

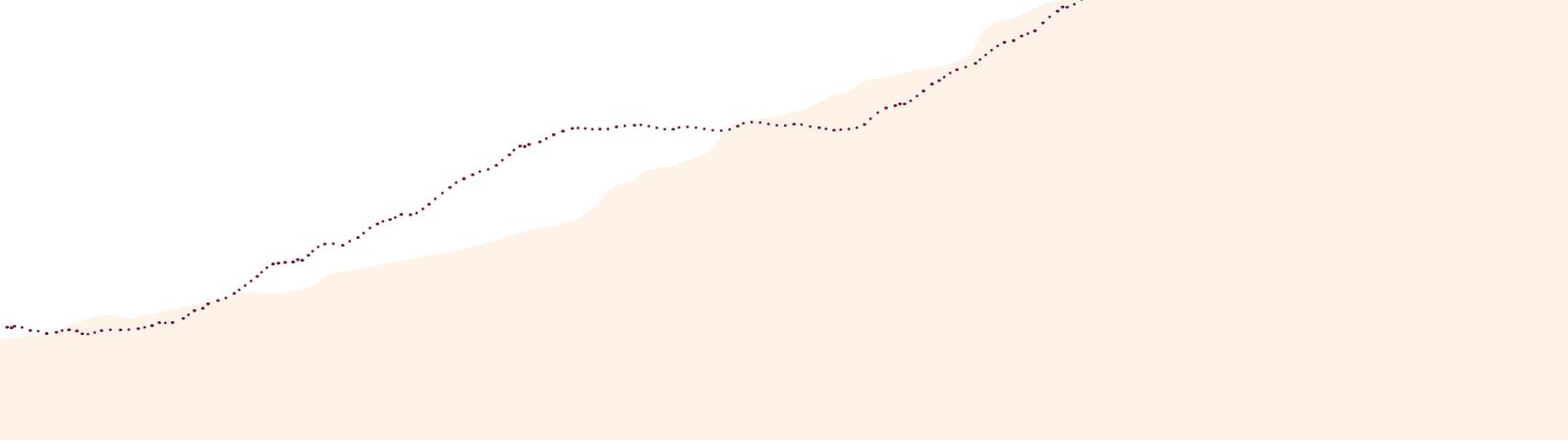


Australian Government  
Aboriginal Hostels Limited



ABORIGINAL HOSTELS LIMITED

# Corporate Plan 2018–22



# Introduction

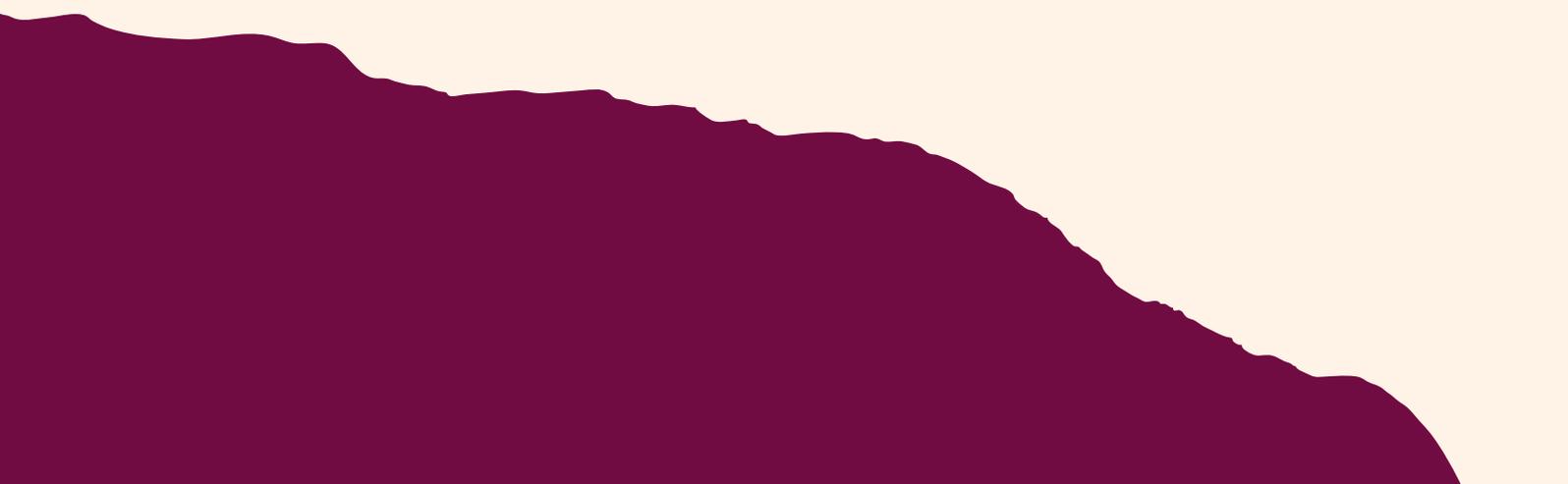
The Directors of Aboriginal Hostels Limited (AHL), as the accountable authority, present the AHL Corporate Plan for 2018–2022, as required under s 95(1)(b) of the *Public Governance, Performance and Accountability Act 2013*. The Corporate Plan was prepared in accordance with the Public Governance, Performance and Accountability Rule 2014.

All components of this Corporate Plan cover the reporting period to 2022 and include elements of the former standalone Aboriginal Hostels Limited Strategic Plan 2017–19.

AHL provides accommodation through a national network of accommodation facilities for Aboriginal and Torres Strait Islander people who are travelling, relocating or who 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.

AHL will continue with its significant reform program to ensure the company's viability and ability to meet its mandate, including by strengthening its focus on frontline services to ensure that accommodation services provided to every resident, in every hostel, more than meet expectations of comfort and safety.



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## Our vision

AHL's vision is to improve the quality of life and economic opportunity for Indigenous Australians.

## Our 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 accommodation and meals in an environment which supports the cultural well-being of residents, including through strong relationships with local Indigenous service providers and referral agencies.

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.

## Our values

In delivering on its core purpose, AHL's values include:

### Respect for

- our residents
- Aboriginal and Torres Strait Islander culture, protocols and language
- our staff
- our partner organisations and stakeholders

### Accountability and commitment to

- Australian Government priorities for Indigenous Australians
- efficient and effective business practices and use of Government funds
- culturally safe and appropriate accommodation

### Dignity and opportunity by

- being a learning organisation for residents and staff
- fostering teamwork, collaboration and meaningful engagement
- being an employer of choice for Indigenous Australians.

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## About the organisation

**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 providers of employment and training for Aboriginal and Torres Strait Islander people: more than 60 per cent of our workforce identify as Indigenous.

This Corporate Plan sets out a series of core operational and strategic priorities which AHL will pursue to address business efficiency, financial sustainability, improved service delivery, sustainable asset management, accountability and strong corporate governance.



# Policy environment

AHL is part of the Department of the Prime Minister and Cabinet (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.

**PBS outcome: Occupancy as a percentage of bed nights available**

2018–19	2019–20	2020–21	2021–22
70%	70%	70%	70%

In line with an agency review finalised in 2016, AHL has reoriented its business model and service delivery focus to respond to key review findings and recommendations. Key findings were that AHL was likely to become financially unviable by 2018–19 and that the organisation’s mandate had become unclear and should be renegotiated with government.

In response to these findings, AHL has implemented a substantial program of restructuring and financial controls to ensure the company’s ongoing viability. This includes better targeting of resources to frontline services to meet Indigenous Australians’ accommodation needs and improve the level of service offered across the hostel network.

AHL’s current suite of overarching mandate documents (e.g. Budget appropriation, Ministerial Statement of Expectations) does not prevent AHL from adapting its service model to meet a broader range of needs.

On that basis, AHL will not pursue formal changes to its mandate. Instead, the Board acknowledges the growing demand for more flexible accommodation options, such as transitional accommodation, and has commissioned research to more fully demonstrate the nature and detail of those changing needs and their likely impact on the company’s accommodation service.

AHL’s intention is to recalibrate its existing asset portfolio to meet the contemporary accommodation needs of its customer base and identify investment opportunities where cash reserves might be deployed to respond to evidence of unmet demand.

AHL continues to monitor broader initiatives in Indigenous affairs which affect the organisation’s work, including the Closing the Gap Refresh process, Commonwealth agencies’ progress against recommendations made by the Royal Commission into Institutional Responses to Child Sexual Abuse, and implementation of the *Study Away Review* recommendations.

# Operating environment

AHL's Executive and National Office functions are based in Canberra. Hostels in each state and territory are overseen by two Business Managers, based in Perth and Brisbane, who are supported by a team of hostel-based Operations Managers in key locations.

A five-point Consolidation Plan, which commenced in 2017–18, has stabilised AHL's financial performance and will remain in place in out years to ensure the company remains viable, delivers on its core mandate and is directing resources efficiently to maximise outcomes for Indigenous Australians.

The Consolidation Plan forms the basis of a cascade of internal business plans.

The plan addresses:

**Financial sustainability**—savings measures and ongoing financial restraint

**Business efficiency**—restructuring and improved business processes

**Improved service delivery**—strong focus on frontline hostel operations and outcomes

**Improved asset management**—targeted investment, planning framework and asset management systems

**Enhanced strategic agenda**—focusing on evidence-based planning and relationship management.

Given the stabilisation of AHL's financial position, and increased efficiencies and productivity achieved to date under the Consolidation Plan, the Board and AHL's Executive are now in a position to identify new opportunities to strengthen and reposition the company's footprint and service model over the next four years.

## Accommodation supply and demand

Demand for short-term and transitional accommodation will continue to rise over the next decade and will require AHL to ensure that its 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 current demand, including through an internal program of hostel property assessments (supply), as well as a new body of work assessing demographic and socioeconomic factors influencing accommodation requirements (demand).

Education, medical and short-term accommodation is likely to require some reconfiguration to cater to changing accommodation requirements, for example, by providing more medical and transitional accommodation within the multipurpose segment.

## Wider trends

The high burden of chronic disease and disability experienced by Indigenous adult populations continues to drive demand for access to health services, in particular hospital care, and 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.

Education-related accommodation services continue to be in demand, in particular, the secondary education segment, which shows potential for growth in the medium term.

In the short to medium term, AHL is looking to match that demand to vacant beds across its nine secondary education student hostels.

Demand for AHL's tertiary education accommodation remains flat, despite rises in Indigenous higher education enrolments.

Unlike AHL's other accommodation segments, there is no market failure in the tertiary education space and it is likely that other providers are satisfying demand for Indigenous tertiary student accommodation.

In order to leverage current assets to better meet local demand, one of AHL's three tertiary education facilities, the Ee-Kee-Na unit complex at Armidale, was taken briefly offline in early 2018 and has been repurposed as transitional accommodation for Aboriginal families on the NSW Housing Pathways waiting list. Places are allocated and managed by a leading community housing organisation under a joint arrangement that fills unmet need and increases both the availability of beds and support services available to participants of the new program. This type of collaboration may be used as a model for a number of other hostels which are not viable under AHL's current operating model.

AHL recognises the increasing growth in demand for transitional and crisis accommodation options and is simultaneously building an evidence base and making provision for likely further investment to meet this demand.

While core accommodation provision remains the mainstay of AHL's service offering, the company is increasingly aware of the impact

of social and community issues on residents during their stay with AHL and the increasing pressure this places on AHL's staff.

AHL is not funded or equipped to provide wraparound support services and is moving to respond to these pressures from within current resources. Frontline staff are receiving training in managing aggressive behaviour, and business managers will attend courses in Indigenous mental health risks. Partnerships with relevant support services are also critical to providing necessary services beyond AHL's core service offering. AHL will maintain a mutual support role with health referral services, secondary education bodies, and training and employment agencies for Indigenous people.

AHL collaborates with external expertise. For example, an independent boarding sector consultant has authored a review of AHL's secondary education service offering and will make an ongoing contribution to improving student outcomes.

Workforce stability and capability, including through suitably trained staff, are critical to AHL achieving its objectives. This is reflected, for instance, in more targeted selection criteria for youth worker positions at secondary education facilities.

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# Capabilities

## Facilities

- Providing about 1,850 beds each night (including three meals daily) across a network of 47 medical, education and multipurpose accommodation facilities around Australia.

## Financials

- \$125.8 million property portfolio
- \$36.3 million appropriation in 2018–19
- \$21 million revenue (tariff + contracted services)
- \$30.7 million payroll.

## People

- A workforce of almost 340, predominately frontline staff working across AHL's hostel network
- 47 facilities across six states and territories, employing local staff
- Highest proportion of Indigenous staff in the APS, at over 60 per cent.

AHL's workforce is integral to effective service delivery. To maximise staff's ability to contribute to organisational objectives, 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.

## Customer service

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 deliver well-maintained hostels with clean and comfortable rooms, nutritious meals and welcoming, professional-standard customer service. In 2018 the Charter and accompanying Conditions of Stay were updated and re-issued for display in hostels, supported by actively managed customer feedback and complaints mechanisms.

# Accommodation categories

AHL’s hostel network is segmented into three service categories:

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

**Service:** 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** (14 facilities, 399 beds, 19 per cent of capacity)<sup>1</sup>

**Service:** a safe, comfortable environment for secondary students 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, 308 beds, 17 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.

## AHL’s hostel network



<sup>1</sup> Includes two tertiary education facilities that are in the process of being repurposed to meet demand for transitional accommodation.

# Strategic priorities

AHL’s core operational priorities are based around four key themes:

1. Facilities
2. Customer service
3. Workforce
4. Efficiency and effectiveness.

AHL’s Performance Framework is based on objectives under each of the above priorities, which are in turn embedded in Business Plans as project-based activity.

In addition to AHL’s core business priorities, the Board has set a focused strategic agenda to strengthen the company’s strategic relationships and realign AHL’s service footprint to better cater to accommodation demand in coming years.

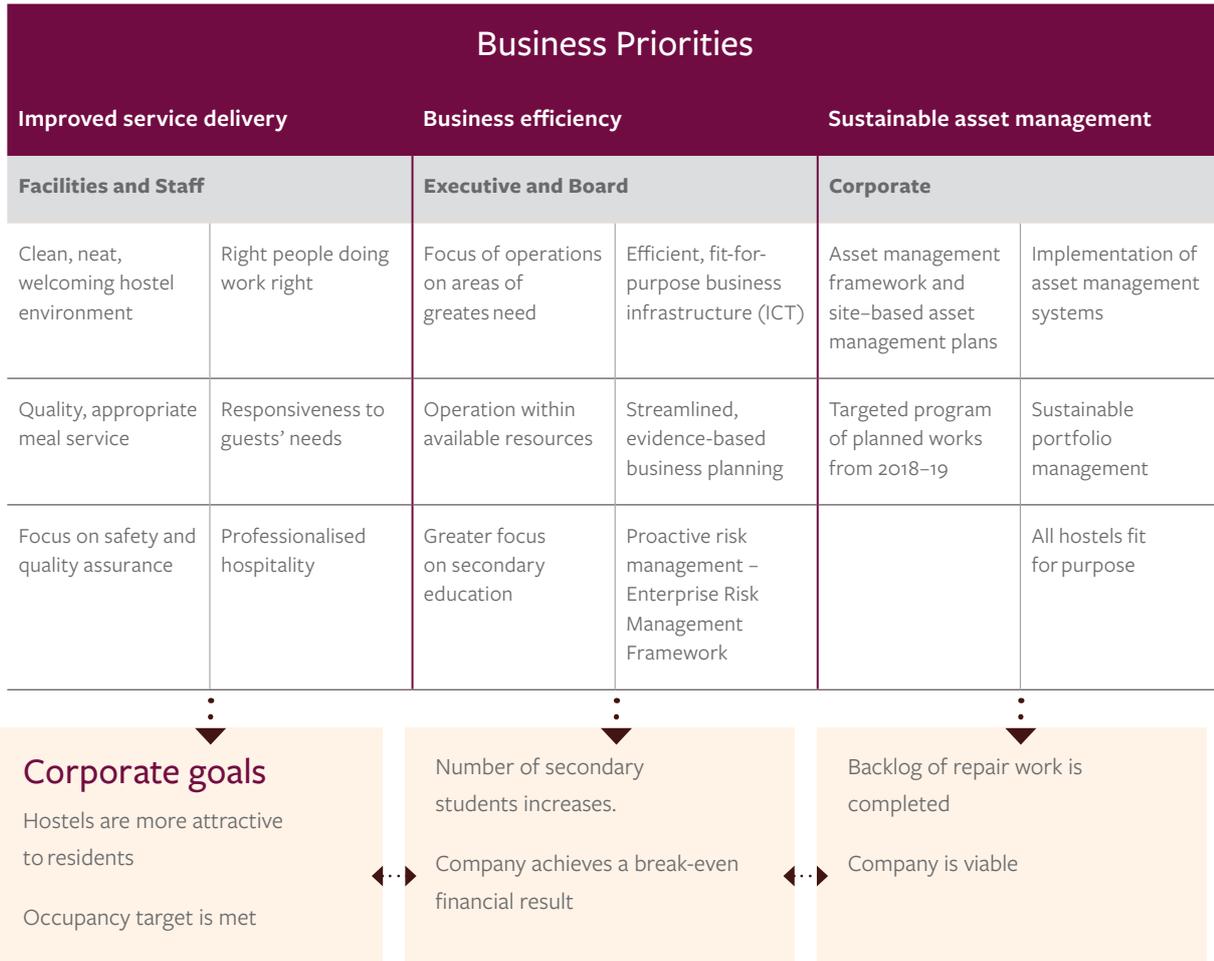
This strategic agenda is based on the following underlying principles:

- AHL should not be in competition with other providers and should operate only in areas of market failure.
- AHL should not provide services in areas the Commonwealth already funds.
- AHL’s service footprint should be in the health, secondary education and multipurpose segments.
- AHL must continue to operate within budgets, and will explore alternative funding sources and/or partnerships where needed to achieve its objectives.
- AHL will reassess its contribution to the growth in demand for more medium-term, transitional accommodation. However, AHL will not move into social or other forms of public housing provision.

## Strategic performance measures

Sustainability and relevance	Purpose and mandate	Engagement	Organisational culture
Continue to own and/or manage properties to standard and within budget	Make further improvements to the current short-term accommodation service offering	Strengthen relationships with key state and territory stakeholders	Foster a professional, outcomes-focused corporate culture
Review and realign current hostel portfolio to meet contemporary needs and expectations	Move beyond short-term accommodation where need for transitional services there is demonstrated (acknowledging that AHL already operates outside its short-term remit)	Examine AHL’s longer term market identity and presence	Provide recognition and career pathways for staff
Respond to new business opportunities with evidence-based decision-making	Reinforce that AHL does not provide wraparound support services except via referral to external providers OR where additional specific funds are sourced		Maintain/increase staff retention
Acknowledge and respond to the growth in demand for medical and transitional accommodation	Become more informed about what residents want/need in each hostel service category		

## Performance framework



## Corporate performance measures

Resident feedback records 80 per cent satisfaction rate or higher.

Selection and recruitment result in qualified hostel staff.

Food safety compliance and nutrition program are rolled out.

QA audit program shows continued improvement in amenity, food and safety.

Secondary education strategy developed.

Fiscal restraint and savings lead to break-even or better financial result.

Supply/demand evidence base is completed to inform realignment of service footprint.

Routine site inspections demonstrate continuous improvement in the condition of properties.

Reactive works are minimised.

## PBS performance indicator

	2017-18 Budget	2018-19	2019-2021	2020-2021
Occupancy level as a percentage of resident bed nights available per annum	70%	70%	70%	70%

# Risk management

AHL manages risk by ensuring compatibility between its business strategy, business plans and Enterprise Risk Management (ERM) framework.

## 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 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'.

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
- **Audit, Risk and Finance Committee**—quarterly review of the enterprise risk register and independent assurance for the Board on risk management
- **CEO**—compliance with AHL's Risk Management Policy and Risk Management Plan
- **CFO/Company Secretary**—compliance with ERM framework and process
- **All AHL staff**—active management of risk in accordance with 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.

The Board is regularly appraised 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 Risk Register is linked to the Corporate Plan through the five-point Consolidation Plan. The key enterprise risks being managed in relation to the five points of this plan are:

- **Financial sustainability**—failure to maintain financial controls; disruption to revenue streams
- **Business efficiency**—failure to comply with Work Health and Safety legislation and regulations
- **Improved service delivery**—responses to changing requirements of current and projected future clients; failure to provide adequate services to clients; meeting our duty of care to children at hostels
- **Improved asset management**—maintaining comprehensive repair and maintenance schedules
- **Focused strategic agenda**—managing clarity of mission and the disparate expectations of multiple stakeholders; ensuring hostels are located in appropriate geographical areas to maximise service delivery.

## Enterprise risk management priorities in 2018–19

ERM Component	Risk	Mitigation	Effects on AHL (if unmitigated)
Financial sustainability and business efficiency	Failure to maintain financial controls, including over expenditure and self-generated revenue	Continued operation within resources Implementation of further savings measures Individual hostel debtor reports issued	Insufficient funds for effective operations, reinvestment, asset maintenance or shortfalls in revenue
Staffing	Inability to attract and maintain staff with skillsets appropriate to frontline positions Hostel staff not adequately screened	Emphasis on frontline positions, including strengthened recruitment practices	Insufficient capacity to deliver services adequately
WH&S and duty of care for staff and residents	Failure to comply with WH&S regulations Failure to protect children from harm Failure to manage fraud and theft	Cycle of QA audits (risk) Child Protection training Frameworks for workplace conduct and for due diligence	Physical and psychological harms to staff and residents Rise in Comcare premiums Financial losses Reputational damage
Service delivery	Failure to improve amenity and food service Customer service unsatisfactory Failure to adapt hostel environments to new accommodation needs	Cycle of QA audits (amenity) Compliance with state and territory food regulations Accountability in responding to resident complaints	Occupancy targets not met Services not aligned to meet demand
Asset management	Sites not fit for purpose and/or unsafe Sites not in locations for maximal service delivery	Ongoing site inspections and full condition audits by independent assessor Asset management systems in place Efficient contractor management	Bottlenecks or slippages in asset program Disruption of rolling routine maintenance
Information technology	Failure to maintain system integrity	IT Security Strategy	Disruption to business continuity and security

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## Relevant legislation

This Corporate Plan has regard to and draws on:

*The Constitution of Aboriginal Hostels Ltd*

Ministerial Statement of Expectations and corresponding AHL Statement of Intent

*Corporations Act 2001*

*Commonwealth Authorities and Companies Act 1997 (CAC Act)* and its successor, the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and the PGPA Rule

*Aboriginal and Torres Strait Islander Act 2005*

*Public Service Act 1999*

*Auditor-General Act 1997*

*Privacy Act 1988*

*Commonwealth Electoral Act 1918*

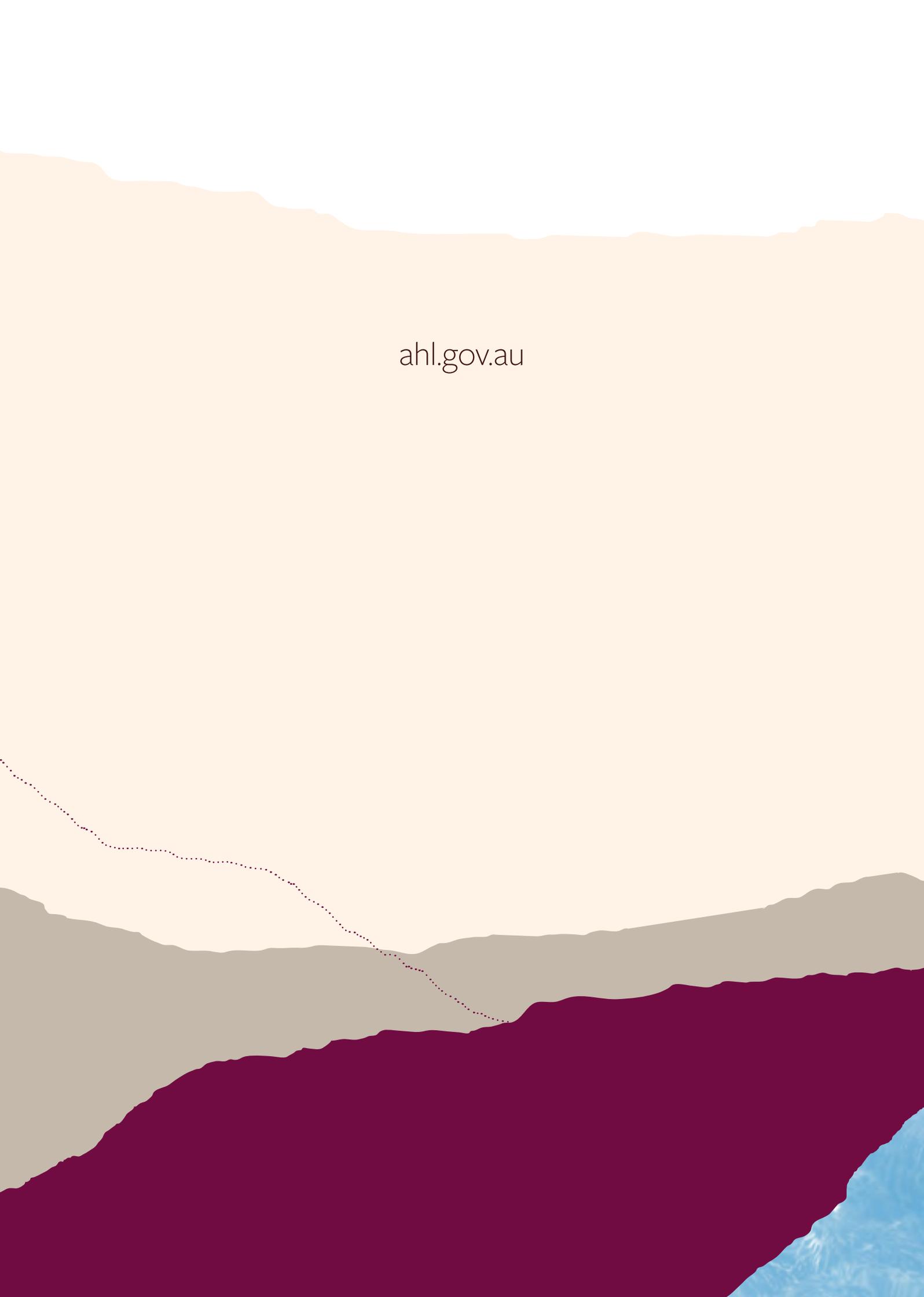
*Freedom of Information Act 1982*

*Work Health and Safety Act 2011*

*Archives Act 1983*

*Fair Work Act 2009*

*Safety, Rehabilitation and Compensation Act 1988*



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