directors Fellow, Certified Practising Accountants Professional Member of the Institute of Internal Auditors	Mr Allen is a founding Director of Callida Consulting and was previously a senior member of Oakton Ltd. Canberra office, a partner with Acumen Alliance, and has over 14 years' experience with the Australian Federal Police in a variety of financial and audit positions.	Non-executive director	06/05/2020	05/05/2023	1/1
Mr Anthony Ashby	Bachelor of Commerce (UNSW), Chartered Accountant, Registered Company Auditor, Certificate of Public Practice from Chartered Accountants Australia and New Zealand	Mr Ashby's current board roles include a directorship of the Hunter New England Central Coast Primary Health Network Ltd. He is also an ex-officio member of the Supply Nation Audit and Risk Committee and Deputy Chair of the Board of Indigenous Business Australia.	Non-executive director Deputy Chair	24/09/2019	23/12/2022	3/3

Name	Qualifications of the Director	Experience of the Director	Position	Period as the Director		Number of eligible meetings attended
				Date of Commencement	Date of cessation	
Dr Valerie Cooms	Bachelor of Arts (Hons) (ANU), Doctorate of Philosophy (ANU)	Dr Cooms belongs to the Nunukul people of North Stradbroke Island in Queensland. She worked as a full-time Member of the National Native Title Tribunal and has had many years' experience in government administration.	Non-executive director	02/09/2019	01/12/2022	2/4
Mr Simon McGrath AM		Chief Operating Officer for Accor Pacific and holds numerous positions on industry boards. Mr McGrath has taken a lead role to improve gender diversity in the tourism sector and has been recognised for his contribution to the hospitality industry.	Non-executive director	06/05/2020	05/05/2023	1/1

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.

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

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
- compliance
- 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.

Asset Management Committee

The Asset Management Committee provides oversight of matters relating to long term strategic asset management, including providing the Board with assurance that AHL is appropriately and sustainably managing and maintaining its asset portfolio.

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 2019–20 is shown in Table 17.

The composition, qualifications and remuneration of members of the Audit, Risk and Finance Committee is shown in Table 18.

Table 17: Remuneration of key management personnel, 2019–20

Name	Position title	Short term benefits (\$)			Other benefits and allowances	Post employment benefits (\$)	Other long term benefits (\$)			Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses				Superannuation contributions	Long service leave	Other long term benefits		
Dr Susan Gordon	Non-executive Director	77,608	0	0	0	7,373	0	0	0	0	84,981
Mr David Evans	Non-executive Director	14,158	0	0	0	996	0	0	0	0	15,154
Mr Mike Allen	Non-executive Director	43,306	0	0	0	4,113	0	0	0	0	47,419
Prof. MaryAnn Bin-Sallik	Non-executive Director	38,804	0	0	0	3,687	0	0	0	0	42,491
Ms Jennifer Ullungura Clancy	Non-executive Director	38,804	0	0	0	3,687	0	0	0	0	42,491
Mr Daniel Bourchier	Non-executive Director	16,712	0	0	0	1,588	0	0	0	0	18,300
Mr Simon McGrath	Non-executive Director	5,374	0	0	0	511	0	0	0	0	5,884
Mr Paul Allen	Non-executive Director	5,374	0	0	0	511	0	0	0	0	5,884
Dr Valerie Cooms	Non-executive Director	31,794	0	0	0	3,020	0	0	0	0	34,814
Mr Anthony Ashby	Non-executive Director	29,406	0	0	0	2,794	0	0	0	0	32,200

Name	Position title	Short term benefits (\$)			Post employment benefits (\$)		Other long term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long term benefits			
Mr Anthony Usher	CEO	204,347	0	77,659	30,120	0	0	96,056	408,182	
Ms Michelle Deavin	Deputy CEO, CFO	178,755	0	28,272	22,165	0	0	166,282	395,475	
Mr Dave Chalmers	CEO	85,071	0	30,400	13,101	1,070	8,222	0	137,864	
Mr Robert Harvey	GM Operations	76,712	0	13,367	12,229	1,172	7,319	0	110,799	
Total									1,381,937	

Table 18: Audit, Risk and Finance Committee, 2019–20

Member Name	Qualifications, knowledge, skills or experience	Number of eligible meetings attended/ total number of meetings	Total annual remuneration
Mr David Evans Independent Member, ARFC Chair ³	<p>Master of Business Administration; Bachelor of Commerce, Fellow, CPA Australia, Fellow; Financial Services Institute of Australasia, Fellow; Australian Institute of Company Directors</p> <p>Mr Evans is a consultant and facilitator for the Australian Institute of Company Directors, with over 30 years' experience in banking and finance in Australia and the Asia-Pacific. He is active in governance roles in the public and private sectors, and a recipient of the Centenary Medal for his services to the health industry through the National Heart Foundation.</p>	5/6	\$3,600.00
Mr Mike Allen (ex-officio)	Graduate Diploma in Urban Estate Management; Member, Australian Institute of Company Directors; Fellow, Institute of Public Administration Australia; Life Member, Australasian Housing Institute	6/6	\$0
Non-executive Director	Mr Allen is the former CEO of Housing NSW, with over 30 years' experience in social housing management and asset services, homelessness, and community and Aboriginal housing. He has been a leader of major housing reforms, including the development of the National Regulatory System for Community Housing. Mr Allen is a recipient of the Public Service Medal in recognition of his services to the community and strong commitment to the values and principles of social housing.		
Mr Geoff Knuckey Independent Member	<p>B. Economics (ANU), FCA, GAICD, Registered Company Auditor.</p> <p>Mr Knuckey has extensive experience as an Audit Committee member or Chair, and is currently serving on audit committees for numerous government entities. He also has extensive experience as a director and serves on boards and audit committees of multiple private sector entities. Mr Knuckey has been a full-time company director and audit committee member since 2009, following a 32-year career with Ernst & Young specialising in Audit and Assurance Services in both the public and private sectors across a range of industries.</p>	5/6	\$7,200.00

³Mr Evans formerly Chaired the Committee as a Non-executive Director until the end of his term on 23 September 2020.

Member Name	Qualifications, knowledge, skills or experience	Number of eligible meetings attended / total number of meetings	Total annual remuneration
Mr Anthony Ashby Deputy Chair Non-executive Director	Bachelor of Commerce (UNSW), Chartered Accountant, Registered Company Auditor, Certificate of Public Practice from Chartered Accountants Australia and New Zealand Mr Ashby's other current board roles include a directorship of the Hunter New England Central Coast Primary Health Network Ltd. He is also an ex-officio member of the Supply Nation Audit and Risk Committee and Deputy Chair of the Board of Indigenous Business Australia.	Mr Ashby was appointed to the Committee by the Board in May 2020. Mr Ashby's first meeting following his appointment was in August 2020, outside the reporting period.	

The Committee's Charter can be found at <https://ah1.gov.au/index.php/about-us/accountability-and-reporting>

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

AHL paid legal representation fees of \$246,344 for the former CEO Mr Tony Usher in 2018-19 and 2019-20. The amount was reimbursed by AHL's insurer, Comcover. An employee of the legal firm who represented Mr Usher, a long standing personal legal representative of Mr Usher, is a family member of the former Chairperson Dr Sue Gordon.

Rounding

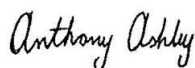
The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the Financial Statements and the Directors' Report have been rounded to the nearest \$1,000.

Auditor's independence

The directors received an Independence Declaration from the Auditor-General for the year ended 30 June 2020. A copy has been included with the Financial Statements.

Resolution of directors

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



Anthony Ashby
Chairperson
Aboriginal Hostels Limited

13 November 2020

Australian National Audit Office report



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Mr Anthony Ashby
Chair
Aboriginal Hostels Limited
3-6 Shea St
Capital Centre
Phillip ACT 2606

ABORIGINAL HOSTELS LIMITED FINANCIAL REPORT 2019–20 AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of the Aboriginal Hostels Limited for the year ended 30 June 2020, 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

Rahul Tejani
Executive Director

Delegate of the Auditor-General

Canberra

16 November 2020

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



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INDEPENDENT AUDITOR'S REPORT

To the members of Aboriginal Hostels Limited

Opinion

In my opinion, the financial report of Aboriginal Hostels Limited ('the Company') for the year ended 30 June 2020 is in accordance with the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year then ended; and
- complying with Australian Accounting Standards, the Corporations Regulations 2001 and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The financial report of the Company, which I have audited, comprises the following statements as at 30 June 2020 and for the year then ended:

- Declaration by Aboriginal 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, comprising a Summary of Significant Accounting Policies and other explanatory information.

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 the Company in accordance with the auditor independence requirements of 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* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. 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 the Company, 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 2020, but does not include the financial report and my auditor's report thereon.

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 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.

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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 the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, 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 the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern 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 the directors 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.

Australian National Audit Office



Rahul Tejani
Executive Director
Delegate of the Auditor-General
Canberra
17 November 2020

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Declaration by Aboriginal Hostels Limited Chairperson and Chief Financial Officer

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

For the period ended 30 June 2020

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 Accounting Standards and the Corporations Regulations 2001, and
 - b. give a true and fair view of the financial position of the company as at 30 June 2020 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 the company 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



Anthony Ashby
Chairperson

Date: 13 November 2020

Signed



Dermot Walsh FCPA
Chief Financial Officer

Date: 13 November 2020

Financial Statements

For the period ended 30 June 2020

Contents

Statement of Comprehensive Income	63
Statement of Financial Position	65
Statement of Changes in Equity	67
Cash Flow Statement	69
Financial Performance	
1. Expenses	75
2. Own-source revenue	78
Funding	
3. Grant received from portfolio department	79
Financial Position	
Financial Assets	
4. Cash and cash equivalents and term deposits	80
5. Trade and other receivables	80
6. Other financial assets	81
6A. Assets held for sale	81
Non-Financial Assets	
7. Schedule of property, plant and equipment, art and artefacts and intangible assets	82
Liabilities	
8. Trade payables	88
9. Lease incentive payable	88
10. Minimum lease payable	88
11. Interest bearing liabilities	88
12. Other payables	88
Other	
13. Cash flow reconciliation	90
People and relationships	
14A. Employee provisions	91
14B. Name of key management personnel	92
14C. Key management personnel remuneration	93
14D. Related party disclosures	93
Managing uncertainties	
15. Economic dependency	94
16. Contingent assets and liabilities	94
Other information	
17. Trust accounts	95

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Statement of Comprehensive Income

For The Period Ended 30 June 2020

		Full Year		Original
	Note	2020	2019	Budget
		\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	29,657	27,015	31,632
Hostel accommodation expenses	1B	4,215	4,105	3,630
Administration expenses	1C	6,898	6,888	6,813
Property operating expenses	1D	9,747	10,308	9,976
Depreciation and amortisation	1E	6,169	5,153	5,040
Grants refund to portfolio department		-	1,000	-
Write-down and impairment of assets and bad debts	1F	1,058	1,128	626
Finance and borrowing costs	1G	109	58	51
Total expenses		57,853	55,655	57,768
Own-source income				
Own-source revenue				
Revenue from contracts with customers	2A	17,769	18,460	19,855
Interest	2B	349	620	517
Other revenue	2C	315	17	-
Total own-source revenue		18,433	19,097	20,372
Total own-source income		18,433	19,097	20,372
Net (cost of)/contribution by services		(39,420)	(36,558)	(37,396)
Revenue from Commonwealth Government				
Grant received from portfolio department	3	36,241	36,323	36,426
Total revenue from Commonwealth Government		36,241	36,323	36,426
Surplus/(Deficit) on continuing operations		(3,179)	(235)	(970)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in land revaluation surplus		(1,406)	-	-
Changes in building revaluation surplus		1,138	-	-
Total other comprehensive income		(268)	-	-
Total other comprehensive income		(3,447)	(235)	(970)

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

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For the Period Ended 30 June 2020

Budget variances commentary – Statement of comprehensive income

Employee benefits	During 2019-20 AHL undertook a staffing restructure as part of a program of necessary efficiency measures. The actual average staffing level during the year was lower than budgeted which resulted in a reduction in employee benefits paid.
Hostel accommodation expenses	This variance was mainly due to food and cleaning materials and services being higher than budgeted in the PBS as a result of COVID-19.
Depreciation and amortisation	This variance mainly relates to the additional depreciation and amortisation of right-of-use assets established due to the application of AASB 16 <i>Leases</i> . At the time of preparing the PBS, the impact from the application was not known and could not be reliably estimated.
Write-down and impairment of assets and bad debts	This variance relates to impairment of Musgrave Park, Chewings Street and Karinga hostels. This was not known during the preparation of the PBS and could not be reliably estimated.
Finance and borrowing costs	This variance mainly relates to the payment of interest on lease liabilities repayment due to the application of AASB 16 <i>Leases</i> . At the time of preparing the PBS, the impact from the application was not known and could not be reliably estimated.
Revenue from contracts with customers	This variance relates mainly to tariff income earned being lower than what was budgeted in the PBS due to lower occupancy implications from COVID-19.
Interest	This variance mainly relates to earning less interest due to lower interest rates.
Other Revenue	This variance relates mainly to legal fee reimbursement received from Comcover. This was not known during the preparation of the PBS and could not be reliably estimated.
Changes in land and building revaluation surplus	This variance relates to both revaluation of Musgrave Park, Chewing Street and Karinga hostels and the impairment of land and buildings. This was not known during the preparation of the PBS and could not be reliably estimated.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Statement of Financial Position

As at 30 June 2020

	Note	Full Year Original		
		2020 \$'000	2019 \$'000	Budget \$'000
ASSETS				
CURRENT ASSETS				
Financial assets				
Cash and cash equivalents	4	36,175	34,557	30,995
Trade and other receivables	5A	609	1,382	629
Other financial assets	6	129	248	244
Total financial assets		36,913	36,187	31,868
Non-financial assets				
Assets held for sale	6A	3,202	-	-
Total current assets		40,115	36,187	31,868
NON CURRENT ASSETS				
Non-financial assets¹				
Land	7A	33,281	37,794	37,794
Buildings	7A	81,937	79,033	79,917
Art and artefacts	7A	2,083	2,105	2,119
Plant and equipment	7A	1,578	1,324	1,166
Computer software	7A	173	28	22
Total non-financial assets		119,052	120,284	121,018
Total non current assets		119,052	120,284	121,018
Total assets		159,167	156,471	152,886
LIABILITIES				
CURRENT LIABILITIES				
Payables				
Trade payables	8	1,247	1,196	1,827
Lease incentive payable	9	-	43	43
Minimum lease payables	10	-	20	20
Interest bearing liabilities	11	864	-	-
Other payables	12	2,277	1,990	735
Total payables		4,388	3,249	2,625
Provisions				
Employee provisions	14A	2,449	1,276	2,064
Total current liabilities		6,837	4,525	4,689
NON CURRENT LIABILITIES				
Lease payable				
Interest bearing liabilities	11	4,680	-	-
Minimum lease payables	10	-	543	543
Unearned lease incentive payable	9	-	293	250
Total operating lease payable		4,680	836	793
Provisions				
Employee provisions	14A	738	1,789	1,896
Total provisions		738	1,789	1,896
Total non current liabilities		5,418	2,625	2,689
Total liabilities		12,255	7,150	7,378
Net assets		146,912	149,321	145,508
EQUITY				
Contributed equity		94,243	94,243	94,243
Reserves		53,476	53,744	53,744
Retained surplus/(Accumulated deficit)		(807)	1,334	(2,479)
Total equity		146,912	149,321	145,508

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

¹Right-of-use assets are included in Building and Plant and equipment listed under non-financial assets.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the financial statements

For The Period Ended 30 June 2020

Budget variance commentary - Statement of financial position

Cash and cash equivalents	This variance mainly relates to lower than expected capital expenditure during the 2019-20 financial year, at the time of preparing the PBS, this was not anticipated and could not be reliably estimated. This resulted in a higher than expected carry forward cash balance during the opening of the current financial year.
Other financial assets	This variance is mainly due to prepayment of various ICT software licenses that was not known during the preparation of the PBS and could not be reliably estimated.
Assets held for sale	This variance relates to reflect the decision by the Board to sell Musgrave Park, Chewings Street and Karinga hostels. At the time of preparing the PBS, this was not known and could not be reliably estimated.
Land	This variance relates to the re-categorisation of the land assets relating to Musgrave Park, Chewings Street and Karinga hostels and the impairment of land assets. Neither events were known during the preparation of the PBS and could not be reliably estimated.
Plant and equipment	This variance mainly relates to the additional right-of-use assets established due to the application of AASB 16 <i>Leases</i> which was not estimated in the preparation of the PBS.
Computer software	This variance relates mainly due to purchases of various Microsoft software which were not known during the preparation of the PBS.
Trade payables	This variance is mainly due to a higher amount of trade payables being processed and paid in 2019-20 than anticipated in the PBS.
Unearned lease incentive payable and Lease incentive payable	This variance relates to the clearing of lease incentive payable due to the initial application of AASB 16 <i>Leases</i> , which was not estimated in the preparation of the PBS.
Minimum lease payables	This variance relates to the clearing of minimum lease payables due to the initial application of AASB 16 <i>Leases</i> which was not estimated in the preparation of the PBS.
Interest bearing liability	This variance relates to additional lease liabilities established due to the application of AASB 16 <i>Leases</i> which was not estimated in the preparation of the PBS.
Employee Provisions	The actual leave provisions for 2019-20 were lower than budgeted due to redundancies and staff resignations in prior year that were not known at the time of PBS preparation.
Other payables	This variance mainly relates to the accrual of the payroll adjustment for the underpayment of APS 1 staff and refundable tariff being higher than what was budgeted in the PBS.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Statement of Changes in Equity For The Period Ended 30 June 2020

	Note	Full Year 2020 \$'000	2019 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		94,243	94,243	94,243
Closing balance as at 30 June 2020		94,243	94,243	94,243
RETAINED EARNINGS				
Opening balance				
Balance carried forward from previous period		1,334	1,569	(1,509)
Adjustment on initial application of AASB 15		140	-	-
Adjustment on initial application of AASB 16		898	-	-
Adjusted opening balance		2,372	-	(1,509)
Comprehensive income				
Surplus/(Deficit) for the period		(3,179)	(235)	(970)
Total comprehensive income		(807)	(235)	(970)
Closing balance as at 30 June 2020		(807)	1,334	(2,479)
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		53,744	53,744	53,744
Comprehensive income				
Other comprehensive income		(268)	-	-
Total comprehensive income		53,476	-	-
Closing balance as at 30 June 2020		53,476	53,744	53,744
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		149,321	149,556	146,478
Adjustment for changes in accounting policies		1,038	-	-
Adjusted opening balance		150,359	149,556	146,478
Comprehensive income				
Surplus/(Deficit) for the period		(3,179)	(235)	(970)
Other comprehensive income		(268)	-	-
Total comprehensive income		(3,447)	(235)	(970)
Closing balance as at 30 June 2020		146,912	149,321	145,508

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

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Budget Variance Commentary – Statement of Changes in Equity

Adjustment on initial application of AASB 15 and AASB 16	This variance relates to the application of AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 16 <i>Lease</i> which was not estimated in the preparation of the PBS.
Surplus/(Deficit) for the period	This variance relates to the higher 2019-20 deficit which was not foreseen at the time of preparing the PBS.
Other Comprehensive income	This variance relates to both revaluation of Musgrave Park, Chewings Street and Karinga hostels and the impairment of land and buildings. Neither event was known at the time of preparation of the PBS and could not be reliably estimated.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Cash Flow Statement

For The Period Ended 30 June 2020

	Note	2020	Full Year 2019	Original Budget
		\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Receipts from Commonwealth Government		38,124	39,435	39,138
Receipts from State and Territory Governments		2,549	3,236	2,477
Receipts from hostel accommodation customers		13,971	14,723	14,964
Interest		361	614	517
Net GST received		1,683	1,531	957
Other		315	18	-
Total cash received		57,003	59,557	58,053
Cash used				
Employees		29,254	26,715	31,433
Suppliers		22,034	24,321	21,841
Grants refund to portfolio department		-	1,000	-
Interest paid - Leases		62	-	-
Other		154	-	-
Total cash used		51,504	52,036	53,274
Net cash from/(used by) operating activities	13	5,499	7,521	4,779
INVESTING ACTIVITIES				
Capital cash used				
Payment for property, plant and equipment		2,754	2,519	3,969
Payment for intangibles		198	11	31
Total capital cash used		2,952	2,530	4,000
Net cash from/(used by) investing activities		(2,952)	(2,530)	(4,000)
FINANCING ACTIVITIES				
Financing cash used				
Principal repayments - Leased assets		929	-	-
Total investing cash used		929	-	-
Net cash from/(used by) financing activities		(929)	-	-
Net increase/(decrease) in cash held		1,618	4,991	779
Cash and cash equivalents at the beginning of the reporting period		34,557	29,566	30,216
Cash and cash equivalents at the end of the reporting period	4	36,175	34,557	30,995

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

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Budgetary variance commentary – Cash flow statement

Interest	The lower interest received was due to lower interest rates which was not foreseen at the time of preparing the PBS.
Operating cash net GST received	This variance is mainly due to receiving a higher GST input credits received from ATO due to budgeting a lower GST paid to suppliers in 2019-20 in the PBS.
Operating cash received other	During 2019-20, AHL received a reimbursement of legal fees from Comcover, which was paid in the 2018-19 financial year. This was not known during the preparation of the PBS and could not be reliably estimated.
Operating cash used interest paid (leases)	This variance mainly relates to the payment of interest on lease liabilities repayment due to the application of AASB 16 <i>Leases</i> which was not estimated in the preparation of the PBS.
Operating cash used (other)	This variance relates to the legal settlement that AHL has paid in the 2019-20 financial year in relation to an alleged incident in one of its Victorian hostels in the 1980s. The timing of the legal settlement was not known during the preparation of the PBS and could not be reliably estimated.
Investing activities cash used – payment for property, plant and equipment	During 2019-20, AHL continued a major program of repairs and maintenance work, which resulted in a lower requirement for capital purchases than anticipated in the PBS.
Investing activities cash used – payment for intangibles	This variance relates mainly due to purchases of various Microsoft software which was not known during the preparation of the PBS.
Financing activities cash used – principal repayments – Leased assets	This variance mainly relates to the principal repayment on lease liabilities due to the application of AASB 16 <i>Leases</i> which was not estimated in the preparation of the PBS.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

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 outcome of 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.

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 financial instruments are not complex and therefore are not further disclosed 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 2019-20 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.

The following standards were issued by the Australian Accounting Standards Board were applicable to the current reporting period and had a material effect on Aboriginal Hostels Limited's financial statements:

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

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

AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and Interpretation 13 Customer Loyalty Programmes. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 Contributions and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.

Application of AASB 15 Revenue from Contractors with Customers / AASB 1058 Income of Not-For-Profit-Entities

AHL adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly the comparative information presented for 2019 is not restated, that is, it presented as previously reported under the various applicable AASBs and related interpretations.

The column below shows the summarised impact on transition as at 1 July 2019.

Impact on transition	1 July 2019
Assets	\$'000
Receivables	140
Equity	
Adjustment recognised in retained earnings	140

The adjustments above were attributable to the Alycerre hostel grant which was previously recognised on a cash basis as per AASB 1004, with the introduction of AASB 15 income is now recognised on an accrual basis.

Under the new income recognition model AHL shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific' (to a transaction or part of the transaction), AHL applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, AHL shall consider whether AASB 1058 applies.

In relation to AASB 15, AHL elected to apply the new standard to all new and uncompleted contracts from the date of initial application.

The table on the next page sets out the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2020 as a result of the adoption of AASB 15. The first column shows the amounts prepared under AASB 15 and the second column shows the amounts that would have been recognised if AASB 15 had not been adopted

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Transitional Disclosure	AASB 15	Previous AAS	Increase / (decrease)
	\$'000	\$'000	\$'000
Revenue			
Revenue from contracts with customers - Aylerre Hostel	572	569	3
Total Revenue	572	569	3
Net (cost of)/contribution by services	572	569	3
Assets			
Receivables	143	-	143
Cash	569	569	-
Total Assets	712	569	143
Equity			
Retained earnings	140	-	140

AASB 16 Leases and AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Non-for-Profit Entities

AASB 16 became effective on 1 July 2019.

This new standard has replaced AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.

Aboriginal Hostels Limited adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

Aboriginal Hostels Limited elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Entity applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.
- Use hindsight in determining the lease term if the leases contract contains options to extend or terminate the lease.

As a lessee, Aboriginal Hostels Limited previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, Aboriginal Hostels Limited recognises right-of-use assets and lease liabilities for most leases. However, Aboriginal Hostels Limited has elected not to recognise right-of-use assets and lease liabilities for some short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, Aboriginal Hostels Limited recognised right-of-use assets and lease liabilities in relation to the lease of National Office in Canberra and the lease of Kirinari Sylvania hostel in Sydney and vehicles, which had all previously been classified as operating leases.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

The lease liabilities were measured at the present value of the remaining lease payments, discounted using Aboriginal Hostels Limited's incremental borrowing rate as at 1 July 2019. Aboriginal Hostels Limited incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.067%.

The right-of-use assets were measured as follows:

- National Office: measured at an amount equal to the lease liability.
- All other leases: the carrying value that would have resulted from AASB 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

On transition to AASB 16, Aboriginal Hostels Limited recognised additional right-of-use assets, additional lease liabilities, original operating lease related liabilities in retained earnings. The impact on transition is summarised below:

Impact on transition	1 July 2019
Assets	\$'000
Right-of-use assets - property, plant and equipment	6,173
Liabilities	
Lease Liabilities	6,173
Operating Lease Liability	(563)
Lease Incentive	(336)
Equity	
Adjustment recognised in retained earnings	899

The below reconciles minimum lease commitments disclosed in Aboriginal Hostels Limited's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	\$'000
Minimum operating leases commitment as at 30 June 2019	6,976
Less:	
Short-term leases not recognised under AASB 16	29
GST included in minimum operating lease commitment as at 30 June 2019	634
Plus:	
Omitted lease commitments as at 30 June 2019	112
Undiscounted lease payments	6,425
Less:	
Effect of discounting using incremental borrowing rate as at the date of initial application	252
Lease liabilities recognised as at 1 July 2019	6,173

All other new, revised and amending standards and interpretations that were issued prior to the signing date and all applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on Aboriginal Hostels Limited's financial statements.

Events after balance date

No events after balance date requiring reporting have occurred.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Financial performance

This section analyses the financial performance of Aboriginal Hostels Limited for the year ended 30 June 2020.

Expenses	Note	2020	2019
		\$'000	\$'000
Note 1A: Employee benefits			
Wages and salaries		22,738	20,287
Annual leave		1,499	1,456
Long service leave		438	501
Other leave		1,294	1,202
Superannuation		3,302	3,180
Termination benefits		386	389
Total employee benefits		29,657	27,015

Accounting Policy

Accounting policies for employee related expenses is contained in note 14.

Note 1B: Hostel accommodation expenses

Food and beverages		3,297	3,434
Cleaning and hygiene		913	667
Medical sundries		5	4
Total hostel accommodation expenses		4,215	4,105

Note 1C: Administration expenses

Consultants and contractors		1,520	838
Information technology and communications		1,301	1,366
Workers compensation expenses		1,274	1,434
Travel and accommodation		798	1,479
Training and recruitment		321	310
Insurance		285	246
Directors' fees	14C	329	311
Audit fees		113	112
Legal expenses		157	156
Other		800	636
Total administration expenses		6,898	6,888

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Note 1D: Property operating expenses

	2020	2019
	\$'000	\$'000
Operating lease expense ¹	-	761
Short-term leases	74	-
Repairs and maintenance	5,092	4,510
Minor furnishings	212	301
Fuel and power	1,898	2,183
Rates	803	848
Security services	1,179	1,304
Other	489	401
Total property operating expenses	9,747	10,308

¹Aboriginal Hostels Limited has applied AASB 16 using the modified retrospective approach and therefore the comparative information have not been restated and continues to be reported under AASB 117 (for Operating leases expense).

The above lease disclosures should be read in conjunction with the accompanying notes 1G, 7B and 11.

Aboriginal Hostels Limited has zero short-term lease commitments as at 30 June 2020.

Accounting policy

Short-term leases

Aboriginal Hostels Limited has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less. Aboriginal Hostels Limited recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Note 1E: Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Depreciation:		
Buildings	5,274	4,386
Plant and equipment	699	560
Art and artefacts	22	22
Total depreciation	5,995	4,968
Amortisation:		
Leasehold improvements	121	164
Intangibles	53	21
Total amortisation	174	185
Total depreciation and amortisation	6,169	5,153

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Note 1F: Write-down and impairment of assets and bad debts

Write-down and impairment of assets

Building	292	1,040
Plant and equipment	5	46
Non-current assets held for sale	722	-
Total write-down and impairment of assets	1,019	1,086
Bad debts write off and provision for bad debts	39	42
Total write-down and impairment of assets and bad debts	1,058	1,128

Note 1G: Finance and borrowing costs

Bank charges	47	58
Interest on lease liabilities	62	-
Total finance and borrowing costs	109	58

The above lease disclosures should be read in conjunction with the accompanying notes 1D, 7B and 11

Accounting Policy

Accounting policies for depreciation expenses are located after Note 7B.

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 two hostels under a trust deed, the properties are Durungaling Hostel and Biala Hostel in NSW.

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.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Own-Source revenue

Note 2A: Revenue from contracts with customers	2020 \$'000	2019 \$'000
Funding for operation of hostels	4,004	3,725
Hostel accommodation revenue	13,765	14,735
Total revenue from contracts with customers	17,769	18,460
Funding received for operation of hostels		
National Indigenous Australians Agency (NIAA)		
<i>Wadeye Secondary Education Boarding Facility</i>	1,712	829
Northern Territory Housing		
<i>Akangkentye Hostel</i>	-	889
<i>Apmere Mwerre Visitor Park</i>	1,470	1,452
<i>Wangkana Kari Hostel</i>	250	-
Northern Territory Department of Health		
<i>Alyerre Hostel</i>	572	555
Total funding received for operation of hostels	4,004	3,725
Hostel accommodation revenue		
Tariff collected from non-government entities	12,197	13,802
Tariff collected from State and Territory Governments	1,568	933
Total hostel accommodation revenue	13,765	14,735

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 at the point in time of 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. The transaction price is the total amount of consideration which AHL expects to be entitled in exchange for hostel accommodation services which comprise fixed amounts.

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 covered by enforceable agreements with sufficiently specific performance obligations are recognised as revenue when the performance obligations are satisfied as described in rendering of services above. Other contributions are recognised as income when AHL is entitled to the contribution.

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.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

	2020	2019
	\$'000	\$'000
Note 2B: Interest income		
Interest income	349	620
Total interest income	349	620
Note 2C: Other income		
Rent received	1	6
Other revenue and gains	314	11
Total other income	315	17

Note 3: Revenue from Commonwealth Government

Department of Prime Minister and Cabinet (PM&C)		
Grant received from portfolio department	36,241	36,323
Total Grant received from Commonwealth Government	36,241	36,323

Accounting policy

Interest revenue

Interest revenue is recognised using the effective interest method.

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.

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 the Department of Prime Minister and Cabinet 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.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Financial Position

This section analyses Aboriginal Hostels Limited'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.

Note 4: Cash and cash equivalents	2020	2019
	\$'000	\$'000
Cash at bank	36,007	34,389
Donation account	168	168
Total cash and cash equivalent	36,175	34,557
Note 5A: Trade and other receivables		
Trade receivables	297	642
Less: Provision for impairment	(59)	(104)
Total trade receivables	238	538
GST receivable	149	270
Operational grant receivable	-	-
Other receivables	222	574
Total other receivable	371	844
Total trade and other receivables	609	1,382

Accounting Policy

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

- cash on hand;
- deposits held at call at bank; and
- 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 are expected to be recovered no more than 12 months from the 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.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements For The Period Ended 30 June 2020

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

Note 5B: Movement in relation to 2020	2020
	\$'000
As at 1 July 2019	(104)
Amount written off	84
Increase/(Decrease) recognised in net cost of service	(39)
Closing balance provision for impairment as at 30 June 2020	(59)
Note 5B: Movement in relation to 2019	2019
	\$'000
As at 1 July 2018	(104)
Amount written off	42
Increase/(Decrease) recognised in net cost of service	(42)
Closing balance of provision for impairment as at 30 June 2019	(104)

	2020	2019
	\$'000	\$'000
Note 6: Other financial assets		
Prepayments	129	248
Total other financial assets	129	248
Note 6A: Assets held for sale		
Assets held for sale ¹	3,202	-
Total assets held for sale	3,202	-

¹Musgrave Park Hostel, Karinga Hostel and Chewings St were held for sale as at 30 June 2020. Karinga Hostel was revalued upwards by \$216k, Musgrave Park Hostel and Chewings St were revalued downwards by \$500k and \$30k respectively.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Note 7A: Schedule of property, plant and equipment and intangible assets

	2020 \$'000	2019 \$'000
Land and buildings		
Land at fair value	33,281	37,794
Total land	33,281	37,794
Buildings at fair value	75,731	82,201
Add: Work in progress at historic cost	323	130
Less: Accumulated depreciation	(16)	(4,369)
Total buildings at fair value	76,038	77,962
ROU Assets building		
ROU buildings	5,724	-
Less: Accumulated depreciation	(825)	-
Total ROU buildings at fair value	4,899	-
Leasehold improvements at historic cost	1,874	1,824
Less: Accumulated depreciation	(874)	(753)
Total leasehold improvements	1,000	1,071
Total land and buildings	115,218	116,827
Plant and equipment		
Plant and equipment at historic cost	3,852	3,743
Less: Accumulated depreciation	(2,819)	(2,419)
Total plant and equipment at historic cost	1,033	1,324
ROU Plant and equipment	748	-
Less: Accumulated depreciation	(203)	-
Total ROU plant and equipment at historic cost	545	-
Total plant and equipment at historic cost	1,578	1,324
Art and artefacts		
Art and artefacts at fair value	2,127	2,127
Less: Accumulated depreciation	(44)	(22)
Total art and artefacts	2,083	2,105
Software		
Software at historic cost	691	511
Add: Work in progress at historic cost	14	-
Less: Accumulated depreciation	(532)	(483)
Total software	173	28
Total property, plant and equipment	119,052	120,284

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

**Notes to the Financial Statements
For The Period Ended 30 June 2020**

Note 7B: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles 2020

	Land	Buildings	Buildings Work in Progress	Leasehold Improvements	Total Land and Buildings	Plant and Equipment	Total Art and Artefacts	Computer Software	Work in Progress	Total Computer Software
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2019										
Closing gross book value	37,794	82,194	130	1,830	121,948	3,743	2,127	511	-	511
Closing accumulated depreciation	-	(4,369)	-	(752)	(5,121)	(2,419)	(122)	(483)	-	(483)
Closing net book value at 30 June 2019	37,794	77,825	130	1,078	116,827	1,324	2,105	28	-	28
Recognition of right of use assets on initial application of AASB 16	-	5,724	-	-	5,724	449	-	-	-	-
Adjusted total as at 1 July 2019	37,794	83,549	130	1,078	122,551	1,773	2,105	28	-	28
Additions:										
By acquisition	-	-	2,930	-	2,930	-	-	-	14	14
Right-of-use assets	-	-	(2,737)	-	(92)	243	-	-	-	243
Capitalised work in progress	-	2,302	-	43	(92)	208	-	184	-	184
Disposal of assets	-	(302)	-	-	(302)	(4)	-	-	-	(306)
Revaluations and impairments recognised in other comprehensive income ²	(1,406)	1,138	-	-	(268)	-	-	-	-	(268)
Assets held for sale or in a disposal group held for sale ¹	(3,107)	(798)	-	-	(3,905)	(486)	(22)	(53)	-	(3,905)
Depreciation expense	-	(4,449)	-	(121)	(4,570)	(203)	(53)	(53)	-	(5,141)
Other movements of right-of-use assets	-	(825)	-	-	(825)	(56)	-	-	-	(1,028)
Closing net book value as 30 June 2020	33,281	80,615	323	1,000	115,219	1,577	2,083	159	14	173
Net book value as at 30 June 2020 represented by										
Closing gross book value	33,281	75,731	323	1,874	111,209	3,852	2,127	691	14	705
Closing accumulated depreciation	-	(16)	-	(874)	(890)	(2,819)	(44)	(532)	-	(532)
Closing net book value as 30 June 2020	33,281	75,715	323	1,000	110,319	1,033	2,083	159	14	173
Carrying amount of right-of-use assets	-	4,899	-	-	4,899	545	-	-	-	5,444

¹In 2019-20 AHL held Musgrave Park Hostel, Karingga Hostel and Chewings St in Assets held for sale category

²In 2019-20 AHL had an independent desktop valuation of Land and Building assets for impairment. The impact to the revaluation reserve on desktop valuation was a decrease of \$560k. Musgrave Park Hostel, Karingga Hostel and Chewings St were held for sale as at 30 Jun 2020. Land value of Karingga Hostel was remeasured to increase by \$457k. Buildings of Musgrave Park Hostel and Chewings St was remeasured to decrease by \$169k. The net impact to the remeasure of assets held for sale was \$293k.

The above lease disclosures should be read in conjunction with the accompanying notes 1D, 1G and 11.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

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.

During the 2019-20 financial year, AHL engaged in an independent desktop valuation on all land and building components to identify any evidence of impairment. This valuation was in addition to the independent valuation conducted every three years as mentioned above.

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.

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.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Accounting policy (continued) - Property, plant and equipment

Disclosure of leasehold improvements

AHL records the cost of office fit outs 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 2019-20, 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:

Asset category	2020	2019
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 fit out of AHL's National Office and other leased hostels.

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.

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.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Lease Right of Use (ROU) Assets

Lease liabilities are initially recognised at the present value of future lease payments over the lease term. The lease term includes any extension or renewal options that AHL is reasonably certain to exercise. Future lease payments comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- the exercise price of a purchase option that AHL is reasonably certain to exercise
- payments for termination penalties, if the lease term reflects the early termination

The discount rate used is the interest rate implicit in the lease, or AHL's incremental borrowing rate if the implicit rate cannot be readily determined. Subsequently, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term

Right-of-use assets are recognised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned. They are amortised over their term and are subject to impairment.

On initial adoption of AASB 16, AHL has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Aboriginal Hostels Limited's financial statements.

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.

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.

Fair value measurement

AHL engaged the services of Jones Lang LaSalle (JLL) to conduct a comprehensive revaluation for all land, building and artwork non-financial assets as 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 are carried out at least once every three years with the previous valuation

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

conducted as at 30 June 2018. JLL has provided written assurance to AHL that the valuation 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.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

	2020	2019
	\$'000	\$'000
Note 8: Trade payables		
Trade payables		
Trade payables	1,247	1,196
Total trade payables	1,247	1,196
Suppliers expected to be settled		
No more than 12 months	1,247	1,196
Total trade payables	1,247	1,196
Note 9: Unearned lease incentive payable¹		
Unearned lease incentive payable	-	336
Total Unearned lease incentive payable	-	336
Unearned lease incentive payable expected to be settled		
No more than 12 months	-	43
More than 12 months	-	293
Total Unearned lease incentive payable	-	336
Note 10: Minimum lease payables¹		
Minimum lease payables	-	563
Total Minimum lease payable	-	563
Minimum lease payable expected to be settled		
No more than 12 months	-	20
More than 12 months	-	543
Total minimum lease payables	-	563
Note 11: Interest bearing liabilities		
Buildings lease liability	4,997	-
Plant and equipment lease liability	547	-
Total lease liability	5,544	-
Lease liability expected to be settled		
No more than 12 months	864	-
More than 12 months	4,680	-
Total lease liability	5,544	-
Note 12: Other payables		
Employee payables	1,526	1,172
Revenue received in advance	751	818
Total other payables	2,277	1,990
Other payable expected to be settled		
No more than 12 months	2,277	1,990
Total Other payables	2,277	1,990

Credit terms for goods and services were within 30 days (2018: 30 days). AHL has not made loans to any entity.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

1. *Aboriginal Hostels Limited has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 17.*

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.

Interest Bearing Liabilities – ROU Leases

Aboriginal Hostels Limited has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Total cash outflow for leases for the year ended 30 June 2020 was \$1,138k

Maturity analysis – contractual undiscounted cash flows

Within 1 year – \$918k

Between 1 to 5 years – \$4,194k

More than 5 years – \$626k

Disclosure notes for significant leasing arrangements and all significant leasing arrangements with below market terms.

Aboriginal Hostels Limited has the following significant leasing arrangements:

National office lease at 2-6 Shea Street, Phillip, ACT with lease expiry at 31st March 2027

Kirinari Sylvania at 340 Box Road, Sylvania Heights, NSW with lease expired as at 30th June 2020 where AHL is running Secondary Education hostel operations.

Aboriginal Hostels have the following significant leasing arrangement with below market terms:

Kirinari Newcastle at 15 Myall Road, Newcastle, NSW – AHL is running secondary education hostel operations on site, the lease is currently month to month, where \$1 payment annually if demanded.

Gudang Dalba at Bambatj Road, Darwin, NT- AHL is running medical hostel operations on site, the lease expiring in July 2024, where \$1 payment annually if demanded.

Broome Hostel at 52 Forrest Street, Broome, WA – AHL is running medical hostel operations on site, the lease is currently month to month, where \$1 payment if demanded plus any surplus tariff income is payable.

Apmere Mwerre Visitor Park at 15 Len Kittle Drive, Alice Springs, NT – AHL is running multipurpose hostel operations on site, the lease is currently month to month, where \$1 payment annually if demanded.

The above lease disclosures should be read in conjunction with the accompanying notes 1D, 1G and 7B.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

Note 13: Cash flow reconciliation

	2020 \$'000	2019 \$'000
Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement		
Cash flow statement	36,175	34,557
Statement of financial position	4 36,175	34,557
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net(cost of)/contribution by services	(39,420)	(36,558)
Revenue from Government	36,241	36,323
Adjustments for non-cash items		
Depreciation/amortisation	6,169	5,153
Net write down and impairment of non-financial assets	1,019	1,086
Movement in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	197	1,617
(Increase)/Decrease in prepayments	119	(5)
Liabilities		
Increase/(Decrease) in unearned lease incentive payable		(43)
Increase/(Decrease) in employee provisions	121	(284)
Increase/(Decrease) in suppliers payables	185	(641)
Increase/(Decrease) in other payables	600	873
Liabilities		
(Increase)/Decrease Accumulated Gains and Losses	140	
Net cash from/(used by) operating activities	5,371	7,521

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements For The Period Ended 30 June 2020

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.

	2020 \$'000	2019 \$'000
Note 14A: Provision for employee benefits		
Provision for annual leave	1,503	1,447
Provision for long service leave	1,684	1,618
Total employee benefits	3,187	3,065
Employee benefits expected to be settled		
No more than 12 months	1,843	1,276
More than 12 months	1,344	1,789
Total employee benefits	3,187	3,065

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.

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.

ABORIGINAL HOSTELS LIMITED ABN7 008 504 587

Notes to the financial statements

For the period ended 30 June 2020

In 2017-18 AHL reviewed its employee profile for the purposes of determining the parameters for on-cost factor application and to estimate the pattern of the employees likely to access their long term entitlements whilst 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 2019-20 AHL had estimated its 10 year salary growth as 2% for the purposes of employee provision discounting.

Note 14B: Name of directors and key management personnel in office at any time

year are:

Directors	Position	Term
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 03/06/2022
Mr Mike Allen	Non-executive director	02/03/2016 to 03/06/2022
Ms Jennifer Ullungura Clancy	Non-executive director	10/05/2017 to 09/08/2020
Mr Daniel Bourchier	Non-executive director	02/06/2019 to 01/12/2019
Mr Anthony Ashby	Deputy Chair, non-executive director	24/09/2019 to 23/12/2022
Dr Valerie Cooms	Non-executive director	02/09/2019 to 01/12/2022
Mr Paul Allen	Non-executive director	06/05/2020 to 05/05/2023
Mr Simon McGrath	Non-executive director	06/05/2020 to 05/05/2023

Key management personnel Position

Mr Tony Usher	Chief Executive Officer	Ceased 11/03/2020
Ms Michelle Deavin	Deputy CEO, Company Secretary and CFO	Ceased 15/04/2020
Mr Dave Chalmers	Chief Executive Officer	Commenced 11/03/2020
Vacant	CFO	
Mr Robert Harvey	General Manager Operations	Commenced 28/01/2020

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587
Notes to the financial statements for the period ended 30 June 2020

Note 14C: Key management personnel remuneration

	2020	2019
	\$	\$
Senior executive remuneration		
Short-term employee benefits		
Salary	544,885	449,009
Motor vehicle and other allowances ¹	149,698	141,774
Total short-term employee benefits	694,583	590,783
Post-employment benefits		
Superannuation	77,616	71,677
Total post-employment benefits	77,616	71,677
Other long-term employee benefits²		
Annual leave	15,541	40,958
Long-service leave	2,242	14,624
Total other long-term employee benefits	17,783	55,582
Termination benefits		
Payment upon termination	262,338	-
Total termination benefits	262,338	-
Total senior executive remuneration³	1,052,320	718,042
Directors remuneration⁴		
Short-term benefits		
Directors fees ⁵	301,338	284,367
Total directors fees	301,338	284,367
Post-employment benefits		
Superannuation	28,279	27,015
Total Superannuation	28,279	27,015
Total directors' remuneration	329,617	311,382
Total key management personnel remuneration	1,381,937	1,029,424

1. The amount includes payment of \$ 18,296 to Mr Dave Chalmers for providing management consulting services prior to commencing as the CEO on 10 March 2020. The services included executive support and advice to the CEO on hostel and company operations.

2. The comparative for key management personnel's leave benefits have been updated to represent the change of the calculation methodology from a cash to accrual basis.

3. The total number of senior management personnel that are included in the above table are 4 for 2019-20, which includes part year positions of two senior management personnel and 2 for 2018-19.

4. The above Directors' fee calculation includes 10 members including the Chairperson of the Board in 2019-20 and 7 members in 2018-19. A revised Remuneration Tribunal Determination for Board members serving on committee became effective 10 June 2020. Board members serving on the Audit, Risk and Finance Committee will receive \$8,160 per annum and \$4,080 per annum for the Asset Management Committee members. The Chair of Audit, Risk and Finance Committee will receive \$16,320 per annum and the Chair of the Asset Management Committee \$8,160 per annum. A member of the AHL Board is only eligible to receive additional fees for participation on one committee.

5. The amount includes an additional \$ 5,590 made in respect of two directors who participated in nine extra Board Committee meetings each during the 2019-20 and \$ 10,224 in 2018-19.

Note 14D: Related party disclosures

AHL paid legal representation fees of \$246,344 for the former CEO Mr Tony Usher in 2018-19 and 2019-20. The amount was reimbursed by AHL's insurer, Comcover. An employee of the legal firm who represented Mr Usher, a long standing personal legal representative of Mr Usher, is a family member of the former Chairperson Dr Sue Gordon.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period ended 30 June 2020

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 respondent in an alleged breach of contract matter with one of our ICT service providers. It is currently not possible to quantify the impact, if any, of this action. Additionally AHL is a joint party in relation to alleged historic incidents in two hostels in Victoria and Queensland (now closed) in the 1980s and 1990s. As at 30 June 2020, it is currently not possible to quantify the impact, if any, of these actions.

Accounting policy

Contingent assets and liabilities 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.

ABORIGINAL HOSTELS LIMITED ABN 47 008 504 587

Notes to the Financial Statements

For The Period Ended 30 June 2020

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:


	2020	2019
	\$	\$
CAPITAL ACCOUNT		
Opening balance	75,563	75,563
Closing balance of capital account	75,563	75,563
OPERATING ACCOUNT		
Opening balance	11,460	11,460
Closing balance of operating account	11,460	11,460
Closing balance of May Ames bequest account	87,023	87,023

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:

CAPITAL ACCOUNT		
Opening balance	125,000	125,000
Closing balance capital account	125,000	125,000
OPERATING ACCOUNT		
Opening balance	20,148	20,148
Closing balance of operating account	20,148	20,148
Closing balance of Ashley Cooper bequest account	145,148	145,148





Compliance Index

Appendix A: List of Requirements – Commonwealth Companies

PGPA Rule Reference	Part of Report	Description	Requirement
28E	Contents of annual report		
28E(a)	AHL's purpose Part 1, pg 6	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(aa)	Performance Part 2, pp 14-22	The results of a measurement and assessment of the company's performance during the reporting period, including the results of a measurement and assessment of the company's performance against any performance measures and any targets included in the company's corporate plan for the reporting period	Mandatory
28E(b)	Legal framework Part 3, pg 30	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
28E(c)	Legal framework N/A	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period	If applicable, mandatory
28E(d)	Ethical standards N/A	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E	Contents of annual report		
28E(e)	N/A	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period, or (b) a government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(f)	Table 16: Details of Directors Part 4, pp 46-50	Information on each director of the company during the reporting period	Mandatory
28E(g)	Figure 4: Organisational structure at 30 June 2020 Part 3, pg 28	An outline of the organisational structure of the company (including any subsidiaries of the company)	Mandatory
28E(ga)	Staff profile Part 3, pp 35-37	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees (b) statistics on part-time employees (c) statistics on gender (d) statistics on staff location	Mandatory
28E(h)	AHL's network Part 1, pp 8-9	An outline of the location (whether or not in Australia) of major activities or facilities of the company	Mandatory
28E(i)	Governance Part 3, pg 30	Information in relation to the main corporate governance practices used by the company during the reporting period	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E	Contents of annual report		
28E(j), 28E(k)	N/A	<p>For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST):</p> <p>(a) the decision-making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company, and</p> <p>(b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions</p>	If applicable, mandatory
28E(l)	<p>Significant activities or changes in state of affairs</p> <p>Part 4, pg 44</p>	Any significant activities or changes that affected the operations or structure of the company during the reporting period	If applicable, mandatory
28E(m)	<p>External scrutiny</p> <p>Part 3, pg 32</p>	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company	If applicable, mandatory
28E(n)	<p>External scrutiny</p> <p>Part 3, pg 32</p>	<p>Particulars of any reports on the company given by:</p> <p>(a) the Auditor-General, or</p> <p>(b) a Parliamentary Committee, or</p> <p>(c) the Commonwealth Ombudsman, or</p> <p>(d) the Office of the Australian Information Commissioner, or</p> <p>(e) the Australian Securities and Investments Commission</p>	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E	Contents of annual report		
28E(o)	N/A	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report	If applicable, mandatory
28E(oa)	Table 17: Remuneration of key management personnel, 2019-20 Part 4, pg 53-54	Information about executive remuneration	Mandatory
28E(ob)	Table 18: Audit, Risk and Finance Committee, 2019-20 Part 4, pp 55-56	information about the audit committee for the company: (a) a direct electronic address of the charter determining the functions of the audit committee (b) the name of each member of the audit committee (c) the qualifications, knowledge, skills or experience of each member of the audit committee (d) information about each member's attendance at meetings of the audit committee (e) the remuneration of each member of the audit committee	Mandatory

Index

A

ABSTUDY, 7

accommodation services, 6–9, 14–16

accountability, 30

achievements in 2019–20

- business efficiency and asset management, 21–22
- education and school attendance, 17–18
- healthy and safe communities, 19–20
- occupancy rates, 14–16

address, *inside front cover*, 44

affordability trials, 19–20

aims, 6, 44

Allen, Mike, 47, 55

Allen, Paul, 49

Anthony Ashby (Chairperson), 29, 49, 56

- auditor's independence declaration, 57
- declaration, 58
- letter of transmittal, iv
- reporting responsibilities, iv, 29, 44–57

Ashby, Anthony (Chairperson), 49, 56

- letter of transmittal, iv
- reporting responsibilities, 44–57

Asset Management Committee, 51

asset management plan, 21–22

Audit, Risk and Finance Committee, 31, 51

- members, 55–56

Auditor-General, 32, 57

audits

- auditor's report, 59–61
- Comcare, 41
- external, 32, 41
- independence declaration, 57
- internal, 45, 51

Australian Charities and Not-for-profits Commission Act 2012, 58

Australian National Audit Office, 33

Australian Securities and Investments Commission, 32

B

bed occupancy rates, 14–16

bequests, 98

Bin-Sallik, MaryAnn, 47

Board of Directors, 29, 45

- meetings, 45
- members, 46–50
- remuneration, 52
- report, 44–57
- subcommittees, 51

Bourchier, Daniel, 48

business efficiency and asset management, 21–22

business plans. See plans and planning

business structure, 28, 30–32

C

capital expenditure, 24

capital works, 34

casual staff, 40

Chairperson (Anthony Ashby), 29, 49, 56

- auditor's independence declaration, 57
- declaration, 58
- letter of transmittal, iv
- reporting responsibilities, iv, 29, 44–57

Chairperson (Susan Gordon), 46

- message, 4

Chalmers, Dave (CEO), 54

- message, 5

Chief Executive Officer, 54

- message, 5

Chief Financial Officer, 29

- declaration, 58

Child Protection Framework, 19

Clancy, Jennifer Ullungura, 47

code of conduct, 33

Comcare, 40–41

- committees, 31, 45, 51, 55–56

Commonwealth Ombudsman, 32

Company Operated Hostels program, 13

company overview, 4–9

company purpose, 6, 44

Company Secretary, 29

company structure, 28, 30–32

compliance index, 98–101

computer labs, 22

Conditions of Stay, 17
 contact details, *inside front cover*, v
 contracts, 44
 Cooms, Valerie, 50
 corporate governance. See Board of Directors; governance
 corporate information, 44
 corporate plans, 12, 14, 17, 21
 staff, 35
Corporations Act 2001, v, 58
 COVID-19 pandemic, 4, 19
 impact on occupancy rates, 14
 impact on training, 20
 wage increase pause, 40
 Cultural Statement, 33

D

Daisy Yarmirr Hostel, NT, 20
 Darwin, NT, 19, 20
 Deavin, Michelle, 54
 deductible gift recipient status, 44
 demand for services, 14
 demonstration project, 19–20
 Department of the Prime Minister and Cabinet, 13
 Deputy Chairperson, 46
 Directors. See Board of Directors
 Directors' Report, 44–57
 duty of care standards, 31

E

ecologically sustainable development, 33–34
 education strategy, 14, 17–18
 employees. See staff
 energy efficiency measures, 34
 engagement with stakeholders, 17, 20
 Enterprise Agreement, 32
 Enterprise Risk Management Framework, 31
Environment Protection and Biodiversity Conservation Act 1999, 33
 environmental performance, 33–34
 ethical standards, 33
 Evans, David, 46, 55
 Executive Management Team, 29
 expenditure, 24
 external scrutiny, 31

F

Fair Work Ombudsman, 32
 financial performance, 23–24
 expenditure, 24
 government funding, 6
 income, 23
 independent auditor's report, 59–61
 losses, 44
 net assets, 44
 financial statements, 62–98
 fraud control, 31
 full-time staff, 35

G

Galawu Hostel, NT, 20
 gender of staff, 35
 goals and actions, 6, 44
 Child Protection Framework, 19
 Indigenous workforce development, 40
 medical and homeless residents, 19–20
 secondary education strategy, 17–18
 student accommodation, 14
 sustainability, 33–34
 Gordon, Susan (Chairperson), 5, 46
 message from, 4
 reporting responsibilities, v
 governance, 29, 30–32
 Governance Charter, 33
 government funding, 23, 44
 government policy orders, 30

H

Harvey, Robert, 54
 health and medical hostels, 7, 14
 health and safety indicators, 22
 healthy and safe communities, 19–20
 homeless accommodation, 14, 19–20
 hostel network, 6–9
 human resources. See staff

I

ICT strategy, 22
incidents (deaths, accidents and injuries), 40–41
income, 23
indemnities and insurance, 57
independent auditor's report, 59–61
Indigenous advancement, 17–18, 20
 government priorities, 14, 17, 19
 schooling goals, 17–18
Indigenous employment, 6, 20, 35, 40
insurance and indemnities, 57
internal audits, 51
internal control framework, 31
internet home page, *inside front cover*, v
investments, 23

J

judicial decisions, 33

K

Katherine High School, 17–18
Knuckey, Geoff, 55

L

legal framework, 30
letter of transmittal, iv
liability insurance, 57
long-term residents, 20

M

Managing Critical Child Protection Incidents
 training, 19
McGrath, Simon, 50
medical and health hostels, 7, 14, 20
medical/renal residents, 20
meetings, 45
Minister for Indigenous Australians, ii, 30
Ministerial Statement of Expectations, 12
multipurpose hostels, 6, 14, 17

N

National Office, 8, 9
non-executive directors, 46–50
 remuneration, 52–53
Northern Territory Government, 20
Northern Territory initiatives, 17–18
notifiable incidents, 40–41

O

occupancy rates, 13, 14–16, 20
 by region, 16
 by remoteness, 16
 by type of accommodation, 15–16
Office of the Australian Information Commissioner, 32
Ombudsmen, 32
operating expenditure, 24
operating income, 23
operating results, 44
operational grants, 23
organisation and structure, 28, 30–32, 44
outcomes and programs, 13, 14, 31
 accommodation occupancy rates, 14
 business efficiency and asset management, 21–22
 child protection, 19
 education and school attendance, 17–18
 healthy and safe communities, 19–20
outlook, 19–20
 addressing homelessness, 19–20
 child protection, 19
 improved student outcomes, 17–18
overview, 4–9

P

parliamentary committees, 32
part-time staff, 35
performance management, 40
performance measures, 13
 accommodation occupancy rates, 14
 accommodation services, 14–16
 education and school attendance, 17
 healthy and safe communities, 19–20
 Indigenous employment, 20
performance report, 12–13
 environmental performance, 33–34
 financial performance, 23–24
 performance measures, 35
planning and reporting framework, 12–13

plans and planning

- accommodation occupancy rates, 14
 - business efficiency and asset management, 21–22
 - child protection, 19
 - education and school attendance, 17–18
 - healthy and safe communities, 19
 - homelessness accommodation, 19–20
 - ICT strategy, 22
 - medical residents' needs, 20
 - national business plan, 12
 - secondary education strategy, 17–18
 - strategic planning, 12
- Portfolio Budget Statements (PBS), 12, 13
- accommodation occupancy rates, 14–16
 - business efficiency and asset management, 21–22
 - education and school attendance, 17–18
 - healthy and safe communities, 19–20
- Prime Minister and Cabinet, 30
- principal activities, 6–7, 44
- proceedings on behalf of the company, 57
- procurement, 34
- programs. *See* outcomes and programs
- property assets, 82
- public benevolent institution status, 44
- Public Governance, Performance and Accountability Act 2013*, iv, 29, 33
- Public Service Act 1999*, 52
- purpose, 6, 44

Q

- Queensland region, 8, 9

R

- recruitment, 40
- recycling practices, 34
- referral partners, 20
- related party disclosures, 57
- remuneration, 52, 93
 - key management personnel, 52–54, 93
 - wage increase pause, 40
- renal/medical residents, 20
- reporting responsibilities, iv, v, 29, 44–57
- resident surveys (not carried out), 14
- revenue from hostels, 23
- reviews. *See* audits
- Risk Appetite Statement, 31
- risk management, 31
 - Child Protection Framework, 19
- roles and functions, 6–7, 44
- room occupancy rates, 14–16
- rounding of finance figures, 57

S

- salaries. *See* remuneration
- school attendance requirements and goals, 17–18
- scrutiny. *See* audits
- Secondary Education Action Plan, 1, 18
- secondary education hostels, 7, 14, 17, 19
 - Child Protection Framework, 19
- Secondary Education Strategy, 17–18
- senior executives remuneration, 52, 53–54, 93
- service delivery network, 8–9
- service network, 8
- service providers, 6
- short-stay hostels, 6
- significant activities or changes in state of affairs, 44
- significant events subsequent to reporting period, 44
- solar panels, 34
- South Central Australia region, 8, 9
- South Eastern Australia region, 8, 9

staff

- achievements in 2019–20, 35
- annual reviews, 40
- casual staff, 40
- corporate goals, 35
- diversity, 35
- Employee Assistance Programs, 22
- employee benefits, 91, 93
- Enterprise Agreement, 40
- ethical standards, 33
- fraud awareness training, 31
- full-time staff, 35
- gender, 35
- health and safety indicators, 22
- Indigenous employment, 6, 20, 35, 40
- non-ongoing staff, 37
- numbers and workforce participation, 35–39
- ongoing staff, 36
- part-time staff, 35
- previous reporting period, 38–39
- recruitment, 40
- remuneration, 52, 53–54, 93
- retention, 40
- training, 17, 19, 22, 40
- underpayment remediation, 32
- wage increase pause, 40
- Work Health & Safety, 40–41

stakeholder engagement, 17, 20

standards, ethical, 33

statement of intent, 12

strategic planning, 12

- improving student outcomes, 17–18

Strategic Reference Groups, 17–18

structure and organisation, 28, 44

students, 17–18

superannuation guarantee contributions, 52

sustainability goals, 33–34

T

Tennant Creek, NT, 19–20

Tennant Creek High School, 17–18

term deposits, 23

tertiary education hostels, 7

Top End region, 8, 9

travel assistance, 7

tribunal decisions, 33

U

Usher, Tony, 5, 54

W

Wangkana Kari hostel, NT, 19

website, *inside front cover*, v

Western Australia region, 8, 9

Work Health and Safety Act 2011, 41

Work Health & Safety, 22, 35, 40–41

workers' compensation claims, 22, 41

workforce. See staff

Wyatt, Ken, ii, 30





