



## ABORIGINAL HOSTELS LIMITED

### SENATE STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION

#### INDIGENOUS BODIES - CROSS-PORTFOLIO INDIGENOUS MATTERS

Friday 2 March 2018

Mr Anthony Usher, CEO

### OPENING STATEMENT

- Thank you Chair – Tony Usher CEO Aboriginal Hostels Ltd.
- Firstly, I also wish to acknowledge the Ngunnawal people and pay our respects to their Elders past and present.
- I thank the Committee for inviting AHL to appear at today’s hearing, and I look forward to assisting the Committee with its inquiries.
- I would also take this opportunity to introduce Ms Michelle Deavin who is the company’s CFO & Company Secretary.
- Aboriginal Hostels Ltd has a mandate to provide culturally safe, appropriate, affordable, fit for purpose accommodation to Australia’s First Peoples in their pursuit of education, health and employment opportunities and improvement.
- When Minister Scullion appointed Dr Sue Gordon AM as AHL Chair, resulting in my interim appointment as CEO, our brief was to re-set the organisation’s direction, consolidate its financial and operational capabilities, and develop/implement/action strategies for sustainability beyond 2018/19.
- Our first 12 months was a period of reparation and reform, followed by financial consolidation, (living within our means!).
- THIS BUSINESS WAS IN TROUBLE!
- **We were facing:**
  - Too many identified cases of “at-risk” staff and residents – which we’ve managed by engaging appropriate professional support.
  - No child protection policies & procedures in place for students in our SE hostels.
  - Unacceptable levels of ongoing Ombudsman complaints. Now zero.

- Significant underspend on critical capital works & maintenance = lives at risk (regulatory; fire safety; environmental). AHL is now fully compliant.
- Failure of Enterprise Agreement (96% rejection) resulting in very low morale and noticeable underperformance of staff.
- Recognised as the lowest paid agency in the Public Service.
- Highest absenteeism being (at times) more than double that of the APS, and consistently the highest in the APS. AHL is now below APS levels.
- ASL significantly exceeding approved levels of 411. We are now well within our cap and don't expect to exceed it.
- Lack of effective internal policies & procedures supporting frontline staff in the face of ongoing "on-the-ground" violence and isolation.
- A view within and outside of government that AHL was not sustainable under its current model beyond 2018/19.
- Perceived requirement to commence facility divestment strategies to shore up our financial survival.
- **Note:** AHL had already disposed of hostel assets which inflated 2015/16 results.

- **What we did:**

- **Focused on our frontline services**
  - fit for purpose hostels
  - review our footprint
  - safety/service/comfort
- **Realigned our workforce**
  - rectification of excess ASL
  - reduction in Executive levels including SES
  - relocated management to the frontline of our business = hostels instead of regional offices
  - devolvement of Executive and SES roles to frontline (NO to field)
  - reduced dependence and utilisation of external consultancies
  - Achieved 75% acceptance of reviewed EBA.
- **More efficiently managed our hostel assets**
  - safety and regulatory shortfalls addressed – reparation and reform program
  - hostel refurbishment program
  - executive and Board frontline activity resulting in every hostel being audited and programmed for refurbishment/maintenance
  - Implemented a Planned Maintenance program.
  - Formed a new Asset Management Board Committee for overview

- **Addressed outstanding compliance issues**
  - elimination of Ombudsman complaints and unresolved cases
  - developed and implemented a Child Protection framework – cutting edge
  - introduced Compliance and Enterprise Risk Management framework
- Reviewed and updated both our Strategic and Corporate Plans for the next 5 years
- **What we achieved:**
  - Rapid, significant and sustainable financial turnaround (currently in surplus, expect break-even at FYE)
  - Highest recorded level of student graduations and applications 2017/18
  - No further divestment of properties
  - Organisational restructure
    - ability to absorb future EA increases for the term of the Agreement
    - focus on frontline activities (putting people where our business is)
    - reduction in ongoing high staffing expense ratio (56% to 47%)
    - recovered from last year's \$3.1m deficit
    - delivered consecutive quarterly surplus (FYE breakeven at worst)
    - solid base for future growth in identified areas of need
- **Still to do:**
  - Map additional areas of market failure across our 3 sectors of Education/Health/Multipurpose
  - Identify expansion opportunities in areas of most need
  - Consider expanding sectors to other areas of need (Prison to Work)
  - Negotiate partnering opportunities with appropriate external service providers (state bodies and governments)
- Obviously, along the way we have pleased many and alienated some.
- We continue to experience self-interest denigrators, detractors and doubters along our journey.
- Despite this, and with the support of an amazingly dedicated and capable team at AHL, we are committed to achieving and delivering on our promise to Australia's First Peoples.

Thank you, and I look forward to your questions.