



CHALLENGE
Community Services

Annual Report 2017





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Introduction

The past year was one of milestones and hurdles for Challenge Community Services. Significant changes, from state and federal governments as well as within our organisation, has impacted all aspects of the work we do.

The roll out of the National Disability Insurance Scheme (NDIS), changes to adoption laws, and adjustments to funding models have each presented a unique challenge. Despite these hurdles, Challenge has continued its path of sustained growth. Revenue for 2017 was 16 percent higher than the year before, and this represents an increase of almost 200 percent over the past seven years.

Our number of staff has also grown across our 68 sites throughout New South Wales, with 50 additional people employed over the past 12 months. Challenge proudly employs 83 staff who have a disability, a number we hope to increase in the future. All four service branches have achieved significant milestones in the last 12 months.

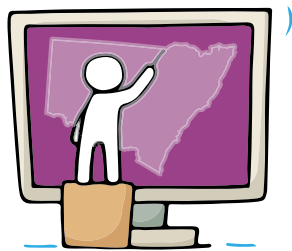
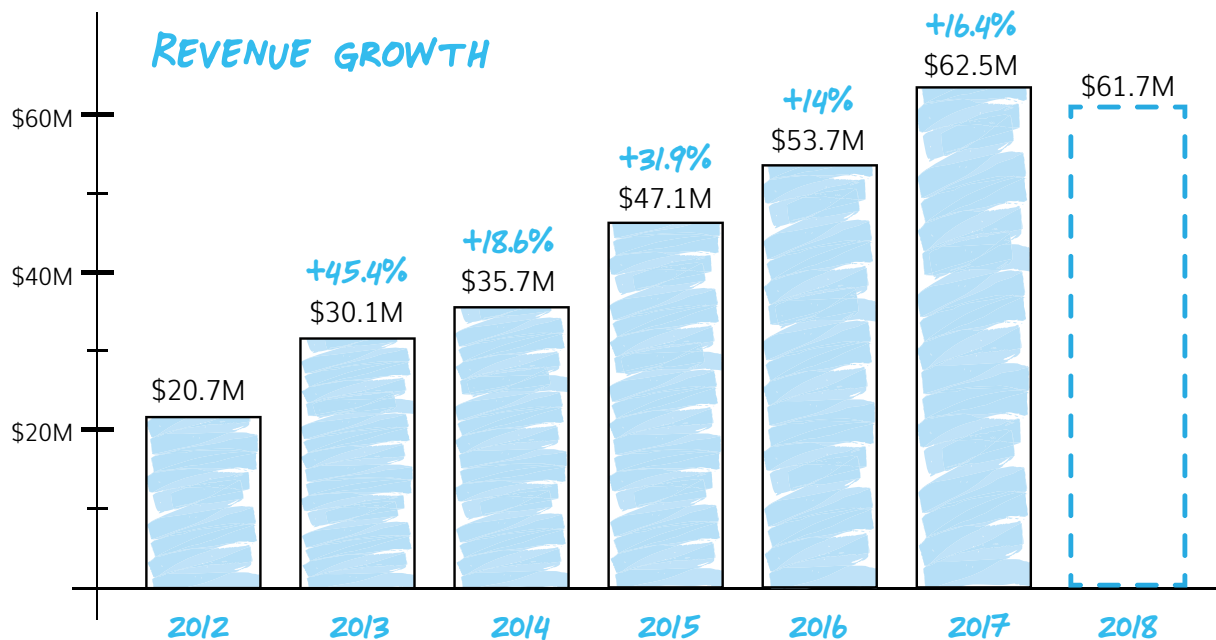
- Foster Care have had to adjust to legislative and policy changes in both out-of-home care and the adoption process.
- Disability Services has expanded to meet the influx of new NDIS clients and adapt to changing funding models.
- Therapeutic Services also expanded to meet the needs of the public as well as providing support and behavioural plans for clients of our other services.
- Business Services has continued to provide ongoing paid employment and skills acquisition for our clients, and quality products and services to the community.

It was not luck that enabled us to weather the storm of the past 12 months, it has been the result of careful planning and strategic growth. By remaining true to our core values of accountability, equity, innovation, integrity and client-focus, we have continued to be successful in our mission to assist people to reach their potential through innovative and people-centred services.

The test of an organisation is how it responds to times of change. Our management, board, and staff have proven time and again that they are more than up to the challenge. In 2018, Challenge Community Services will celebrate its 60th anniversary and we look forward to another successful year to mark this significant milestone.

Everyone belongs, everyone grows & everyone makes a contribution.

Challenge Snapshot



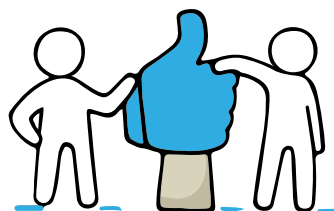
68 SITES ACROSS
38 LOCATIONS



ESTABLISHED **59**
YEARS AGO



645 STAFF
83 WITH A DISABILITY



11,000 +
FOLLOWERS ON
SOCIAL MEDIA

Chairman Report

In last year's report I said 2017 would be hectic for everyone involved in disability services, a prediction that proved correct.

The transfer of the NDIS from the initial trial to the NSW-wide launch has proven difficult, with the NDIA greatly underestimating the impact the increased numbers would have on the NDIS system. This resulted in massive delays in payment for services already delivered and, at one stage, funding dried up for our group homes in Tamworth for four months. While this put pressure on our cash flow, prior planning of alternative funding streams enabled us to get through it. Other organisations weren't so lucky, with a number finding they could not continue to operate.

From this, you could be forgiven for thinking the NDIS was a disappointment, but it certainly is not the case. There have been dramatic increases in funding for people with disabilities who had not previously had access. Everyone who satisfies the criteria of an ongoing disability is entitled to services that will assist them to lead a normal life. As our long-term supporters can testify, this was unthinkable 20 years ago.

The NDIS is the largest government undertaking since Medicare. The 'pain' suffered will be forgotten in the future, when Australia has the finest system of support

for our most vulnerable in the world. We are now providing disability services in a very competitive environment. Competition brings with it reasonable pricing and quality services, which Challenge has recognised as pivotal to the future success of disability organisations.

From small beginnings in Foster Care five years ago, we have grown to be one of the largest providers of out-of-home care for children in NSW. This is testament to the quality of the service our Foster Care staff provide to children and their carers.

Thank you to my fellow board members who have made great sacrifices in their lives to play a meaningful role in the governance and leadership of this wonderful organisation. To Barry and his team, my congratulations for another great result and for the forward thinking that has prepared Challenge for the 'challenges' to come.

"WE HAVE GROWN TO BE ONE OF THE LARGEST PROVIDERS OF OUT-OF-HOME CARE FOR CHILDREN IN NSW. THIS IS TESTAMENT TO THE QUALITY OF THE SERVICE OUR FOSTER CARE STAFF PROVIDE TO CHILDREN AND THEIR CARERS."

Ted Wilkinson, Chairman



CEO Report

At Challenge Community Services, one thing always remains the same: we are, and have been for years, in a continual mode of change.

While we hoped this year the 'bugs' would be removed from the NDIS, problems arose particularly regarding claims for payment of services rendered. At various times over the last 12 months, the NDIA was well over \$1m in arrears to Challenge. Thankfully, our alternate funding streams have pulled us through and we are successfully removing barriers to timely payment.

Out-of-home care in NSW is changing as the Government reduces the number of children in foster care, especially young people living in group homes. With an emphasis on guardianship and adoption, our Foster Care team are embarking on a whole new level of service provision. I am optimistic of our success in this challenging area.

Originally providing ongoing services to our Foster Care team, Therapeutic Services has grown substantially to meet the needs of the NDIS, particularly in the provision of behaviour support and plans.

In the end, the success of an organisation comes down to the people that work there. Our front-line support workers, case workers, case managers, supervisors, and regional managers supply the services for which we receive funding. There is also a whole group of back office staff and managers, who ensure all staff are paid, people who owe us money pay and who we owe money to are settled quickly and efficiently, look after our properties and provide the information we need to make decisions. Without these people, Challenge could not exist. Their professionalism and dedication is outstanding and I thank everyone for your efforts.

Challenge is blessed with a stable, creative, and energetic board who contribute significantly to Challenge's continued success. My thanks for their selfless dedication, hours of voluntary service as well as their ongoing guidance and support.

Challenge continues to receive wonderful support from the various funding bodies both in NSW and on a federal basis. The various local councils in the areas of regional NSW in which we operate along with their communities, assist us to provide these valuable services. I have no doubt their support will continue.

Somewhere, now lost in our history, the person responsible for our naming could not have imagined how accurate our name would be. I remain confident that our team is dedicated to meeting any future challenge.

"THE SUCCESS OF AN ORGANISATION COMES DOWN TO THE PEOPLE THAT WORK THERE... WITHOUT THESE PEOPLE, CHALLENGE COULD NOT EXIST. THEIR PROFESSIONALISM AND DEDICATION IS OUTSTANDING AND I THANK EVERYONE FOR YOUR EFFORTS."

Barry Murphy, Chief Executive Officer



Deputy CEO Report

The last 12 months has brought many exciting developments for Challenge. Many projects, focused on our five strategic objectives, have been initiated and completed including:

1. Our Marketing team has developed and implemented a new website and their efforts have resulted in a record number of enquiries.
2. To become an Employer of Choice, we have implemented more flexibility for staff and greater company benefits resulting in a reduction of staff turnover.
3. We have continued to grow our services across NSW with the opening of several new programs.
4. We have created new products designed to facilitate a person-centred approach to ensure customers receive the service they want, when they want.
5. Our IT team have implemented new technology across all sites to ensure our staff and customers are connected, including implementing a new finance system that integrates with our client management system.

The Foster Care team continues to provide excellent care for children in both Residential and Foster Care services, with record numbers of children being restored home and an emphasis on facilitating guardianship and adoption. Perhaps the greatest achievement was successfully completing the Office of the

Children's Guardian accreditation process and receiving five years' accreditation. The next 12 months for Foster Care will be extremely busy. The introduction of the NSW Government's new out-of-home care framework will see changes across all our processes to ensure we effectively produce greater outcomes in Restoration, Adoption and Guardianship.

The Therapeutic Services team continued to expand, providing much-needed services to our Foster Care, Residential and NDIS clients. We also saw the development of our Medicare services and the opening of Therapeutic Services to the public. The team has doubled their consultations over the past 12 months and have been pivotal in working with other services to ensure client outcomes are achieved.

As we continue to facilitate our strategy over the next year, there is no doubt we will see more services developed with passionate and dedicated staff facilitating them. I look forward to seeing what the next 12 months brings for Challenge.

"THERE IS NO DOUBT WE WILL SEE MORE SERVICES DEVELOPED WITH PASSIONATE AND DEDICATED STAFF FACILITATING THEM."

Stephen Doley, Deputy CEO



Finance Report

2016/2017 saw the total revenue of Challenge Community Services increase over the previous year by \$8.8m from \$53.7m to \$62.5m, an increase of 16.4%. Disability Services revenue represented 40% of the total, out-of-home care revenue represented 56% with other miscellaneous income representing 4% of the total. 2016/2017 further consolidated the organisations ongoing strategy to expand its presence in service sectors that have synergies with traditional disability services and supports.

Staff and employment costs totalled 57% of total expenditure, while direct out-of-home care costs accounted for 24% of that total.

2016/2017 saw the next stage of the National Disability Insurance Scheme (NDIS) roll out across the remainder of our Newcastle/Hunter Valley sites and all North West/New England sites. Western area sites will transition during 2017/2018. Revenue from the NDIS increased from \$1.450m in 2015/2016 to \$9.316m in 2016/2017. Challenge continues to undertake considerable internal review of services and costs, and has placed itself in a very competitive position in the new NDIS world.

The Net Operating Surplus for 2016/2017 was \$3.886m.

Challenge continued to invest in new assets during 2016/2017. Total investment was \$822k and included buildings (\$232k), computer hardware and software (\$371k), and motor vehicles and plant & equipment (\$219k).

KEY FINANCIAL RATIOS ARE:

Equity Ratio – increased to 62.51%, an improvement of 6.3% on the previous year. Target is >55%

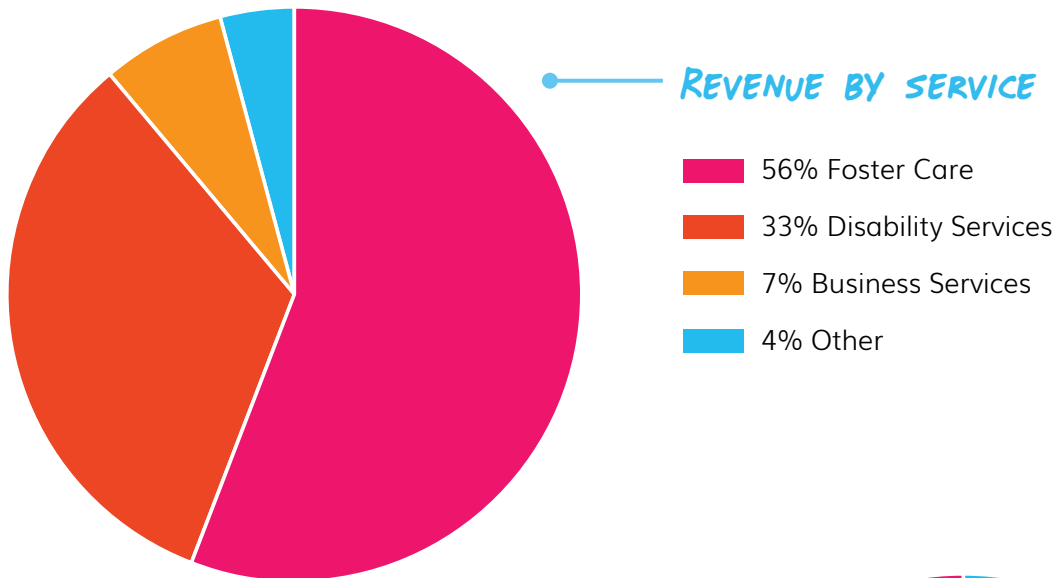
Working Capital Ratio decreased to 93.15%, a decrease of 7.7% on the previous year. Target is >100%

Graphical representations of revenue by service area and type and key expenses by type follow:

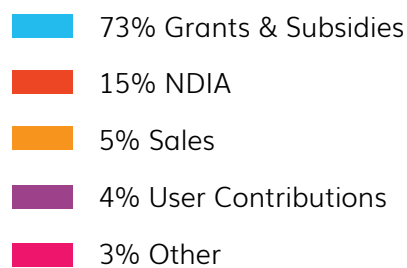
Mark Crompton, Chief Financial Officer



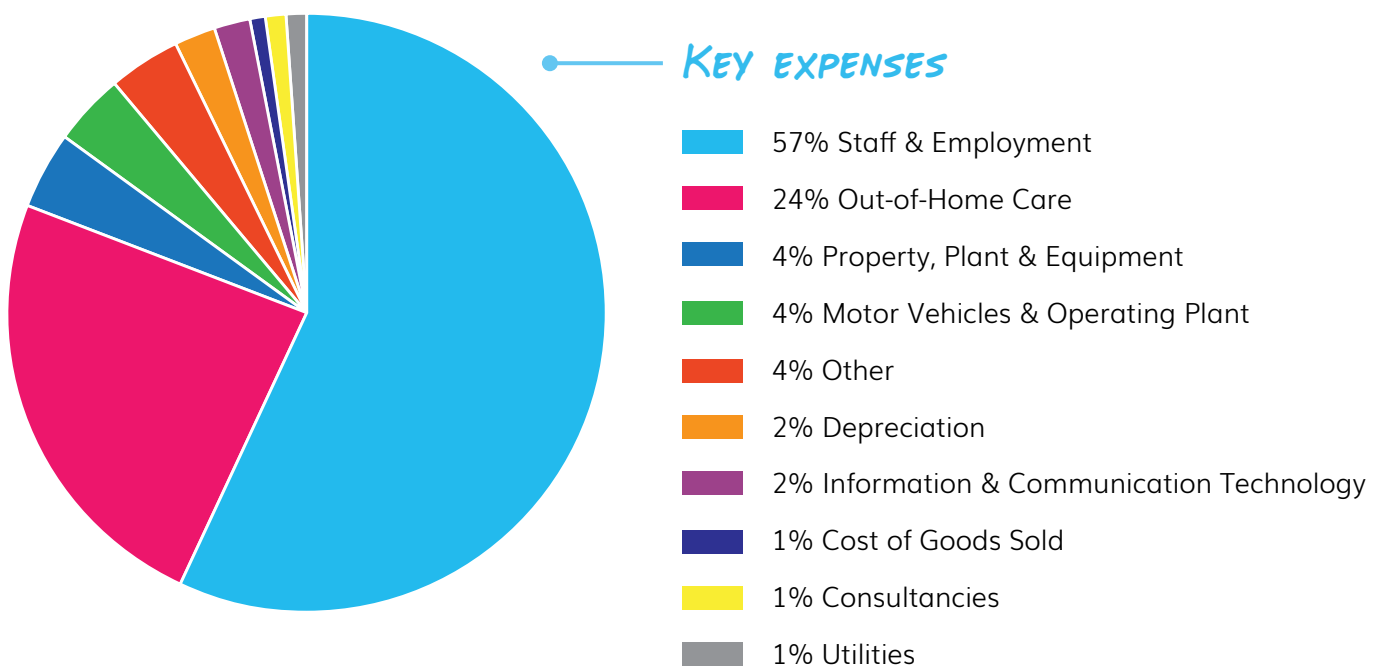
REVENUE BY SERVICE



REVENUE BY INCOME TYPE



KEY EXPENSES



Disability Services



NUMBER OF CLIENTS

517 → 700

JUN 2014

JUN 2017

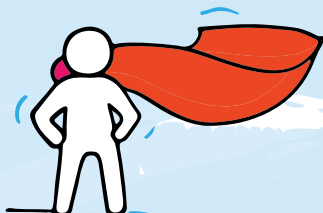


NUMBER OF STAFF

260 → 284

JUN 2014

JUN 2017



NUMBER OF RESPITE HOURS PROVIDED

39,869 → 110,287

JUN 2014

JUN 2017



NUMBER OF NDIS TRANSITIONS

34 → 533

JUN 2014

JUN 2017

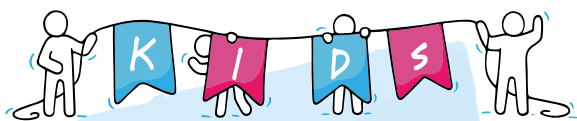
Our team is devoted to providing person-centred care to our clients. We provide choices to our clients so they can pursue their goals and socialise with others who have similar interests and life experience. Our emphasis on community participation and skills building provides our clients with tools that will last them a lifetime. We implement our client's NDIS plan in such a way that they receive the maximum benefits to reach their goals.

Creating community connections

Our popular Connexions program was launched in Newcastle in May. For those aged 18 to 35 with low support requirements, Connexions provides an opportunity to spend time with people their own age while taking part in a range of skill-building activities such as cooking, driver's licence test preparation, and fitness classes.



Foster Care



NUMBER OF CHILDREN IN CARE

116 → 526

JUN 2013

JUN 2017



NUMBER OF CARERS

82 → 658

JUN 2013

JUN 2017



NUMBER OF STAFF

30 → 211

JUN 2013

JUN 2017



12 OFFICES
ACROSS NSW

We are dedicated to improving the lives of vulnerable children and young people. Our mission is to find loving homes for children of all ages and provide extensive support to our foster carers. We guide our carers through their fostering journey, ensuring they have the training and networks they need to fulfil their vital role. Whether providing respite or a forever family: we provide our carers with the tools to help children who need them most.

Providing care for teenagers

After welcoming foster children into their home for short care periods, John and Verity now also open their doors to older children for longer stays. Verity said the move was prompted by the growing need for carers to take on teenagers, and she hoped to help them transition into independent living.



Therapeutic Services



NUMBER OF CLIENTS

125 → 195

JUN 2016

JUN 2017



NUMBER OF STAFF

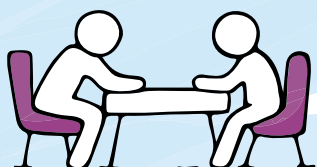
9 → 11

JUN 2016

JUN 2017



WE HAVE **15** PARTNERS
IN RECOVERY CLIENTS



6 OFFICES
ACROSS NSW

Our dedicated and passionate team offers a wide range of supports to families and individuals. We offer therapeutic interventions and provide professional counselling to help our clients, their carers, and the community, overcome the challenges life presents us. As part of a wider organisation, we provide a coordinated network to ensure our clients have the tools and support they need to negotiate the world and reach their full potential.

Whether it is speaking to a Psychologist, participating in a group or managing family disputes, with the support of an Accredited Mediator, our service can help you get back on track and improve the day to day wellbeing of you and your family members.

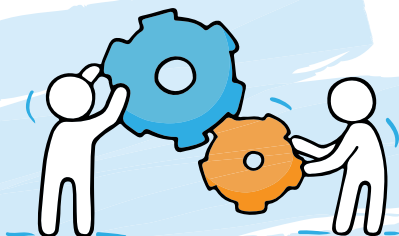
Supporting the transition to school

When Bonnie started Kindergarten, our Therapeutic Services team was on hand to ensure her transition to school was smooth. Despite her difficult start in life, Bonnie is excelling beyond all expectations. Bonnie's carer and her psychologist work together to ensure that Bonnie gets the support she needs to succeed in her education.

Please note that names have been changed and photos are for illustrative purposes only.



Business Services



WE HAVE **4** BUSINESS
UNITS IN THE NEW
ENGLAND AND HUNTER
REGIONS.



NUMBER OF
EMPLOYEES WITH **83**
A DISABILITY JUN 2017

Our passion is providing quality services to the community and meaningful employment for our clients. We believe that the confidence of a job well done combined with on-the-job skills development will help our clients in their life beyond their current position with Challenge.

History of hard work

For 33 years, our supported employee Greg has been working hard for Challenge Business Services gaining a wide range of skills. Woodworking, ironing, sewing, laundry, cleaning, scanning, recycling, yard maintenance, car washing, and packing, Greg has done it all. Greg is an enthusiastic, loyal, honest and hardworking employee who always has a smile.



Organisational Chart



Thanks & Acknowledgements

360 Fitness Club
 ACWA CCWT
 Adamthwaite Crash Repairs
 All Settlers Motor Inn Tamworth
 APJ Law
 Arcadian Consulting
 Armidale Pizza
 Armidale Market Fresh
 Armidale Outdoors
 Armidale Trophy Shop
 Armidale Sport & Recreation Centre
 Bakers Delights Armidale
 Belgrave Twin Cinema
 Bidvest Armidale
 Bingara RSL
 Boo Books
 Brook Street Pathology
 Browning's Motors Quirindi
 Bullimbal School for Specific Purposes
 Bunnings Warehouse Tamworth
 Carinda House Warialda
 Cessnock Library
 Chaffey's Black Belt Academy
 Coles Singleton
 Colleen Wills – CWA Quirindi
 Connecting Carers
 Conservatorium of Music Tamworth
 Dancing Devils: Line Dancing Tamworth
 Danielle Northey
 Dominos Armidale
 Dooner's Homemakers
 Drummond Community Preschool
 East Cessnock Bowling Club
 Easy As Drive Through Coffee
 Emma Small Occupation Services Pty Ltd
 Face 2 Face
 Flight Centre Armidale
 Flourish Australia
 Forty Winks Armidale
 Forum 6 Cinemas Tamworth
 Freckles Café Inverell
 Gowings Toyota Quirindi
 Grant McCarroll Ford
 G.S. Kidd School
 Gunnedah Services and Bowling Club

Harvey Norman Armidale
 HealthWise
 Hillvue Public School
 Homes North
 Hovell Tree Inn
 Inland Café Tamworth
 Interactive Community Care
 Inverell East Bowling Club
 IPP Carers
 J A Berry Nursery Gunnedah
 Jaeger's Dog House Boarding Kennels Gunnedah
 James Crew from Mercy Services
 Jill De-Ath Consulting
 June's Jewellery
 Men's Shed Werris Creek
 Miss Hath's Nursery Gunnedah
 McDonalds Armidale
 Michael Foster from MS Society
 Moonbi House Mini Golf
 Moree Artesian Aquatic Centre
 Moree Gallery
 Moree Library
 Moxon's Bakery
 Mung Hing Chinese Restaurant
 MWNBM CFDU and CSC's
 Narrabri Aquatic Centre
 Narrabri Library
 National Disability Services
 Newcastle Permanent Charitable Foundation
 Northwest Health
 Pearl Peach
 Prue and Olive Café
 QBE Insurance Lismore
 Quality Services Consulting
 Quirindi Grain & Produce
 Quirindi Veterinary Clinic
 Railway Hotel Armidale
 Riding for Disabled Association Gunnedah
 Riding for Disabled Association Narrabri
 Riding for Disabled Association Tamworth
 Reader's Companion
 Reflections
 Royal Far West
 Rural Fit Tamworth

Sandy Rawson Psychologist
 Shake Rattle N Bowl
 Shared Table Community Kitchen Inc Narrabri
 Singleton Archery Society
 Singleton Library
 Singleton PCYC
 SMDV Consulting
 Sport UNE
 Stroud Homes
 Subway Moree
 Sucheta Velankar
 SWS CFDU and CSC's
 Target Country Gunnedah
 Tamworth City Library
 Tamworth & Districts Antique Motor Club
 Tamworth Family Referral Service
 Tamworth Golf Club
 Tamworth Hydrotherapy Pool
 Tamworth Regional Gallery
 Tamworth Shopping World Centre Management
 Tenterfield Community Hub
 Tenterfield High School
 The Crossing Theatre Narrabri
 The Meeting Place
 The Place: Charlestown Community Centre
 Tim Vaughan Personal Training
 Unique Minds
 University of Newcastle – Tamworth Campus
 Warialda Rural Fire Service
 White Hart Hotel

FEDERAL GOVERNMENT

Department of Social Services
 Department of Education
 National Disability Insurance Agency

NSW STATE GOVERNMENT

NSW Department of Family and Community Services
 Housing NSW



CHALLENGE
Community Services

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