



Children's Services on the Edge

**Survey Report
May 2004**

'Incurred operating deficits and closed services in order to reduce agency costs'
A Victorian based Children's Service

'We have cut costs by reducing purchase of toys, equipment and furniture for children'
A Northern Territory Children's Service

'Cleaner's job eliminated, taken over by carers with reduced hours'
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'Closure of satellite service in isolated area'
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'Our coordinator is working 3 days trying to complete 5 days work'
A Queensland based Children's Service

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Background

This survey report is based on an analysis of the sixth *Australians Living on the Edge* survey of the community services sector conducted by ACOSS and the state and territory Councils of Social Service in late 2003.

The survey examines key changes in the operating environment of Children's Services, major issues of concern to these organisations, and how they are responding. Indirectly, the survey also provides a sense of how Australian families are faring when accessing or attempting to access Children's Services.

This report is based on survey responses from 81 Children's Services nationally. In total these responding services delivered Children's Services to over 88,907 families in the twelve months to June 2003.

Methodology

The ALOTE 6 survey (see attachment) was distributed by mail to children's and other services through the state and territory Councils of Social Service and selected national member organisations of ACOSS.

Services were provided with the option of completing the survey in hard copy or online.

This report is an analysis of the Children's Services that responded to the survey. It should be noted that a number of questions allow services to make multiple responses. In this report these are referred to as responses while the terms 'agency' or 'services' are used in other instances.

Eighty one Children's Services from around Australia completed the survey.

Key findings

There has been a 9% increase in the number of families assisted by respondent Children's Services between the 2001-02 and 2002-03 financial years, rising from 81,251 to 88,907 families.

There has been a 40% increase in the number of families seeking but not receiving service(s) between the 2001-02 and 2002-03 financial years, rising from 3,963 to 5,538 families.

Children's Services are working in a climate of increasing pressure - only 2 of the 81 services report no increase in pressure over the previous year. The main reasons given for the increase in pressure were increased operating costs, more people seeking services and the increasingly complex needs of clients. Half of the children's services surveyed reported difficulty in retaining skilled and experienced staff as a source of increasing pressure.

In response to the increase in pressure, Children's Services sought additional funds from government (59% of surveyed services) and relied on increased or unfunded effort by staff and volunteers (58%). Many services (37%) reported that they are using up their financial reserves. Increasing pressure has impacted upon access for families with 40% of services introducing or extending waiting lists.

Strategies employed by Children's Services to trim their budgets include reducing staff hours and wages, less expenditure on equipment and programs, and increasing fees.

Among Children's Services, some are coping with pressures better than others. 38% of services expect that they will not be able to meet an increase in demand or rising costs. However, 44% of services expect to be able to meet an increase in demand or costs.

33% of respondents had difficulty in obtaining insurance cover in the 2002-03 financial year. The primary cause of this difficulty was the increased cost of cover.

Survey Results

1. Size of agency by income

Table 1: Size of agency by income (Children's Services)

Income	No. of responses
Zero	2
\$1 - \$25,000	4
\$25,000 - \$100,000	6
\$100,000 - \$250,000	15
\$250,000 - \$500,000	18
\$500,000 - \$1m	15
\$1m - \$5m	10
Over \$5m	8
No answer	3
Total	81

2. Source of agency income

The figures for Children's Services show that the vast majority of agency income is derived from government grants (60%) and fees (32%). Contributions from business and donations constitute a small proportion of Children's Services agencies' income.

Table 2: Source of agency income

Income	% of Children's Services income
Government grants	60.3
Client fees	32.4
Contributions from business	1.4
Donations	2.0
Other	3.9
Total	100

3. Labour force

The average number of paid staff employed by respondent agencies is 36. The average number of board and management volunteers is 6, the average number of clerical volunteers is 1 and the average number of service delivery volunteers is 37.

4. Number of people who received a service from participating agencies in the 2001-02 and 2002-03 financial years

The number of people assisted by respondent Children's Services has grown significantly between the 2001-02 and 2002-03 financial years. In the 12 months until June 2003 the 81 respondent organisations assisted 88,907 people, a 9% increase from 2001-02 (where 81,251 people received a service).

5. Number of people who sought but did not receive a service from participating agencies in the 2001-02 and 2002-03 financial years

There has been a 40% increase in the number of people who did not receive the service(s) they sought between the 2001-02 and 2002-03 financial years (rising from 3,963 to 5,538 people). This substantial increase in the number of people being turned away from community organisations providing Children's Services is alarming. This data illustrates a worsening mismatch between demand for services and the capacity of organisations to provide services.

Table 3: Number of people who did not receive a service from participating agencies in 2002-03 and 2001-02 (Children's Services)

	No. of people who did not receive a service
July 2002 - June 2003	5538
July 2001 - June 2002	3963

In the 2002-2003 financial year the number of people who sought but did not receive a service was 6% of the number of people who did receive a service.

6. What are the sources of increased pressure on the capacity of agencies to deliver services?

Children's Services are operating in a climate of increasing pressure. When asked to identify the source of increased pressure on their capacity to deliver services only 2 agencies were unable to do so, 79 were.

Fifty-five services, representing 68% of all respondents, identified more people seeking services and increased operating costs as sources of increased pressure. Existing clients having more complex needs (44 services or 54% of those surveyed) and difficulty in

retaining skilled and experienced staff (41 services or 51% of those surveyed) were also commonly cited sources of increased pressure on Children's Services.

Table 4: Sources of any increased pressure on agencies (Children's Services)

Sources of any increased pressure	No. of responses ¹	% of services surveyed	% of all responses
No increase	2	2	1
Increase in referrals from another agency	29	36	10
Another agency has closed down/reduced its services	9	11	3
Existing clients have more complex needs	44	54	16
More people are seeking service	55	68	20
Increased operating costs	55	68	20
Decrease in income	22	27	8
Difficulty in retaining skilled/experienced staff	41	51	15
A state govt. policy change affected clients	12	15	4
A federal govt. policy change affected clients	10	12	4
Total	279		100

Federal Government Policy Changes

Twelve percent of services identified Australian Government policy changes as a source of increased pressure.

The specific policies made mention of as affecting services and families were:

- Changes to jobs, education and training program
- Poor income support and rent assistance for children and their families
- Centrelink penalties for breach of payment conditions
- Privatisation of childcare sector
- Reduction of childcare benefits causing client fees to rise.

¹ Note multiple responses were often provided, hence the number of responses is greater than the number surveyed.

7. What are the sources of any increase in agency costs?

Wages and employment on-costs were the most commonly cited source of increased agency costs by Children's Services. It should be noted that the 2001 Census of Population and Housing showed that in general, people employed in community services occupations had relatively low incomes, with only 15.9% overall receiving \$41,600 or more per year, compared, for example, with 39.6% of people employed in health occupations.²

The other areas that scored highly were:

- the cost of accommodation and utilities
- the cost of insurance
- the cost of administration.

Other causes of agency cost increases were the cost of compliance with the GST and the cost of technology.

8. What impact is the increased pressure having on service delivery?

Agencies which indicated increased pressure were asked to indicate the strategies they used to cope with this. The primary strategies used by services were:

- seeking additional resources from government (59% of services), and
- increasing the unfunded effort of staff and volunteers (58% of services).

Thirty-seven percent of Children's Services reported that they were using up their financial reserves to cope with increased pressure. This is an unsustainable strategy and needs to be monitored over the coming years. Forty percent of services created or extended waiting lists to deal with pressure. Access by families to Children's Services is clearly being restricted as a result of increasing pressure. Only 30% of services surveyed met increased demand within their existing capacity.

² *Australia's Welfare 2003*, p144

Table 5: *Impact of any increased pressure on service delivery and coping strategies (Children's Services)*

Impact on service delivery and coping strategies	No. of responses³	% of Services surveyed	% of all responses
Met increased demand within existing capacity	24	30	8
Greater targeting of services	18	22	6
Increased referrals to other agencies	21	26	7
Creation/extension of waiting lists	32	40	10
Using up financial reserves	30	37	10
Rationalising assets	16	20	5
Increased (unfunded) effort by staff/volunteers	47	58	15
Sought additional resources from government	48	59	15
Sought additional resources from business	25	31	8
Sought additional resources from philanthropic organizations	22	27	7
Advocacy for systemic change	19	23	6
Other	13	16	4
Total	315		100

9. Where are costs being cut?

Children's Services have sought to reduce costs by reducing staff hours and cutting expenditure on staff training and professional development. Other strategies include cuts to administration costs and less expenditure on equipment and programs. Increasing the cost to families of accessing services was also identified as a strategy to trim organisations' budgets.

Some specific responses from services regarding cost-cutting included:

'Incurred operating deficits and closed services in order to reduce agency costs'

A Victorian based Children's Service

'We have cut costs by reducing purchase of toys, equipment and furniture for children'

A Northern Territory Children's Service

'Cleaner's job eliminated, taken over by carers with reduced hours'

A Tasmanian Children's Service

³ Note multiple responses were often provided; hence the number of responses is greater than the number surveyed.

'Our coordinator is working 3 days trying to complete 5 days work'
A Queensland based Children's Service

'Closure of satellite service in isolated area'
A New South Wales based Children's Service

10. Where agencies have experienced a decrease in pressure, what are the causal factors?

Nearly two-thirds of all responses to this question indicated that there has been no decrease in pressure and a further eleven agencies did not answer this question. Twenty-six responses indicated decreased pressure, with reasons given being due to either seasonal factors, the opening of more agencies to share the workload or increased targeting of services.

Table 6: Sources of any decreased pressure on Children's Services

Sources of decreased pressure	No. of responses ⁴	% of all responses
Not applicable	44	63
Cyclical/seasonal factors	6	9
Less demand for services due to increase in well-being of clients	0	0
Fee increases have led to a drop in demand	3	4
More agencies have opened to share workload	6	9
Increased targeting of services	6	9
Decrease in referral from other agencies	1	1
Lower operating costs	1	1
Increased funding	2	3
Other	1	1
Total	70	100

⁴ Note multiple responses were often provided; hence the number of responses is greater than the number surveyed.

11. Expectations about organisations' capacity to deal with changes in demand, costs or other significant changes over the next 12 months

Many Children's Services indicated through the survey that they are anticipating pressures over the coming year. Of these responses 24% expect that they will not be able to meet an increase in demand, while 14% report they will be unable to meet an expected increase in costs.

Eight percent of responses indicated that there was no change expected.

On the other hand, 9% of responses indicated that they expect increased capacity due to decreased demand, 6% expect an increased capacity due to an increase in income, 15% expect to meet an increase in demand and 14% expect to absorb an increase in costs.

Table 7: Expectations over the next 12 months

Expectation	No. of responses⁵	% of Services surveyed	% of all responses
No change expected	9	11	8
Expect increased capacity due to decreased demand	11	14	9
Expect increased capacity due to decrease in costs	0	0	0
Expect increased capacity due to increase in income or other resources	7	9	6
Expect to meet increase in demand	18	22	15
Expect not to meet increase in demand	29	36	24
Expect to absorb increase in costs	17	21	14
Expect not to meet increase in costs	17	21	14
Other	12	15	10
Total	120		100

⁵ Note multiple responses were often provided; hence the number of responses is greater than the number surveyed.

Insurance

The results below show that while Children's Services made very few claims for most types of insurance, organisations report an estimated average increase of 14% in the cost of cover between 2002-03 and 2003-04 and continuing difficulties in both affording cover and finding an insurer.

12.. Type of claim made by service type

Agencies were asked how many insurance claims they had made in the last two years. The results show that no agencies have made director's indemnity or professional indemnity claims. The majority of claims made were for worker's compensation and building and contents.

Table 8: Insurance claims made by Children's Services in the last two years

Director and Professional Indemnity	Volunteer Insurance	Public Liability	Building & Contents	Workers Compensation	Total Claims	Average no. of claims per agency over 2 years
0	1	1	45	106	153	2

13. Difficulties in obtaining insurance

Of the agencies that answered this question, 33% (or 27 agencies) reported difficulties in obtaining insurance cover in the 2002-03 financial year. Of these:

- 26 indicated that the difficulty was due to the increased cost of cover
- 17⁶ indicated that the difficulty was due to being refused cover by an insurer

14. Costs of insurance

The data received from respondent agencies shows that the estimated collective cost of insurance cover for Children's Services was \$1,422,255 in 2002-03, while the estimated cost of cover in 2003-04 was \$1,615,624.10. This represents an increase of over \$193,368 (or 14%) between 2002-03 and 2003-04.

⁶ Note: some agencies identified both the increased cost of cover and refusal of cover from an insurer as causes of difficulty in getting insurance

Australians Living on the Edge
 Community Sector Confidence Survey 6
 You can download/complete online at www.acoss.org.au/survey6

This survey is for the period 1 July 2002 – 30 June 2003

Please return to your State or Territory Council of Social Service by 19 September 2003

Private and Confidential

Name of organisation

(organisation name must be supplied – other contact information optional)

Address

Email

Contact name

Contact phone number

1 What is the postcode of your organisation?

<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>	<input style="width: 30px; height: 20px;" type="text"/>
---------------------------------------------------------	---------------------------------------------------------	---------------------------------------------------------	---------------------------------------------------------

2 Which one or two (at most) of the following categories best describe the activities of your organisation?

- | | | |
|-----------------------------------------------------------------------------------------------|----|--------------------------|
| Aged Care | 01 | <input type="checkbox"/> |
| Disability Service | 02 | <input type="checkbox"/> |
| Individual and/or Family Support | 03 | <input type="checkbox"/> |
| Children's Services
<small>Including long day care, family day care, OOSH care</small> | 04 | <input type="checkbox"/> |
| Employment
<small>Including training, labour market assistance, vocational rehab</small> | 05 | <input type="checkbox"/> |
| Advocacy | 06 | <input type="checkbox"/> |
| Crisis Assistance
<small>Including emergency relief, financial/material assistance</small> | 07 | <input type="checkbox"/> |

- | | | |
|--------------------------------------|----|--------------------------|
| Housing Assistance | 08 | <input type="checkbox"/> |
| Multi-service | 09 | <input type="checkbox"/> |
| Health Service | 10 | <input type="checkbox"/> |
| Community Development and/or Support | 11 | <input type="checkbox"/> |

Income

3 What was the total audited income from all sources for your agency for the last 12 month reporting period?

- | | | | | | |
|----------------------|----|--------------------------|-----------------------|----|--------------------------|
| Zero | 01 | <input type="checkbox"/> | \$1 - \$25,000 | 02 | <input type="checkbox"/> |
| \$25,000 - \$100,000 | 03 | <input type="checkbox"/> | \$100,000 - \$250,000 | 04 | <input type="checkbox"/> |
| \$250,000 - \$0.5m | 05 | <input type="checkbox"/> | \$500,000 - \$1m | 06 | <input type="checkbox"/> |
| \$1m - \$5m | 07 | <input type="checkbox"/> | Over \$5m | 08 | <input type="checkbox"/> |

4 In percentage terms, what were the sources of your organisation's income?

- | | | |
|-----------------------------|----|---------------------------------------------------------|
| Government funding | 01 | <input style="width: 60px; height: 20px;" type="text"/> |
| Client fees | 02 | <input style="width: 60px; height: 20px;" type="text"/> |
| Contributions from business | 03 | <input style="width: 60px; height: 20px;" type="text"/> |
| Donations/Bequests | 04 | <input style="width: 60px; height: 20px;" type="text"/> |
| Other | 05 | <input style="width: 60px; height: 20px;" type="text"/> |
| Total = | | 100% |

5 Tell us about any contributions (financial or 'in kind') made by business

.....

.....

Children's services on the edge

6 Please estimate how many paid and unpaid people work for your organisation.

- Paid staff (full time equivalent) 01
- Voluntary board/management c'tee 02
- Voluntary clerical workers 03
- Voluntary service delivery workers 04

Service issues

7 Over the last 12 months, what were the three most important issues facing your service?

.....

.....

.....

Service usage

8 Please estimate how many people received services from your organisation between **July 2002 and June 2003**

Number of people

Occasions of service

9 Please estimate how many people received services from your organisation between **July 2001 and June 2002**

Number of people

Occasions of service

10 Please estimate how many people sought but did not receive services from your organisation between **July 2002 and June 2003**

Number of people

Number of occasions

11 Please estimate how many people sought but did not receive services from your organisation between **July 2001 and June 2002**

Number of people

Number of occasions

Sources of pressure

12 What were the sources of any increased pressure on your organisation's capacity to deliver services? (tick as many as apply)

- Not applicable (no increase in pressure) 01
- Increase in referral from other community agencies 02
- Another agency has closed down or has reduced their services 03
- Existing clients have more complex needs 04
- More people seeking your services 05
- Increased operating costs 06
- Decrease in income 07
- Difficulty recruiting/retaining skilled staff 08
- A **state** government policy change is affecting your clients [specify the policy] 09
-
- A **federal** government policy change is affecting your clients [specify the policy] 10

13 What are the sources of cost increases, if any, for your organisation?

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.....

.....

Managing pressure

14 What strategies has your organisation used to manage any increased pressure? (tick as many as apply)

- Met increased demand within existing capacity 01
- Greater targeting of services 02
- Increased referrals to other agencies 03
- Creation/extension of waiting lists 04
- Using up financial reserves 05
- Rationalising assets 06
- Increased (unfunded) effort by staff/volunteers 07
- Seeking additional resources from government 08
- Seeking additional resources from business 09
- Seeking additional resources from philanthropy 10
- Greater advocacy for systemic change 11
- Other [specify below] 12

.....

15 In what areas, if any, has your organisation reduced expenditure?

.....

16 What were the sources of any decreased pressure on your organisation's capacity to deliver services? (tick as many as apply)

- Not applicable (no easing of pressure) 01
- Cyclical/seasonal factors 02
- Less demand for services due to increase in well being of clients 03

- Fee increases have led to a drop in demand 04
- More agencies have opened and share workload 05
- Increased targeting of services 06
- Decrease in referral from other agencies 07
- Lower operating costs 08
- Increased funding 09
- Other [specify below] 10

17 Over the next 12 months, what are your expectations about your organisation's capacity to deal with changes in demand, costs or other significant changes? (tick as many as apply)

- No change expected 01
- Expect increased capacity due to decrease in demand 02
- Expect increased capacity due to decrease in costs 03
- Expect increased capacity due to increase in income or other resources 04
- Expect to meet increased demand within existing resources 05
- Expect not to meet increase in demand 06
- Expect to absorb increase in costs 07
- Expect not to meet increase in costs 08
- Other [specify below] 09

.....

Insurance

18 How many insurance claims has your organisation made over the past two years?

- Director's indemnity 01
- Volunteer insurance 02
- Professional indemnity 03
- Public liability 04

Children's services on the edge

Building and contents 05

Workers compensation 06

19 Did your organisation experience any difficulties in obtaining insurance cover in the last financial year?

Yes 01

No 02

If yes, was this due to:

The increased cost of cover 01

Refusal of cover from an insurer 02

20 Please estimate the total cost of your insurance premiums for the year July 2002 to June 2003

21 Please estimate the total cost of your insurance premiums for the year July 2003 to June 2004

Information technology

22 How many desktop computers does your organisation have (approx)?

23 Are the desktop computers in your organisation networked?

Yes 01

No 02

24 How many individual email addresses does your organisation have (approx)?

25 How many individual Internet connections does your organisation have (approx)?

26 Does your organisation have a website?

Yes 01

No 02

If yes, what is the website address?

.....
.....

27 How much has your organisation provided for computing and IT expenses in 2003-04?

\$

28 Which of the following barriers to IT takeup, if any, apply to your organisation (tick as many as apply)

No barriers 01

Low level IT skills in organization 02

Cost of technology and support 03

Other (please specify) 04

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Thank you for taking the time to fill in this survey. Please provide any additional comments on the back of this page and attach relevant case studies.