

## Better Contracting and Red Tape Reduction for Community Services

In order to develop and to sustain a vibrant and diverse community sector that delivers programs that are of an excellent quality we need to ensure that red tape is reduced and that administrative arrangements allow and encourage innovation and excellence in our sector. Grant and tender applications, project evaluations, contract renewal and the “red tape” involved in these processes is a major concern in the community sector and imposes a significant administrative burden for community sector organisations. This administrative burden is not felt equally across the sector as smaller organisations frequently have fewer resources to dedicate to meeting administrative requirements imposed by funding bodies.

SACOSS has formulated 20 recommendations to reduce red tape and promote innovation and better contracting in the community sector.

### Contracting and Funding

Longer term, appropriately indexed, contracts promote innovation and excellence by giving organisations the opportunity to build relationships and trust in the community, to try new things and to have adequate time to realise intended outcomes. Long term contracts are necessary to realise long-term policy goals. Automatic extension of contracts where organisations are able to demonstrate that they are functioning effectively and achieving desired outcomes creates continuity for service users and allows organisations to dedicate their resources to what they do best: provide services. Automatic renewal also alleviates employment insecurity and therefore helps create and sustain a highly qualified and experienced workforce.

The key changes needed in contracting and funding are:

1. Adoption of a 3 years + 3 yrs + 3 yrs as the *default length of contract* unless the issue being addressed by the service will be dealt with and/or the need disappears in a shorter period.
2. Ensuring all contracts specify Department responsibilities and obligations as well as those of the service providers and should include Departmental obligations around communication and timelines and penalties for non-compliance.
3. Ensuring payments are made on-time with penalty rates applying for late payment
4. Automatic indexation in all contracts, including CPI adjustments and payments for meeting the Equal Remuneration Order (Fair Pay) case outcomes.
5. Implementation of simple low risk grants processes for contracts under \$100,000 per year.
6. Providing a minimum 6 months’ notice regarding whether long term contracts are going to be renewed to prevent loss of staff and ensure continuity of service and care for program users.

## Tendering Process

The tendering process could be revised to better recognise existing accountability, risk management and quality assurance processes (and the time taken in developing and maintaining the relevant accreditations), provide workable timeframes that allow organisations to better prepare tender applications and to ensure that there is timely response and processing of tenders, and to make best use of available technology.

Key changes include:

7. Using Master Agreements and standards accreditation (eg. Australian Service Excellence Standards) to streamline tender application and assessment, including recognising the capacities and benchmarks evident in these agreements and accreditation and therefore allowing for:
  - Skipping questions on applications which are already covered in accreditations;
  - No replication in service contracts of information already provided in relation to the Master Agreement; and
  - Organisations with Master Agreements to be able bring innovative ideas to government for funding without tender and subsequent loss of intellectual property.
8. Increasing use of a two-step process with an initial, brief expression of interest with full tenders only required from the short-list of applicants.
9. Mandating a six week minimum period for tenders to be lodged, and establishing a benchmark for government to decide and announce successful tender applications of not more than the time allocated for putting in tender applications (and in any case a maximum of 3 months).
10. Making online submissions available for all tender applications with ease-to-use forms that have full MS Word functionality.
11. Providing longer lead-in time for contract negotiations with the timetable to be agreed by the government and the successful applicant.

## Reporting and Accountability

The sector acknowledges the importance of reporting and accountability measures and supports their use. However, reporting and accountability mechanisms need to be appropriate and agreed upon. Where measures are imposed and irrelevant to the work undertaken they simply add to the administrative burden experienced by the sector.

Key changes include:

12. Establishing proper performance reporting and performance management processes that are agreed on by funding bodies and organisations as appropriate measures of *outcomes* and, where relevant, *outputs*.
13. Ceasing quarterly and six-monthly financial acquittals (except in extraordinary circumstances) and utilise annual audit of accounts to confirm expenditure in line with contracts.
14. Establishing a Community Sector Commissioner parallel to the Small Business Commissioner to audit government compliance with contracting guidelines and contract terms.

## Consistency Across Government

Having consistent guidelines across departments and funding bodies, as is currently being discussed at the Commonwealth level aiming for a “report once, use often” framework, would serve to mitigate the administrative burden currently experienced by the sector.

Key initiatives needed are:

15. Establishing whole-of-government grant guidelines along the lines of the Commonwealth Grants Guidelines to drive red-tape reduction, including by requiring that departments not ask for information already in the possession of government.
16. Adopting of consistent reporting templates across all State Government departments.
17. Extending the role of electronic centralised data to underpin the “report once, use often” system.

## Support Programs

There are additional measures that government could adopt to support the sector in reducing red tape and developing innovative contracting practices, including:

18. Supporting and funding a trial of the consolidation of service agreements for larger organisations that have multiple service agreements in order to determine how difficult this would be and what savings might be available from consolidation.
19. Establishing Program/Project Officers as the primary point of contact *and authority* of a contract over the life of a contracted service (rather than the Procurement Department) as Project Officers have the relevant expertise in the service area.
20. Funding a “tender-ready” program for small to medium and Aboriginal-run organisations similar to the \$60K program funded through Business SA for the commercial sector to allow small-medium and Aboriginal run organisations to better compete in tender processes.