

ABORIGINAL HOSTELS LIMITED

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Section 1: Overview, variations and measures

AGENCY OVERVIEW

The role of Aboriginal Hostels Limited (AHL) is to provide appropriate temporary accommodation to Aboriginal and Torres Strait Islander people through a national network of 132 hostels.

The hostels, operated either by AHL or through grants to community organisations, provide over 3,200 beds each night to assist Aboriginal and Torres Strait Islander people to improve their standard of living and achieve health, aged care, educational and employment related goals.

In providing temporary accommodation services to Aboriginal and Torres Strait Islander people, AHL aims to:

- € provide affordable temporary accommodation in areas of greatest need;
- € provide hostel accommodation in a cost effective manner;
- € provide hostel services of high standard in an appropriate environment;
- € increase awareness of our services;
- € maintain a high standard of design and accommodation at company hostels;
- € provide adequate mechanisms for complaints and appeals;
- € employ people who have the appropriate skills and experience needed to do their jobs effectively;
- € target recruitment of Aboriginal and Torres Strait Islander people;
- € provide staff with skills and knowledge required to do their jobs;
- € promote a culture in which people perform highly and accept responsibility for their actions;
- € provide high quality working conditions and ensure staff are consulted on organisational change and each new certified agreement;

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- € provide appropriate plans and policies to assist business management; and
 - € adopt corporate governance practices that are based on separation of purchaser and provider roles and a balanced scorecard that ensures:
 - effective assessment of performance through service level agreements, and
 - effective mechanisms for management.

AHL identifies temporary accommodation needs of Aboriginal and Torres Strait Islanders by researching emerging needs and consulting with local communities. AHL's principal objective is to provide affordable, accessible and appropriate accommodation. AHL does not compete for clients and sees itself as a 'gap' provider of services. When other suppliers meet the needs of our clients in any location or if need diminishes, AHL relocates its resources to other areas of need.

AHL's outcome is to provide temporary accommodation that assists Aboriginal and Torres Strait Islander people to achieve personal goals to obtain dignity and equity in the Australian community.

There have been no significant changes to AHL's outcomes and outputs structure and/or purchaser provider arrangements as a result of additional estimates.

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The total revised appropriations for AHL in the 2003-04 Additional Estimates is \$31.4 million. This consists of:

- € \$31.4 million in departmental outputs appropriations (increase of \$0.1 million);
- € \$0.01 million in departmental equity injections (increase of \$0.01 million);

The total price of the department's outputs for 2003-04 has increased from \$41.3 million to \$41.4 million. The \$0.1 million increase represents supplementary funding to be received through Appropriation Bill No. 3. The supplementation is to be received for the additional costs associated with the implementation of government measures announced since the 2003-04 Budget.

Measures

Measures announced since the 2003-04 Budget

	2003-04 revised estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
Departmental appropriations increase/(decrease)				
Outcome 1				
Bill 3				
Budget estimates – enhanced quality and timeliness	61	61	62	62
Bill 4				
Budget estimates – enhanced quality and timeliness	12	-	-	-
Measure increase/(decrease)	73	61	62	62

Other variations to appropriations

There have been no other significant variations to estimates as a result of additional estimates from figures published in the 2003-04 PBS. For this reason, table 1.1.2 is not presented.

Other variations

There are no other variations to revenues. For this reason, table 1.1.3 is not presented.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.1.1: Appropriation Bill (No. 3) 2003-04

	2002-03 available ¹ \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
Provide temporary accommodation that assists Aboriginal and Torres Strait Islander people to achieve personal goals to obtain dignity and equity in the Australian community	36,023	31,374	31,435	61	-
Total administered and departmental	36,023	31,374	31,435	61	-

Table 1.1.2: Appropriation Bill (No. 4) 2003-04

	2002-03 available ¹ \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL NON-OPERATING					
Equity injections	-	-	12	12	-
Total departmental	-	-	12	12	-

Note 1: 2002-03 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available appropriation is the amount available to be drawn down, and is equal to: Budget Appropriation + Additional Estimates Appropriation + Departmental Items/Adjustments and Borrowings (DIAB) + Advance from the Finance Minister (AFM) - Savings - Rephasings - Other Reductions.

MEASURES — AGENCY SUMMARY

Table 1.2.1: Summary of expense measures since the 2003-04 Budget

Measure	Outcome & Output	Appropriations 2003-04 (\$'000)		Appropriations 2004-05 (\$'000)		Appropriations 2005-06 (\$'000)		Appropriations 2006-07 (\$'000)	
		Admin expenses	Dept outputs	Admin expenses	Dept outputs	Admin expenses	Dept outputs	Admin expenses	Dept outputs
Budget estimates – enhanced quality and timeliness	1	-	61	-	61	-	62	-	62
			Total		Total		Total		Total
			61		61		62		62

Table 1.2.2: Summary of capital measures since the 2003-04 Budget

Measure	Outcome & Output	Appropriations 2003-04 (\$'000)		Appropriations 2004-05 (\$'000)		Appropriations 2005-06 (\$'000)		Appropriations 2006-07 (\$'000)	
		Admin capital	Dept capital	Admin capital	Dept capital	Admin capital	Dept capital	Admin capital	Dept capital
Budget estimates – enhanced quality and timeliness	1	-	12	-	-	-	-	-	-
			Total		Total		Total		Total
			12		-		-		-

VARIATIONS TO RECEIPTS FROM OTHER SOURCES THROUGH NET ANNOTATED APPROPRIATION RECEIPTS

There has been no change to net annotated appropriation receipts as a result of additional estimates from figures published in the 2003-04 PBS. For this reason, table 1.3 is not presented.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

AHL has no special appropriations. For this reason, table 1.4 is not presented.

ESTIMATED SPECIAL ACCOUNT FLOWS

AHL has no special accounts. For this reason, table 1.5 is not presented.

REVENUE FROM INDEPENDENT SOURCES

There is no change to revenue from independent sources from figures published in the 2003-04 PBS as a result of additional estimates. For this reason, table 1.6 is not presented.

SUMMARY OF STAFFING CHANGES

Additional funding has been provided for an ongoing increase of 0.5 ASL to assist with the implementation of new government measures.

SUMMARY OF AGENCY SAVINGS

AHL has no agency savings to report as a result of additional estimates.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

Aboriginal Hostels Limited works to achieving one outcome specified by government which is to *provide temporary accommodation that assists Aboriginal and Torres Strait Islander people to achieve personal goals to obtain dignity and equity in the Australian community.*

The following section provides a discussion of changes to outcome by output resulting from additional estimates.

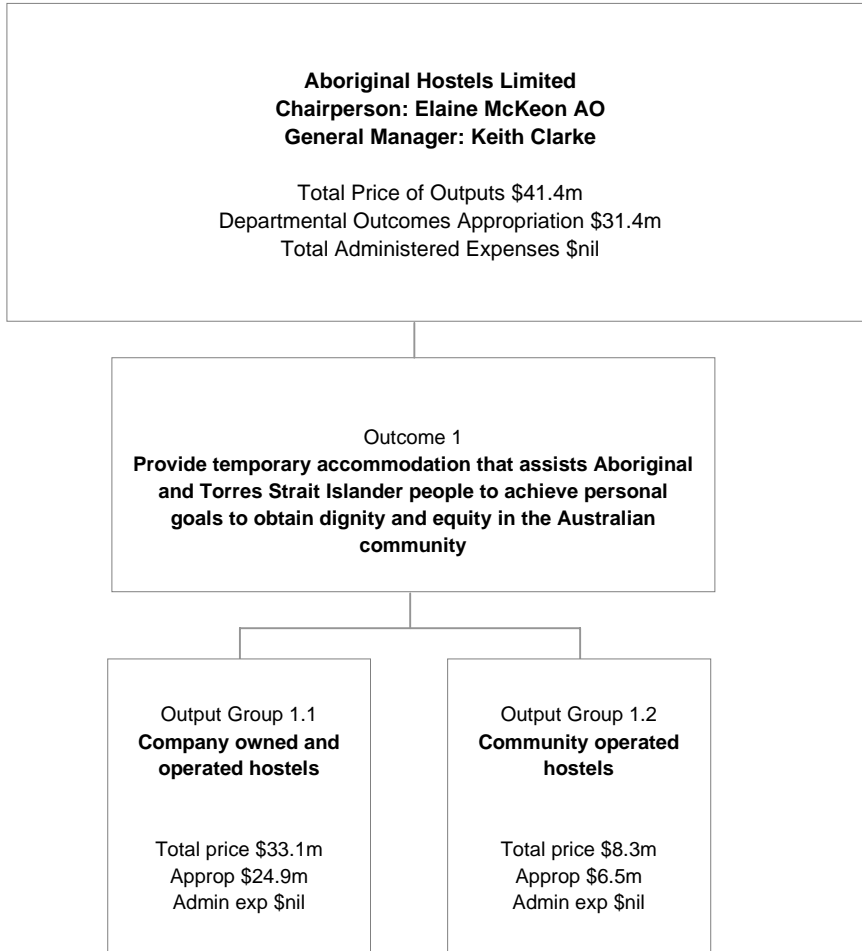
The relationship between the outcome and departmental outputs that contribute to it is illustrated in the diagram on the following page.

The structure of the departmental outcome and outputs remains unchanged from that specified in the 2003-04 PBS.

OUTPUT COST ATTRIBUTION

There is no change to the methodology described in the 2003-04 PBS for allocating overheads and other expenses between outputs to determine the full price.

Outcomes and outputs framework



OUTCOME 1 — PROVIDE TEMPORARY ACCOMMODATION THAT ASSISTS ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE TO ACHIEVE PERSONAL GOALS TO OBTAIN DIGNITY AND EQUITY IN THE AUSTRALIAN COMMUNITY

Measures affecting Outcome 1

Budget estimates – enhanced quality and timeliness

	2003-04	2004-05	2005-06	2006-07
Cross portfolio	6.1	1.4	0.8	0.2
<i>Related capital (\$m)</i>				
Cross portfolio	0.7	0.6	0.8	..

Explanation

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

Outcome 1 — Resourcing

Table 2.1.1 shows how the 2003-04 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 2.1.1: Revised resources for Outcome 1

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
Output Group 1.1 - Company owned and operated hostels	28,223	24,874	24,935	61	-
Output Group 1.2 - Community operated hostels	7,800	6,500	6,500	-	-
Total revenue from government (appropriations)	36,023	31,374	31,435	61	-
Contributing to price of departmental outputs	76.0%	75.9%	76.0%	-	-
Revenue from other sources					
Outcome 1					
Output Group 1.1 - Company owned and operated hostels	9,589	8,130	8,130	-	-
Output Group 1.2 - Community operated hostels	1,800	1,800	1,800	-	-
Total revenue from other sources	11,389	9,930	9,930	-	-
Total price from departmental outputs (Total revenue from government and from other sources)	47,412	41,304	41,365	61	-
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	47,412	41,304	41,365	61	-

Note 1: 2002-03 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available appropriation is the amount available to be drawn down, and is equal to: Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM - Savings - Rephasings - Other Reductions.

Revised performance information and level of achievement – 2003-04

There is no variation to the performance information for Outcome 1 as a result of additional estimates. For this reason, table 2.2.1 is not presented.

Achievement of planned performance will be reported in the AHL 2003-04 annual report.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental statement of financial performance

The major variations between actuals for 2002-03 and revised estimates for 2003-04 in the Statement of Financial Performance are as follows:

Total revenue

In 2003-04, total revenue (price of outputs) is expected to increase by \$0.1 million from the 2003-04 PBS estimates due to the increase in revenues from government as a result of new measure funding.

Total expenses

A net increase of expenditure of \$0.1 million is anticipated due to the impact of new measures.

Budgeted departmental statement of financial position

Departmental asset and liability balances have been adjusted from Budget estimates for 2002-03 financial year final balances. In addition, contributed equity and non-financial assets have increased due to the impact of new measures.

Budgeted departmental statement of cash flows

Predicted departmental cash flows have been adjusted to reflect the cash impact of the above variations to the financial performance and position statement estimates.

Table 3.1: Budgeted departmental statement of financial performance
for the year ended 30 June

	Actual	Revised	Forward	Forward	Forward
	2002-03	budget	estimate	estimate	estimate
	2002-03	2003-04	2004-05	2005-06	2006-07
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	36,023	31,435	32,058	32,696	33,346
Government grants - Department of Health and Ageing	3,332	2,800	2,800	2,800	2,800
Accommodation charges	6,513	6,500	6,600	6,700	6,800
Interest	663	200	200	200	200
Revenue from sale of assets	421	310	-	-	-
Other	460	120	120	120	120
Revenues from ordinary activities	47,412	41,365	41,778	42,516	43,266
EXPENSES					
Expenses from ordinary activities					
Employees	19,271	20,063	20,263	20,564	20,914
Food, materials, services and sundry expenses	12,606	10,080	10,175	10,380	10,575
Community support hostel payments	8,605	8,300	8,300	8,400	8,500
Depreciation and amortisation	1,597	2,400	2,500	2,600	2,700
Write-down of assets	677	200	200	200	200
Value of assets sold	335	200	200	200	200
Expenses from ordinary activities	43,091	41,243	41,638	42,344	43,089
Operating surplus or deficit from ordinary activities	4,321	122	140	172	177
Capital Use Charge	6,277	-	-	-	-
Net surplus or deficit attributable to the Commonwealth	(1,956)	122	140	172	177

Table 3.2: Budgeted departmental statement of financial position
as at 30 June

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	13,367	13,098	11,538	10,110	8,787
Receivables	995	1,252	1,052	852	652
Other	249	-	-	-	-
Total financial assets	14,611	14,350	12,590	10,962	9,439
Non-financial assets					
Property, plant and equipment	43,724	45,028	46,928	48,728	50,428
Total non-financial assets	43,724	45,028	46,928	48,728	50,428
Total assets	58,335	59,378	59,518	59,690	59,867
LIABILITIES					
Provisions and payables					
Employees	2,605	2,800	2,800	2,800	2,800
Suppliers	486	1,200	1,200	1,200	1,200
Total provisions and payables	3,091	4,000	4,000	4,000	4,000
Total liabilities	3,091	4,000	4,000	4,000	4,000
EQUITY					
Parent equity interest					
Contributed equity	54,442	54,454	54,454	54,454	54,454
Retained surpluses or accumulated deficits	802	924	1,064	1,236	1,413
Total parent equity interest	55,244	55,378	55,518	55,690	55,867
Total equity	55,244	55,378	55,518	55,690	55,867
Total assets and liabilities by maturity					
Current assets	14,611	14,350	12,590	10,962	9,439
Non-current assets	43,724	45,028	46,928	48,728	50,428
Current liabilities	2,160	3,200	3,200	3,200	3,200
Non-current liabilities	931	800	800	800	800

Table 3.3: Budgeted departmental statement of cash flows
for the year ended 30 June

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from customers	6,613	6,492	6,600	6,700	6,800
Appropriations	36,023	31,435	32,058	32,696	33,346
Interest	663	200	200	200	200
Government grants - Department of Health and Ageing	3,332	2,800	2,800	2,800	2,800
Other	2,659	120	120	120	120
Total cash received	49,290	41,047	41,778	42,516	43,266
Cash used					
Payments to suppliers and employees	43,266	37,534	38,738	39,344	39,989
Total cash used	43,266	37,534	38,738	39,344	39,989
Net cash from/(used by) operating activities	6,024	3,513	3,040	3,172	3,277
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	421	310	-	-	-
Total cash received	421	310	-	-	-
Cash used					
Purchase of property, plant and equipment	1,273	3,904	4,600	4,600	4,600
Other	-	200	-	-	-
Total cash used	1,273	4,104	4,600	4,600	4,600
Net cash from/(used by) investing activities	(852)	(3,794)	(4,600)	(4,600)	(4,600)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	12	-	-	-
Total cash received	-	12	-	-	-
Cash used					
Capital use charge paid	6,277	-	-	-	-
Total cash used	6,277	-	-	-	-
Net cash from/(used by) financing activities	(6,277)	12	-	-	-
Net increase/(decrease) in cash held	(1,105)	(269)	(1,560)	(1,428)	(1,323)
Cash at the beginning of the reporting period	14,472	13,367	13,098	11,538	10,110
Cash at the end of the reporting period	13,367	13,098	11,538	10,110	8,787

Table 3.4: Departmental capital budget statement

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2002-03	2003-04	2004-05	2005-06	2006-07
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	12	-	-	-
Represented by					
Purchase of non-current assets	-	3,892	-	-	-
Total	-	3,904	-	-	-
PURCHASE OF NON CURRENT ASSETS					
Funded by capital appropriation	-	12	-	-	-
Funded internally by departmental resources	1,273	3,892	4,600	4,600	4,600

Table 3.5: Departmental non-financial assets ∞ **summary of movement**
revised budget 2003-04

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	3,884	37,766	-	2,074	-	-	-	43,724
Additions	-	3,592	-	312	-	-	-	3,904
Disposals	50	150	-	-	-	-	-	200
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	2,200	-	200	-	-	-	2,400
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	3,834	39,008	-	2,186	-	-	-	45,028
Total additions								
Self funded	-	3,592	-	300	-	-	-	3,892
Appropriations	-	-	-	12	-	-	-	12
Total	-	3,592	-	312	-	-	-	3,904

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Departmental financial statements and notes to administered items

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the government according to set government directions. Administered expenses include subsidies, grants and personal benefit payments and administered revenues include taxes, fees, fines and excises.

Appropriations in the accrual budgeting framework

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

- € departmental price of outputs appropriations: representing the government's purchase of outputs from agencies;
- € departmental capital appropriations: for investments by the government for either additional equity or loans in agencies;
- € administered expense appropriations: for the estimated administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- € administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to state governments).

Capital Use Charge

The government has decided to discontinue the Capital Use Charge from 1 July 2003.

Administered investments in controlled entities

Each Commonwealth Department is required to show an Administered investment in each *Commonwealth Authorities and Company Act 1997* (CAC Act) entity within their portfolio. These Administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

Asset valuation

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure property, plant and equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

Section 4: Purchaser/provider and cost recovery arrangements

There have been no significant changes to the purchaser/provider and cost recovery arrangements as a result of additional estimates from those published in the 2003-04 PBS.