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CHARITIES AND COMMUNITY SECTOR RED TAPE REFORM

Update – May 2017

- The ACT Government is committed to making it easier for community organisations to spend less time on administration and more time on their activities and services.
- In 2013, the Community Services Directorate (CSD), as part of its Community Sector Reform Program, worked with the sector to identify reform measures to address unnecessary red tape in procurement, contracting and reporting. The issues identified by the sector were captured in the *Community Sector Red Tape Reduction Forum Report 2013*. Since then, a range of initiatives identified at the Forum have been implemented, while others are in progress or require further work (see below).
- On 31 March 2017, the Minister for Regulatory Services introduced a bill to address duplication in the *Associations Incorporation Act 1991* and the *Charitable Collections Act 2003* for charities registered with the Australian Charities and Not-for-profit Commission (ACNC) as part of a first phase of streamlining regulatory requirements for charities.

Areas for further reform

- Building on these initiatives, the Regulatory Reform Team in the Chief Minister, Treasury and Economic Development Directorate, with other directorates, is seeking feedback on issues that could be considered for a package of further regulatory reform in 2017-18, including whether there are opportunities to:
 - improve how the Associations Incorporation Act and Charitable Collections Act operate
 - improve the conduct of organisations undertaking fundraising (including charitable collections) in the ACT
 - further reduce unnecessary red tape in procurement, contracting and reporting
 - use existing reporting to the ACNC to reduce administrative burden.
- Feedback can be provided to the Regulatory Reform Team (regulatoryreform@act.gov.au) until **Monday, 14 August 2017**.

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Red tape initiatives already implemented

- Service Funding Agreements were reviewed to see whether simpler forms of agreement could be used, with 47 agreements moved to a **more appropriate grant agreement**. A **new grant instrument** for low risk grants was introduced in 2014-15.
- The **maximum term** of Service Funding Agreements has been extended from three to five years. This is being progressively rolled out.
- A **new Service Funding Agreement template** was introduced in 2014-15 to provide a consistent, whole of government template with simple standard terms and the ability for tailoring by contract managers appropriate to the requirements of the service and the level of risk.
- **Pre-procurement consultation** (for procurement valued at over \$1 million) has been established in role definitions for CSD relationship managers and program managers.
- The review of the **Prequalification Framework for Community Services** was completed and the recommendations provided to the Minister. Prequalification has now ceased.
- The Funding Manager's Guide has been updated to note the potential to use **exemption provisions within the Procurement Regulation** to change thresholds, including where the annual value rather than the total value over the life of the agreement is determined appropriate.
- **Financial reporting requirements** in Service Funding Agreements have been changed to annual.
- **Audit requirements in the Associations Incorporation Act** have been simplified and the threshold for when a qualified auditor is required for financial statements has been increased to \$400,000.
- **Implementation of the Breaking New Ground (BNG) compliance management tool** has provided the opportunity to manage common reporting requirements on a whole of government basis. There are 70 community organisations currently subscribed to the ACT Quality Portal.
- Following a CSD review, Service Funding Agreement payments remain quarterly and recurrent grant payments are made either annually or biannually.
- The **Single Relationship Manager reform** so that every sector organisation funded by CSD, regardless of the number of agreements or number of funding areas, has a single, senior point of contact in CSD.

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What's still to do

Procurement

- A strategic approach to procurement has been identified as an issue in the *Community Services Industry Strategy*. A Human Services Cluster Working Group has been formed to progress the development of a Human Services Industry Procurement Strategy.

Single ACT Government Contracts

- While there has been progress with improving coordination across the ACT Government to address the issue of silos that was identified as part of the Community Sector Red Tape Reduction Forum, a single ACT Government contract is a longer term strategy.

Manage financial reporting on a whole of government basis

- This has been considered by the ACT Government Funding Managers Network and will require further work.
- An option for the next round of reforms in 2017-18 is to examine requirements for audited financial statements so that an organisation is not required to provide multiple financial statements.

Manage performance reporting on a whole of government basis

- This action has been considered by the ACT Government Funding Managers Network and will require further work.
- The primary mechanism is through the implementation of outcomes, which reduces the overall reporting requirement, while increasing its quality. CSD commenced commissioning for outcomes through *A Step Up for Our Kids*. Further strategic procurement planning will identify next steps.

Eliminate all duplicated or unnecessary community sector reporting requirements

- Duplicated reporting requirements for ACNC charities are being addressed as part of the current Red Tape Legislation Amendment Bill introduced on 31 March 2017.
- Other areas of duplication that could be progressed in 2017-18 include:
 1. streamlined requirements for audited financial statements
 2. streamlined critical incident reporting provisions.

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Alternative funding models and instruments to enable broader investment in social outcomes and impacts.

- A CSD paper on Social Impact Investment was issued to the Better Services Taskforce in 2015-16.
- There is the potential to consider this through the Innovation Fund concept in the Industry Strategy.

Further Information

For more information, contact the Community Services Directorate on 133 427.

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