

ABORIGINAL HOSTELS LIMITED

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ABORIGINAL HOSTELS LIMITED

Section 1: Overview, appropriations and budget measures summary

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 3,300 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;

-
- 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.

APPROPRIATIONS AND RESOURCING

The total appropriation for AHL in the 2004-05 Budget is \$31.9 million.

Table 1.1 shows the total appropriations for AHL for 2004-05 for the government's planned outcome, by price of outputs and appropriation.

MEASURES — AGENCY SUMMARY

AHL has no measures at the 2004-05 Budget. For this reason, tables 1.2.1 and 1.2.2 are not included.

RECEIPTS FROM INDEPENDENT SOURCES

Table 1.3: Receipts from independent sources

	Estimated receipts 2003-04 \$'000	Estimated receipts 2004-05 \$'000
DEPARTMENTAL		
Outcome 1		
Provide temporary accomodation that assists Aboriginal and Torres Strait Islander people to achieve personal goals to obtain dignity and equity in the Australian community	9,930	9,720
Total	9,930	9,720

MOVEMENT OF ADMINISTERED FUNDS FROM 2003-04 TO 2004-05

AHL has no administered items. For this reason, table 1.4 is not presented.

SPECIAL APPROPRIATIONS

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

SPECIAL ACCOUNTS

AHL has no special accounts. For this reason, table 1.6 is not presented.

REVENUE FROM INDEPENDENT SOURCES

Table 1.7: Revenue from independent sources

	Estimated revenue 2003-04 \$'000	Estimated revenue 2004-05 \$'000
DEPARTMENTAL REVENUE		
Outcome 1		
Operating cash from Department of Health and Ageing	2,800	2,800
Accommodation charges	6,500	6,600
Proceeds from sale of assets	310	-
Interest	200	200
Other	120	120
Total Outcome 1	9,930	9,720
Total non-appropriation departmental revenue	9,930	9,720

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

AHL has no administered capital, departmental equity injections or loans.

EVALUATIONS

Ongoing evaluations of all Aboriginal hostels will continue. The following areas have been scheduled for review during 2004-05:

- Broome;
- Geraldton/Meekatharra;
- Charleville;
- Thursday Island;
- Kalgoorlie; and
- Brisbane.

Information on planned evaluation activity that relates to this outcome will be shown in the AHL 2004-05 Annual Report.

COMPETITIVE TENDERING AND CONTRACTING (CTC)

There are a number of activities that contribute to the production of sub-outputs that are contracted out. These include:

- project management for major repairs and maintenance;
- project management for major construction works;
- information technology support and network administration services;
- records management services;
- payroll processing;
- printing/ graphical design and desktop publishing;
- legal services;
- vehicle leasing;
- property insurance services;
- travel management services;
- accounting system support services;
- goods and services tax support services; and
- fringe benefit tax support services.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

AHL 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 departmental overview, and then the outcome is discussed. The map on the following page shows the relationship between the outcome and outputs.

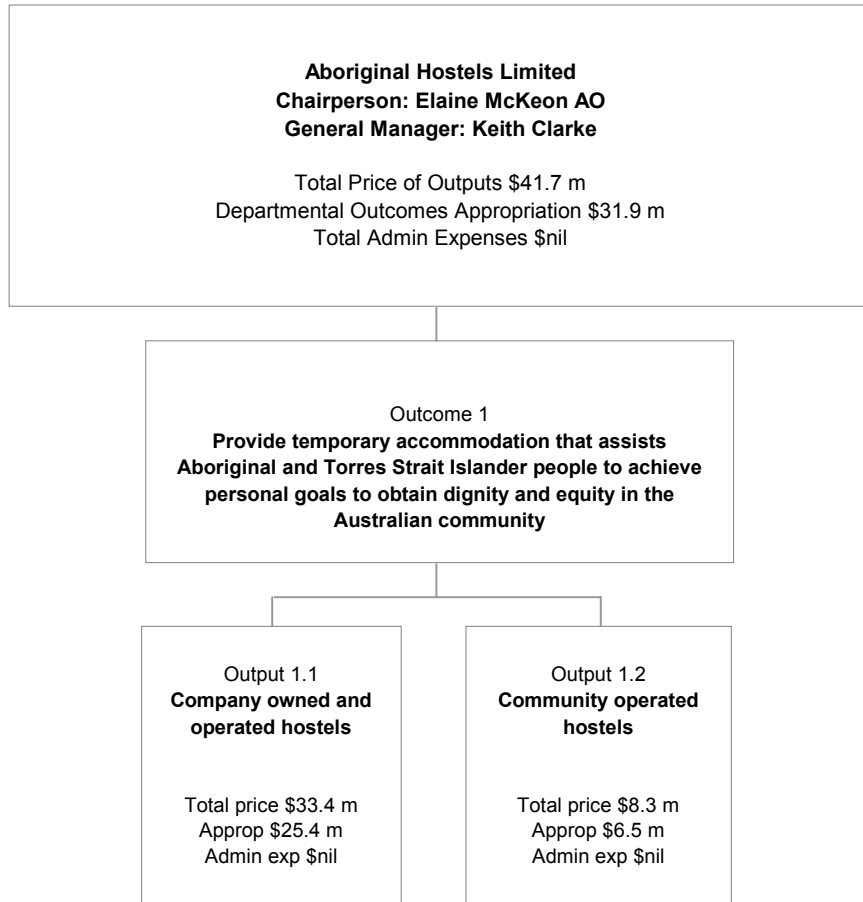
Output cost attribution

The methodology used in allocating general overheads and other expenses has been limited to normal indexation increases as supplemented in the budget appropriation and those based on past performance with actuals.

CHANGES TO OUTCOMES AND OUTPUTS

AHL has had no changes to the number, wording or structure of its outcome and associated outputs since Budget 2003-04.

Map 2: Outcomes and outputs groups



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

AHL has no measures at the 2004-05 Budget.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2004-05 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: Total resources for Outcome 1

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	
DEPARTMENTAL OUTPUTS			
Outcome 1			
Output 1.1 - Company owned and operated hostels	24,935	25,444	
Output 1.2 - Community operated hostels	6,500	6,500	
Total Output Group 1	31,435	31,944	
Total revenue from government (appropriations)	31,435	31,944	C1
Contributing to price of departmental outputs	76%	77%	
Revenue from other sources			
Output 1.1 - Company owned and operated hostels	8,130	7,920	
Output 1.2 - Community operated hostels	1,800	1,800	
Total revenue from other sources	9,930	9,720	E1
Total price from departmental outputs (Total revenue from government and from other sources)	41,365	41,664	
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	41,365	41,664	
<hr/>			
	Estimated actual 2003-04 (number)	Budget estimate 2004-05 (number)	
Average staffing level	405	405	

Cell references C1 and E1 show the links back to table 1.1

OUTCOME 1 — PERFORMANCE INFORMATION

Table 2.2.1, below, lists the performance information that AHL will use to assess the level of its contribution to the achievement of Outcome 1 during 2004-05. There are no administered items. The table also shows the efficiency of the outputs in contributing to the outcome. Information shown is both quantitative and qualitative.

Achievement of planned performance will be reported in the AHL 2004-05 Annual Report.

Table 2.2.1: Performance information for Outcome 1

Effectiveness — overall achievement of the outcome	
Effectiveness	
• Average occupancy level in company owned hostels	
Bed occupancy rate	70%
• Average occupancy level in community owned hostels	
Bed occupancy rate	70%
PERFORMANCE INFORMATION FOR DEPARTMENTAL OUTPUTS	
Output 1.1 - Company owned and operated hostels	\$33.4 million
Quantity	
Beds per night	1,400
Quality	
75% of residents surveyed satisfaction	
Output 1.2 - Community operated hostels	\$8.3 million
Quantity	
Beds per night	1,700
Quality	
75% of residents surveyed satisfaction	

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the primary causes of movements in the financial statements published is provided below.

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted departmental statement of financial performance

This statement provides a picture of the expected financial results for AHL by identifying full accrual expenses and revenues, which highlights whether AHL is operating at a sustainable level.

Total revenue

- Revenue from government: this has increased by \$0.509 million in 2004-05 as a result of the revised indexation.
- accommodation charges: this is expected to increase by \$0.100 million in 2004-05 due to the provision for the review and increase of tariff charges in line with the expected adjustments in the Centrelink benefits of residents staying at AHL Hostels; and
- interest income: interest income is expected to remain constant due to lower cash levels being available for investment.

Total expenses

- salaries and employee benefits: these benefits have been increased by \$0.086 million to accommodate the salaries and employee costs for new hostel operations during the 2004-05 financial year.
- food, materials, services and sundry expenses: this line item has increased by \$0.095 million mainly to absorb CPI increases and new hostel operations during the 2004-05 financial year.

Budgeted departmental statement of financial position

This statement shows the financial position of AHL. It helps decision-makers to track the management of assets and liabilities.

The major variations between estimated actuals for 2003-04 and budget estimate for 2004-05 in the Statement of Financial Position are as follows:

-
- the Statement of Financial Position is static when compared between 2003-04 and 2004-05 financial years due to decrease in investment activities into non-current assets. This activity is expected to pick up from 2005-06 financial years and this mainly involves use of the depreciation funding to redevelop some of the existing hostels in need of urgent major repairs and maintenance works;
 - the cash balance reflects the nature of construction and major maintenance works as they normally take 2-3 years to complete. As a result, actual payments are spread over two financial years resulting in higher cash balance;
 - the receivables are decreasing and those included represent normal receivables such as GST refunds due from ATO and trade debtors; and
 - the liabilities are expected to remain at level for the next three financial years.

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

The major variations between estimated actuals for 2003-04 and budget estimate for 2004-05 in the Statement of Cash Flows are as follows:

- the increase in total cash to be received in 2004-05 is linked to the increase in Commonwealth appropriation, due to the indexation and increase in tariff income;
- the trend in payments to suppliers and employees is in line with the comments provided under the expenses category in the Statement of Financial Performance; and
- the purchase of property, plant and equipment has increased by \$0.696 million. It is expected to be fairly static for the next three financial years.

Departmental capital budget statement

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental non-financial assets — summary of movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

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

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
REVENUES					
Revenues from ordinary activities					
Revenue from government ^{K1}	31,435	31,944	32,494	33,080	33,021
Government Grants- DoHA	2,800	2,800	2,800	2,800	2,800
Accommodation charges	6,500	6,600	6,700	6,800	6,800
Interest	200	200	200	200	200
Revenue from sales of assets	310	-	-	-	-
Other	120	120	120	120	120
Revenues from ordinary activities	41,365	41,664	42,314	43,000	42,941
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	20,060	20,146	20,359	20,647	20,279
Suppliers- Food, materials and services	10,080	10,175	10,380	10,575	10,786
Community Support Hostel payments	8,300	8,300	8,400	8,500	8,500
Depreciation and amortisation	2,403	2,503	2,603	2,701	2,801
Write-down of assets	-	200	200	200	200
Value of assets sold	200	-	-	-	-
Bad Debts	200	200	200	200	200
Expenses from ordinary activities (excluding borrowing costs expense)	41,243	41,524	42,142	42,823	42,766
Net surplus or deficit	122	140	172	177	175
Net surplus or deficit attributable to the Commonwealth	122	140	172	177	175

(K1) links to table 1.1

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

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	13,098	11,538	10,110	8,787	7,562
Receivables	1,255	1,058	858	656	453
Total financial assets	14,353	12,596	10,968	9,443	8,015
Non-financial assets					
Land and buildings	44,197	45,597	47,097	48,497	50,088
Infrastructure, plant and equipment	828	1,325	1,625	1,927	1,939
Total non-financial assets	45,025	46,922	48,722	50,424	52,027
Total assets	59,378	59,518	59,690	59,867	60,042
LIABILITIES					
Provisions and payables					
Employees	2,800	2,800	2,800	2,800	2,800
Suppliers	1,200	1,200	1,200	1,200	1,200
Total provisions and payables	4,000	4,000	4,000	4,000	4,000
Total liabilities	4,000	4,000	4,000	4,000	4,000
EQUITY					
Parent equity interest					
Contributed equity	54,454	54,454	54,454	54,454	54,454
Retained surpluses or accumulated deficits	924	1,064	1,236	1,413	1,588
Total parent equity interest	55,378	55,518	55,690	55,867	56,042
Total equity	55,378	55,518	55,690	55,867	56,042
Total assets and liabilities by maturity					
Current assets	14,353	12,596	10,968	9,443	8,015
Non-current assets	45,025	46,922	48,722	50,424	52,027
Current liabilities	3,200	3,200	3,200	3,200	3,200
Non-current liabilities	800	800	800	800	800

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

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	31,435	31,944	32,494	33,080	33,021
Sale of goods and services	6,492	6,600	6,700	6,800	6,800
Interest	200	200	200	200	200
Other	120	120	120	120	120
Government Grants- DoHA	2,800	2,800	2,800	2,800	2,800
Total cash received	41,047	41,664	42,314	43,000	42,941
Cash used					
Employees	20,060	20,146	20,359	20,647	20,279
Suppliers	17,474	18,478	18,783	19,076	19,287
Total cash used	37,534	38,624	39,142	39,723	39,566
Net cash from/(used by) operating activities	3,513	3,040	3,172	3,277	3,375
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	310	-	-	-	-
Total cash received	310	-	-	-	-
Cash used					
Purchase of property, plant and equipment	3,916	4,600	4,600	4,600	4,600
Other	188	-	-	-	-
Total cash used	4,104	4,600	4,600	4,600	4,600
Net cash from/(used by) investing activities	(3,794)	(4,600)	(4,600)	(4,600)	(4,600)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	12	-	-	-	-
Total cash received	12	-	-	-	-
Net cash from/(used by) financing activities	12	-	-	-	-
Net increase/(decrease) in cash held	(269)	(1,560)	(1,428)	(1,323)	(1,225)
Cash at the beginning of the reporting period	13,367	13,098	11,538	10,110	8,787
Cash at the end of the reporting period	13,098	11,538	10,110	8,787	7,562

Table 3.4: Departmental capital budget statement

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections ^{K3}	12	-	-	-	-
Total loans	-	-	-	-	-
Total	12	-	-	-	-
Represented by					
Purchase of non-current assets	12	-	-	-	-
Other	-	-	-	-	-
Total	12	-	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	12	-	-	-	-
Funded by previous year capital appropriation	-	-	-	-	-
Funded internally by departmental resources	3,904	4,600	4,600	4,600	4,600
Total	3,916	4,600	4,600	4,600	4,600

(K3) links to table 1.1

Table 3.5: Departmental non-financial assets — summary of movement*Budget year 2004-05*

	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	4,104	40,093	-	828	-	-	-	45,025
Additions	-	4,232	-	368	-	-	-	4,600
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	200	-	-	-	-	-	200
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	2,292	-	211	-	-	-	2,503
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	4,104	41,833	-	985	-	-	-	46,922
Total additions								
Self funded	-	4,245	-	355	-	-	-	4,600
Appropriations	-	-	-	-	-	-	-	-
Total	-	4,245	-	355	-	-	-	4,600

NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements and Schedule of Administered Activity

Under the Australian Government's accrual-based 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 Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- departmental price of outputs appropriations: representing the government's funding for 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).

Administered investments in controlled entities

Each Commonwealth Department is required to show an Administered investment in each *Commonwealth Authority 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.

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