



Australian Government



ABORIGINAL  
HOSTELS LIMITED


# AHL Impact Report

Executive summary

Developed by Nous Group

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**Aboriginal Hostels Limited**

AHL Impact Report

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First Nations people are advised that this publication may contain images or references to people who have passed away.

**ACKNOWLEDGEMENT**

Aboriginal Hostels Limited acknowledges the Traditional Owners and custodians of Country throughout Australia and recognises their continuing connection to land, waters and community. We pay our respects to Elders past and present.



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# Executive summary

**Aboriginal Hostels Limited (AHL) is in a unique position to accelerate Closing the Gap progress through its delivery of culturally safe accommodation and food services to First Nations people**

Established in 1973, AHL is a not-for-profit company wholly owned by the Australian Government that has provided affordable and culturally safe accommodation for First Nations people for over 50 years. As at the 2023–24 financial year (2023–24), it operates 42 hostels in 6 states and territories, supporting over 18,000 people annually to access a culturally safe and physically secure place to stay, as well as a dietitian-designed meal service. AHL operates in areas of community need – where there is limited access to affordable, culturally safe accommodation. AHL charges residents an affordable tariff to stay at hostels, with the amount pegged at 60 to 70 per cent of a single person JobSeeker and Rent Assistance payment to ensure sustained affordability.

AHL is more than just an accommodation provider – it is a gateway enabling residents to travel away from home to access a range of services, including crucial medical care, education and employment opportunities. For First Nations people living in regional and remote areas, where access to essential and enabling services is often limited, travelling away from home is often the only choice. This can lead to the challenge of finding suitable accommodation and access to food, managing social dislocation and separation from family, and navigating unfamiliar locations, cultures and systems. AHL provides an affordable, accessible and culturally safe space where residents feel supported and empowered.

*'The subsidised tariff [between \$36 and \$65 per night] benefits our people greatly due to high cost of living. Our people travel inter-island to access Thursday Island as our main hub island for medical purposes, access to the bank, Services Australia, TAFE etc. – other motels on the island charge close to \$300 per night.'*

– Hostel Manager, Jumula Dubbins Hostel (Thursday Island).

AHL also provides critical accommodation to people experiencing crisis or transitional homelessness, people who are escaping Domestic and Family Violence (DFV), and people who are transitioning from prison or from the out-of-home care (OOHC) system. Many AHL hostels operate in areas where there are limited alternative accommodation services available, and in the cases where other services are present, they are routinely at capacity. For many residents, the alternative to AHL is sleeping rough, staying in town

camps and/or in overcrowded housing. For First Nations people experiencing crisis, transition or uncertainty, AHL provides culturally safe and affordable accommodation to help reduce harm and promote positive outcomes.

Cultural safety is a critical and distinctive component of AHL's offering to residents. It is achieved through several intentional measures, including the exclusive use of hostels by First Nations people; ensuring staff understand First Nations residents; embedding genuine respect in all of AHL's services; and ensuring facilities, food service, locations and hospitality are culturally appropriate. In AHL's 2023 AHL Resident Survey, 89 per cent of respondents reported that AHL had supported their cultural wellbeing. By creating a culturally safe space, AHL is better able to support its residents address inequities by helping them access key services successfully and providing a secure foundation to build from as they seek out external supports and opportunities.

**Culturally safe and affordable accommodation is a key enabler of Closing the Gap progression**

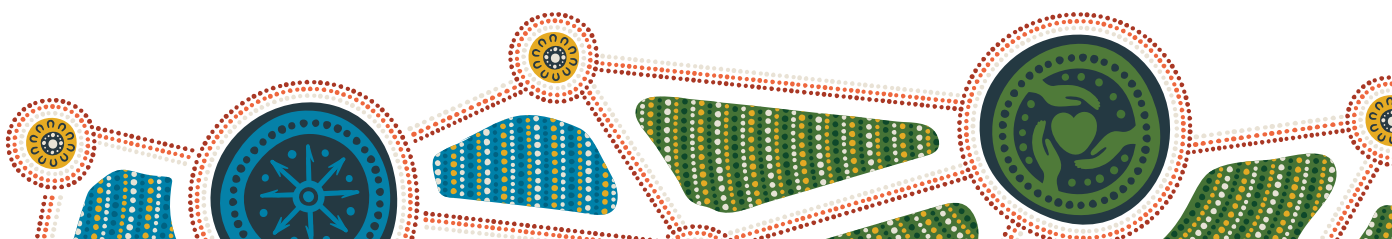
While Australia presently faces a national housing crisis, with limited availability of affordable rental properties across the country, this is felt even more acutely by First Nations people. This not only undermines progress made towards Closing the Gap Targets 9A and 9B (relating to housing) but across the majority of target areas, where safe and secure accommodation is a determinant of a range of positive health, social and economic outcomes.<sup>1</sup>

First Nations people often face a 'revolving door' of housing and homelessness, due to a range of factors including inadequate funding for homelessness services, limited crisis and transitional accommodation, the shortage of affordable housing, barriers to housing access and inadequate attention to tenancy sustainment. First Nations people are disproportionately affected by other barriers, including lower income levels, lack of tenancy history or problematic housing history, previous criminal history and lower levels of literacy<sup>2</sup>. Many of these barriers are cyclical in that they both hinder First Nations people from securing stable housing and are caused or exacerbated by a lack of stable accommodation.

This context underscores the role that AHL plays in enabling First Nations people to get access to short term, safe and affordable accommodation. An indicator of this need is the strong demand for AHL's short term accommodation and food services nationally, with a national occupancy rate of 80 per cent in 2023–24

<sup>1</sup> The Department of the Prime Minister and Cabinet, Closing the Gap Targets and Outcomes, accessed 9 October 2024  
<https://www.closingthegap.gov.au/national-agreement/targets>

<sup>2</sup> Australian Housing and Urban Research Institute (AHURI), Indigenous homelessness is distinct and requires culturally appropriate responses, 11 August 2022.  
<https://www.ahuri.edu.au/analysis/news/indigenous-homelessness-distinct-and-requires-culturally-appropriate-responses>



(against a target of 72 per cent). It also highlights that many of AHL's residents will not have many viable alternatives, with other short term accommodation options difficult to access in a tight rental market.

### **This report assesses AHL's contribution to Closing the Gap and its social and economic impact**

This report assesses the social and economic impact that AHL creates, with a focus on the direct benefits for residents and the savings for its funders. AHL engaged Nous Group (Nous) to conduct an analysis of the social and economic impact of AHL's hostels and services.

The approach to estimating the impact of the services that AHL provides is in line with the cost-benefit analysis framework produced by the Department of Prime Minister and Cabinet's Office of Impact Analysis. Adapted from Boardman et al (2010). The model carefully accounts for the fact that AHL will often not be the direct provider of the benefiting service in question (e.g. renal dialysis, which is delivered by hospitals and other medical services) – it is more accurately an enabling factor, assisting residents to access the service by providing secure, culturally safe accommodation. As such, the model considers both:

- The proportion of residents who would not have had access to viable alternative accommodation without AHL (calculated for each benefit area).
- The level of attribution/contribution appropriate for AHL in relation to the benefit, where relevant.

To complete the model Nous drew on: 10 interviews and engagements with AHL staff and stakeholders; 71 survey responses; 16 datasets; and 23 pieces of peer reviewed or grey literature. The findings are presented in the summary below.

## **Findings**

### **1. AHL delivers significant improvements to Closing the Gap outcomes across Australia**

AHL's contributions spread across a range of benefit areas, including:

- **Health and medical outcomes** | Residents typically travel to and stay at AHL to access a range of vital health services, including renal dialysis treatment; antenatal or post-natal care for mothers and babies; and a range of other services. Many AHL hostels are strategically located near to and even on the grounds of hospitals and other medical facilities. In addition,

AHL's food service offering is critical for health and nutrition, providing each resident with access to 3 meals per day. Access to affordable, nutritious food is a challenge for many residents and carries particular risks for many medical residents (e.g. renal dialysis patients). The culturally safe, dietitian-designed food service helps ensure residents' health and wellbeing during their stay.

- **Education and employment opportunities** | AHL provides important pathways for secondary and tertiary education students in communities across Australia to access education. In the case of AHL's secondary school students, many come from communities that do not have secondary schools available locally. AHL not only provides a gateway to education, but also provides connections to other services (including health and wellbeing services and leadership programs), opportunities to strengthen connection to culture and community (e.g. through yarning circles and presentations from community leaders) as well as pastoral care and mentorship. In terms of employment outcomes, many residents use AHL as accommodation when they are required to travel for a new job, or if they have relocated in order to seek employment. In addition, AHL creates employment pathways for First Nations people, with First Nations employees making up over 44 per cent of AHL's total workforce<sup>3</sup>. Many of these employees began their journey as AHL residents.
- **Safe accommodation** | AHL can provide a physically secure and culturally safe place to stay for First Nations people experiencing crisis, transition or uncertainty – often driven by homelessness, domestic and family violence, or transitioning from prison or OOH. AHL does not directly deliver the specialist support or wrap-around services to address the causal challenges in residents' lives, however it provides the immediate security of accommodation and meals, providing residents a greater opportunity to access external support. The availability of physically secure and culturally safe accommodation is also critical in reducing the negative consequences of rough sleeping and overcrowding, as well as reducing the likelihood of domestic and family violence, recidivism and interactions with the health and justice systems.

Figure 1 provides an overview of the incremental impact AHL's services are having on First Nations people. Please note the tilde symbol (~) has been used in this section and throughout the report to indicate a rounded figure.



Figure 1 | AHL contributions to Closing the Gap outcomes 2023–24



**HEALTH AND MEDICAL**

MONETARY BENEFIT

**\$326 MILLION**

ACCOMMODATION TO SUPPORT

- ✓ Improved health
- ✓ Improved nutrition

NON-MONETARY BENEFIT

**6.5 YEARS**

of additional life expectancy on average per resident accessing renal dialysis treatment

**~2,200**

residents accessing renal dialysis treatment

**~9,500**

people accessing medical care who may not have otherwise

**~3,300**

mothers accessing antenatal care, reducing the likelihood of a low-birthweight birth

**~1.3 MILLION**

dietitian-designed meals delivered each year for residents

CLOSING THE GAP OUTCOME AREA

- 1 - Everyone enjoys long and healthy lives
- 2 - Children are born healthy and strong



**EMPLOYMENT AND EDUCATION**

MONETARY BENEFIT

**\$3.2 MILLION**

ACCOMMODATION TO SUPPORT

- ✓ Access to education
- ✓ Access to employment opportunities

NON-MONETARY BENEFIT

SUPPORTING

**~300**

people to access education (including 132 secondary education students)

SUPPORTING

**~50**

residents who were otherwise unemployed to access employment or attain better employment opportunities

EMPLOYING

**139**

First Nations employees (44 per cent of the total AHL workforce)

CLOSING THE GAP OUTCOME AREA

- 5 - Students achieve their full learning potential
- 7 - Youth are engaged in employment or education
- 8 - Strong economic participation and development of people and their communities



**SAFE ACCOMMODATION**

MONETARY BENEFIT

**\$27.5 MILLION**

ACCOMMODATION TO SUPPORT

- ✓ Avoided homelessness
- ✓ Effective transition from prison
- ✓ Reduced DFV
- ✓ Effective transition from OOHC
- ✓ Access to culturally safe accommodation for general travel

NON-MONETARY BENEFIT

**~260,000**

hostel bed nights avoiding rough sleeping or overcrowded housing

**~350**

residents who without AHL may not have had access to safe accommodation to escape DFV

**~50**

residents who had lower likelihood of recidivism and re-incarceration by accessing suitable accommodation upon release from prison

CLOSING THE GAP OUTCOME AREA

- 9 - People secure appropriate, affordable housing aligned with their priorities and needs
- 10 - Adults are not over-represented in the criminal justice system
- 11 - Young people are not over-represented in the criminal justice system
- 12 - Children are not over-represented in the child protection system
- 13 - Families and households are safe

4 Calculated by reference to the estimated 15,000 additional disability adjusted life years (DALYs) accrued to 2,200 residents staying at AHL in order to access renal dialysis treatment.



## 2. AHL creates \$5.19 of value for every \$1 invested, translating to a \$356.7 million benefit in 2023–24

AHL has created a significant benefit to its residents, state and territory governments and the Australian Government.

Residents receive a \$198 million direct benefit from AHL in 2023–24, primarily through improved health outcomes, uplift in income, and an improved life satisfaction. This includes improved health outcomes from renal dialysis (accounting for \$177.8 million) and avoiding DFV (a benefit of \$5.3 million) increased income from education and employment opportunities (a benefit of \$2.4 million), and increased life satisfaction from avoiding overcrowding (a benefit of \$7.2 million). Residents receive a larger amount of the benefit (~53 per cent), compared to their contributions to AHL through tariffs (~26 per cent).

The state and territory governments across Australia receive a \$92 million benefit through the avoided costs to their health and justice systems in 2023–24. Avoided costs to health are the core driver of benefits accruing to state and territory governments, reflective of the large number of AHL medical hostel bed nights (96,000 bed nights in 2023–24) that would otherwise result in an occupied hospital bed night (a benefit of ~\$139.6 million). In addition to health, AHL supports people to get access to safe accommodation (a benefit of \$9.4 million). Despite contributing \$2.6 million of total funding, state and territory governments accrue ~27 per cent of the total benefit of AHL.

The Australian Government receives \$60 million in benefits through AHL in 2023–24, for an investment of \$44.1 million. These benefits are largely driven by the avoided hospital bed nights, of which the Australian Government funds 42 per cent on average across the country. The Australian Government accrues a modest increase in tax income through AHL, but this is much smaller in scale compared to health benefits. Despite receiving a smaller share of the benefits compared to residents and state and territory governments, the Australian Government still receives a positive return on its investment – a benefit cost ratio (BCR) of 1.34 for Australian Government beneficiaries in 2023–24.

Figure 2 | Present value benefits and costs by funders and beneficiaries, 2023–24<sup>5</sup>

|            | RESIDENTS | S&T GOV. | AUSTRALIAN GOV. |
|------------|-----------|----------|-----------------|
| PV Benefit | ~\$198m   | ~\$92m   | ~\$60m          |
| PV Costs   | ~\$18m    | ~\$3m    | ~\$44m          |

## 3. Health benefits are the primary drivers of benefits, saving \$140 million in avoided hospital bed nights and \$178 million in direct patient benefits

Health is the largest contributor to AHL's total benefits. This is reflective of the large number of AHL medical hostel bed nights that would otherwise result in a hospital bed night (a benefit of \$139.6 million in 2023–24), and the significant health benefits accruing from residents accessing renal dialysis treatment (\$177.8 million in 2023–24). Cumulatively, these 2 benefits account for 86 per cent of the total benefit identified for AHL. Nutritional meals tailored to residents' dietary requirements are also reported to prevent/reduce the need for further treatment, including re-hospitalisation (accounting for \$1.9 million of benefits in 2023–24).

<sup>5</sup> NB an additional \$7 million benefit accrues to private hospitals and other non-government entities through avoided health system costs, however these are not included in the breakdown of beneficiaries, as they have little direct involvement with AHL and its residents



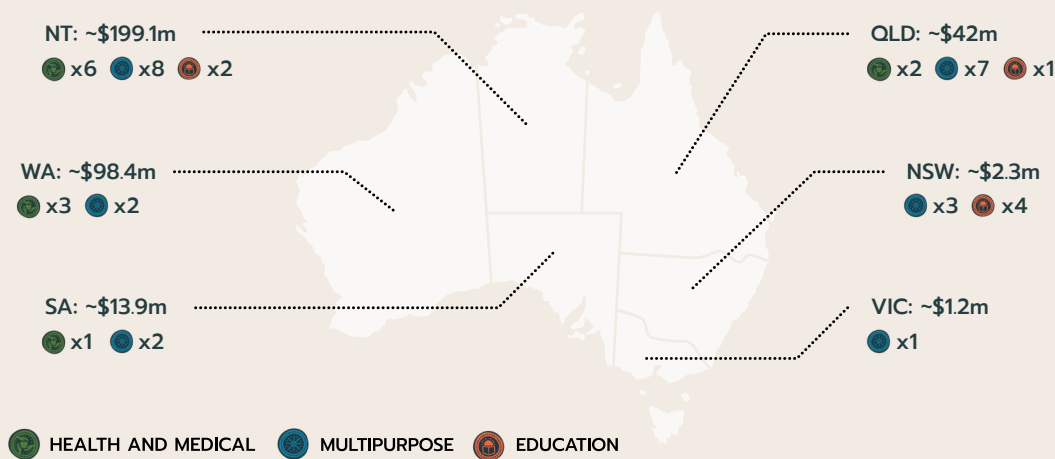
#### 4. With health stripped out AHL still creates a positive BCR across education, employment and safe accommodation

Avoiding homelessness, transitioning from prison, and escaping DFV are the next largest contributors. Avoided specialist homelessness services (SHS) interactions (\$2.4 million), reduced rates of reoffending (\$9.1 million), and improved health from avoiding instances of DFV (\$5.3 million) are the next largest benefits in 2023–24. These are smaller in comparison to health benefits, as there are less people accessing AHL for these explicit reasons, and the marginal difference in avoided cost is lower than some of the health benefit when compared to the counterfactual. Fifty-nine per cent of AHL’s funding costs are attributed to health services.<sup>6</sup> Without health services, AHL created \$30.6 million of benefits at a cost of \$28.1 million in 2023–24.

#### 5. AHL creates most of its benefits in the Northern Territory, Western Australia and Queensland

Hostels in the Northern Territory accrue over 55 per cent of the total benefit identified for AHL. This is reflective of AHL’s hostel presence in the Northern Territory (16 of 42 hostels), and the high number of bed nights within these hostels (~250,000 in 2023–24). Western Australia and Queensland represent the next largest jurisdictions for benefits, representing ~28 per cent and ~12 per cent of benefits respectively. For Queensland, this reflects their volume of hostels (10 of 42) and the resulting bed night volumes. Western Australia has high proportion of renal dialysis residents for its presence – with ~900 unique residents receiving renal dialysis in 2023–24 compared to ~3,300 across all hostels. Comparatively, New South Wales and Victoria receive a smaller benefit of \$2.3 million and \$1.2 million respectively. This reflects a lower number of hostels (8 of 42), a smaller throughput in terms of occupied beds and more of a focus on education compared to health benefits in other jurisdictions.

Figure 3 | Breakdown of NPV benefits by jurisdiction, 2023–24



## Conclusion

The analysis in this report demonstrates that AHL generates significant economic and social benefits for a range of beneficiaries and across a range of Closing the Gap outcome areas. It does so by providing a secure base for First Nations people travelling to access services and opportunities, and as a safe place for First Nations people when they have nowhere else to go. Much of its value is driven by the significant improvements to health outcomes and quality of life resulting from improved access to health and medical services; however, it delivers positive returns overall even when health benefits are excluded. The distinctive qualities of AHL’s offering are that its accommodation and food service is culturally safe for its First Nations residents, and that it operates in many areas where there are limited viable alternative accommodation options available. As outlined through this report, AHL is both a gateway and a safe haven for First Nations people across Australia.

<sup>6</sup> The percentage distribution of cost is calculated using proportion of bed nights stayed for health reasons.





For every **\$1** invested in AHL, **\$5.19** in value is returned to:

- AHL residents, their families and the community
- state and territory governments
- the Australian Government.





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