

18 February 2013

By email: CFAR@finance.gov.au

Dear Sir/Madam

Family & Relationship Services Australia (FRSA) is the national peak body providing leadership and representation for services that work to strengthen the wellbeing, safety and resilience of families, children and communities.

We welcome the opportunity to respond to the CFAR Position Paper 'Sharpening the Focus' and commend the Government on its commitment to productivity, innovation, increased adaptability and receptiveness to change. We support collaborative processes for doing so.

FRSA has an interest in the ongoing improvement of Commonwealth performance. FRSA member organisations are not-for-profit organisations (NFPs) that are vibrant, diverse, innovative and resourceful. However, as most are in receipt of government funding, they are particularly vulnerable to both government administration inefficiencies and regulatory burdens. Feedback from our members demonstrates that they continually deal with complex, inconsistent governance and reporting requirements across departments that are lacking in transparency. Government must do what it can do streamline its administration of the sector and this can be achieved through many of the proposals being considered in the 'Sharpening the Focus' position paper.

FRSA supports the position paper's four guiding principles and its stated goals which will work towards a framework that is 'simple, adds value to all and is easy to use'. We also agree this will need to involve significant receptiveness to change. In particular, we submit that family support organisations are well and truly ready for arrangements based on 'earned autonomy'. This is a well-governed sector that has proved its capacity in the provision of a broad range of family and relationship support services – many over long periods of time and, in some cases, for up to a century. Mature relationships between government and providers can ultimately reduce transaction costs over time, particularly given that NFPs are also partly regulated through their accountability to clients, members and other funders. However, this model will require significant change in the way risk is assessed and managed, and we urge Government to take the need for such cultural change seriously.

The recommendations made in the position paper relating to a concept of 'earned autonomy' are consistent with recommendations in the 'National Compact: *Working Together*', which espouses a relationship between the Government and NFP sector based on mutual trust and respect. For example, the National Compact states that '*authentic consultation, constructive advocacy and genuine collaboration between the not-for-profit sector and the Government will lead to better policies, programs and services for our communities*'. One example of such a relationship mentioned in the position paper is a move

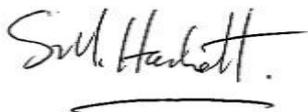
away from vertical accountability. We advocate a move towards downward and internal accountabilities that effectively build the long term credibility and capacity of the sector. Another example in the paper is a shift in emphasis from 'outputs' (services provided) to the outcomes achieved, which we strongly support.

FRSA is in favour of the key legislative proposal in the paper relating to 'government as a whole', eliminating the distinction between FMA and CAC Act bodies in relation to a financial framework. We would also remind Government that the recently established Australian Charities and Not-for-Profits Commission (ACNC) has a vital role to play in reducing unnecessary regulatory obligations of the NFP sector. Over time we believe that ACNC processes have the potential to positively influence reform for government contracting more broadly.

FRSA supports the need for appropriate governance processes including management accountability and financial reporting. However, we would caution the Government not to manage deregulation through the creation of more legislation, but rather through the creation of clear processes and the adoption of the simplification measures listed in the position paper. In the case of the organisations we represent, this would mean further streamlining of FaHCSIA's administration of the Family Support Program (FSP).

FRSA looks forward to seeing reforms to government operations that ultimately enhance the productivity, innovation and increased adaptability of the NFP sector so it can continue to provide essential community services. For more information about FRSA's views on this issue, please feel free to contact me.

Yours sincerely



Steve Hackett
Executive Director