



Australian Government  
Aboriginal Hostels Limited



ABORIGINAL HOSTELS LIMITED

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# Corporate Plan

## 2017–2021

# Foreword

The Directors of Aboriginal Hostels Limited (AHL), as the accountable authority, present the AHL Corporate Plan for 2017-2021, as required under s 95(1)(b) of the *Public Governance, Performance and Accountability Act 2013*. The Corporate Plan was prepared in accordance with the Public Governance, Performance and Accountability Rule 2014. The Corporate Plan is supported by the Aboriginal Hostels Limited Strategic Plan 2017-19.

All components of this Corporate Plan cover the reporting periods to 2021.

Aboriginal Hostels Limited provides temporary accommodation through a national network of accommodation facilities for Aboriginal and Torres Strait Islander people who are travelling, relocating or must live away from home to access education, health care or employment opportunities.

AHL is an Australian Government company limited by guarantee and incorporated under the *Corporations Act 2001*. The Australian Government, through the responsible minister, is the sole member of the company.

In line with its renewed Corporate and Strategic Plans, AHL will strengthen its focus on frontline services to ensure that the experience and customer service provided to every resident, in every hostel, more than meet expectations of comfort and safety.

**Dr Susan Gordon AM, Chair**

August 2017

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## AHL's purpose

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

Across its network of hostels, AHL staff provide short-term accommodation and meals, working to an ethos of commitment to the cultural well-being of residents and recognising the benefit of strong relationships with local Indigenous service providers and referral agencies.

Staff recognise that for an accommodation environment to be culturally appropriate it must cater to the extended family relationships that are in play for many residents—while meeting the particular needs of individuals.

Residents' sense of cultural safety is central to their well-being (and learning, for students in AHL's secondary education hostels). Yet, in the 43 years since AHL was founded, a sense of cultural safety has still to pervade the private hospitality sector. This is particularly felt in regional and remote Australia.

Building links and relationships with traditional owners and community leaders gives AHL's staff and residents a sense of pride and belonging in regard to local Indigenous cultures and community. While AHL is not technically Indigenous-owned, there is a strong sense of its place in the Indigenous landscape of institutions, both historically and practically.

Over the decades, intergenerational disadvantage for many hundreds of Indigenous families has been disrupted as a result of AHL's consistently high proportion of Indigenous employees, and the high incidence of former residents and/or family members who have later come to work for the company.

To ensure quality of service and the ability to offer affordable accommodation on a sustainable basis, AHL will pursue the following broad strategies:

- Improved service delivery
- Business efficiency
- Sustainable asset management.

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## Policy environment

### Indigenous affairs

AHL is part of Prime Minister and Cabinet's (PM&C) Indigenous Affairs Portfolio. PM&C comprises seven non-corporate Commonwealth entities, eight corporate Commonwealth entities, and three Commonwealth Companies under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Australian Government's priorities in Indigenous affairs are to:

- improve the lives of Indigenous Australians through increased participation in education and work
- make communities safer where the ordinary rule of law applies
- ensure, through the collaboration of its departments, that mainstream policy, programs and services deliver benefits to Indigenous Australians.

By creating access to services through the provision of accommodation, AHL supports the Government’s effort to overcome Aboriginal and Torres Strait Islander disadvantage.

AHL’s outcome under the Portfolio Budget Statements for Indigenous Affairs is measured in occupancy rate.

**Occupancy as a percentage of bed nights available**

2017–18	2018–19	2019–20	2020–21
70%	70%	70%	70%

**A period of review**

**Contestability framework**

Following the Report of the National Commission of Audit in 2014, the Australian Government began implementation of its Efficiency through Contestability Program to assess its functions and determine if performance could be improved through alternative structures, processes or provider arrangements.

Contestability encourages Australian Government entities to adopt a more commercial mindset and seek ways of improving the performance of existing or proposed government functions.

**Bendelta review**

*Towards responsible government: the Report of the National Commission of Audit*, noted that AHL was delivering outcomes consistent with its purpose. The report, however, recommended a review by PM&C of AHL’s statutory model, including options to merge with other commercially focused agencies within the Indigenous Affairs portfolio.

In 2015 PM&C engaged the consultancy firm Bendelta to conduct a review into AHL’s governance model, financial sustainability and strategic direction.

Finalised in May 2016, the AHL Review (‘Bendelta’) sought to identify the most efficient and effective way to deliver short-term accommodation services to meet the contemporary needs of Indigenous Australians.

The Bendelta review found that AHL will continue to be highly dependent on Australian Government funding and that, based on the current operating model, will not be viable or sustainable in the medium to long term. The review made recommendations of a significant nature regarding AHL’s future funding, governance model and the management of its asset base.

AHL agrees with findings in the review’s report confirming that it is not sustainable in the medium to long term based on the current operating model. The report also found:

- AHL operates in a context of market failure.
- AHL’s mandate must be clarified.
- AHL’s sustainability must be addressed.

AHL has developed a model in response to the Bendelta review that will ensure the company’s viability, target resources to better meet Indigenous Australians’ accommodation needs and improve the level of service offered across its hostel network.

In 2017–18 AHL will initiate discussions with government that would unlock current impediments to AHL’s business model. Discussions would include broadening AHL’s mandate beyond short-term accommodation, enabling future diversification of AHL’s income base and introducing a degree of commercialisation and cross-subsidisation of less profitable hostels.

AHL’s intention is to focus on options to recalibrate its existing asset portfolio to meet the contemporary accommodation needs of its customer base.

# Operating environment

## Supply and demand for short-term accommodation

Demand for short-term accommodation will continue over the next decade and will require AHL to ensure that our accommodation facilities are of the right property type, in the right location and deliver the right mix of services. AHL continues to assess the performance of its facilities to ensure they align with contemporary demand.

## Wider trends

Demand for AHL's accommodation services will continue, and there is strong potential to expand the customer base in coming years. Education-related accommodation services continue to be in demand; in particular, the secondary education segment shows potential for growth in the medium term.

Demand for tertiary education accommodation has seen continued strong growth following rises in higher education enrolments. However, unlike AHL's other segments, there is no market failure in the tertiary space.

The very high burden of chronic disease and disability among Indigenous adult populations indicates that demand for access to health services, in particular hospital care, is likely to increase. On current evidence, and consistent with anecdotal feedback, the greatest unmet demand presently and in the future is likely to be for health/medical accommodation services.

While indicators of homelessness show some improvement, the overrepresentation of Indigenous Australians in homeless populations indicates continued need for AHL's services in this sector (noting that AHL's current short-term accommodation mandate, tariff structure and the configuration of its multipurpose hostels may require revision to ensure they continue to support medium or long term transitional housing solutions).

There is opportunity in coming years for AHL to make a contribution to reducing housing pressure and homelessness for juveniles and adults exiting the justice system, by working in partnership with qualified service providers.

These supply and demand issues, including their impact on AHL's service footprint, will be analysed in more detail in the course of further Board-led strategic planning to ensure that AHL's network of accommodation facilities is firmly aligned with current and future customer demand.

# Capabilities

## Facilities

AHL maintains a \$127.6 million property portfolio and operates 47 accommodation facilities around Australia (with the exception of the ACT and Tasmania) providing approximately 1,700 beds each night. Our facilities are safe and secure and offer a social and learning environment in which positive behaviour is encouraged. Clients are provided three meals a day and are assisted to obtain the support services they need.

Clients are charged a tariff that is affordable for recipients of Australian Government income support payments. AHL's tariff policy provides AHL with a dual incentive: to control its costs by lifting occupancy and to lift occupancy by setting affordable rates that are value for money. AHL subsidises the cost of providing its services by paying the difference between that and the tariff income.

## AHL service network



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## Service categories

AHL's network is segmented into three service categories:

### 1. Short-term multipurpose

(24 facilities, 1,200 beds, 68 per cent of capacity)

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

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

### 2. Secondary and tertiary education

(12 facilities, 260 beds, 17 per cent of capacity)

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

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

**Note:** ABSTUDY helps with the cost of education hostel accommodation.

### 3. Health and medical

(11 facilities, 280 beds, 15 per cent of capacity)

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

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

## Customer Service Charter

AHL's Customer Service Charter is an expression of the organisation's commitment to its customers to strengthen its focus on frontline services.

The charter commits AHL to consistently delivering well maintained hostels, with clean and comfortable rooms; nutritious meals; and welcoming, professional-standard customer service. The charter is supported by actively managed customer feedback and complaints mechanisms.

## People

AHL has a workforce that is dedicated to delivering accommodation services. It also has a strong track record in workplace diversity. AHL proudly retains the highest level of Indigenous representation in an Australian Public Service agency, within an Average Staffing Level of 411.

Staff are integral to AHL's business. To maximise staff's ability to underpin the Corporate Plan, AHL will seek to:

- employ Indigenous Australians at all levels
- retain and develop its workforce
- attract staff with the right mix of skills who apply its values.

# Performance framework

## Consolidation in 2017–19

AHL has instituted a five-point Consolidation Plan to stabilise AHL's financial viability over the next 12 months and in out years. The Consolidation Plan includes the largest suite of savings measures and structural realignment AHL will have implemented at any one time.

The five-point plan addresses:

- **Financial sustainability**— major savings measures
- **Business efficiency**— significant further restructuring
- **Improved service delivery**— renewed focus on hostel operations
- **Improved asset management**— targeted investment, planning framework and asset management systems
- **Focused strategic agenda.**

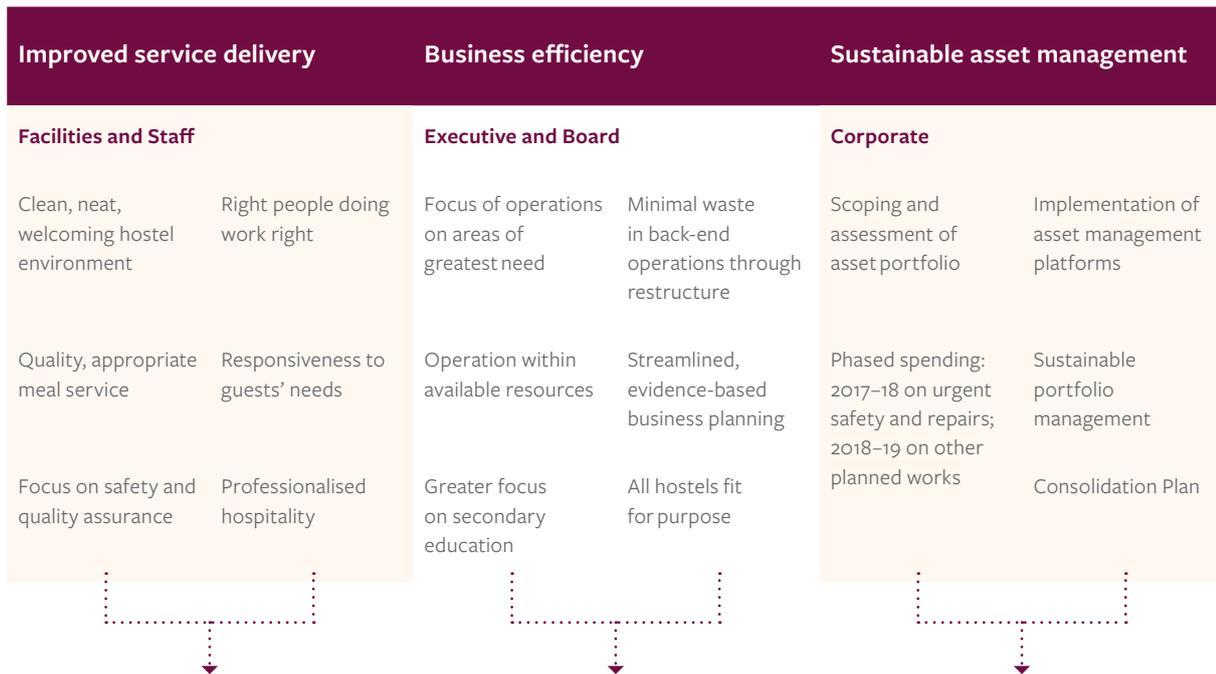
AHL will use all necessary means to achieve a break-even financial result in 2017–18.

The Consolidation Plan now forms the basis of a cascade of internal business plans. During 2017–18 the AHL Board will develop its own Strategic Plan, which will provide the overarching governance impetus for this Corporate Plan.

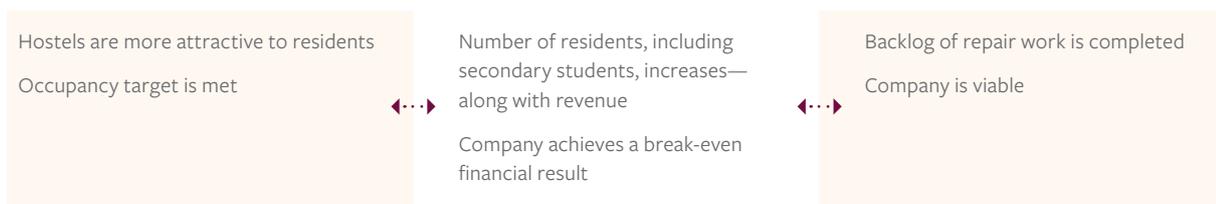
On that basis, the next 12 months will be a period of consolidation—in which the Board and AHL's executive will work to stabilise the organisation through a period of significant structural change and financial constraint.

# Performance measures<sup>1</sup>

## Corporate strategies



## Corporate goals



## PBS Performance indicator

	2017-18 Budget	2018-19 Forward estimate	2019-2021 Forward estimate	2020-2021 Forward estimate
<b>Occupancy level as a percentage of resident bed nights available per annum</b>	70%	70%	70%	70%

<sup>1</sup> AHL will refine performance indicators in successive releases of this Corporate Plan.

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# Risk management

AHL recognises that risk is inherent in all its activities and that managing risk is good business practice and integral to sound corporate governance. Risk management can lead to better decision-making, planning and identification of opportunities and threats.

The following areas of risk are the focus of AHL's risk management approach:

- Strategic risks
- Operational risks
- Functional risks
- Major projects and major contracts.

AHL's risk appetite is articulated through its risk appetite statement, its descriptions of likelihood and consequence, its matrix for rating risk and its risk register.

AHL's current overall risk appetite is 'cautious'.

AHL manages risk by ensuring compatibility between its business strategy, business plans and Enterprise Risk Management (ERM) framework. AHL will use the framework to minimise the effect of uncertainty on its business and project objectives.

## Enterprise Risk Management

ERM is a structured, consistent and continuous process used across AHL at the strategic and operational levels. It is used for identifying, assessing, responding to and reporting on opportunities and threats that affect the achievement of AHL's business objectives.

AHL's tolerance for various categories of material risk is outlined and managed through its ERM framework. Risk tolerance is determined in reference to the company's Risk Management Plan.

The plan sets out the process for monitoring compliance with risk tolerance, and any breaches, and contains instructions to the Board, management and staff for the

implementation of consistent risk management practices throughout AHL. The risk management process is cyclical and is linked to AHL's planning cycle.

Roles and responsibilities relating to risk management within AHL are as follows:

- **AHL Board**—overall responsibility for risk management
- **Finance and Risk Management Committee**—independent assurance for the Board on risk management
- **CEO**—compliance with AHL's Risk Management Policy and Risk Management Plan
- **CFO/Company Secretary**—monitoring of compliance with the ERM framework and process
- **All AHL Staff**—active management of risk in accordance with AHL's Risk Management Policy and Risk Management Plan.

## Monitoring and review

AHL's ERM framework will be reviewed annually as part of the process of continuous improvement set out in AS/NZS ISO 31000.

AHL's enterprise risk register will be reviewed on a quarterly basis by the Audit, Risk and Finance Committee, with presentation to a quarterly meeting of the Board.

A full reassessment of risks, controls and strategies will be conducted annually by the Audit, Risk and Finance Committee and presented to the Board.

The Board is regularly apprised of significant risk mitigation activities. It also receives assurance that risk management plans are in place for each key risk, and that satisfactory risk mitigation is being undertaken for operational risks and functional risks.

The image features a stylized, layered landscape. At the top is a dark grey sky. Below it is a white, torn-paper-like horizon line. The middle section is a yellowish, gradient ground. The bottom section is a red, textured foreground that resembles draped fabric or a rocky surface. The text 'ahl.gov.au' is centered in the white area.

[ahl.gov.au](http://ahl.gov.au)