

Media Release

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NEW REPORT REVEALS RED TAPE PRESSURE ON FRONTLINE SERVICES

They are the organisations that do the heavy lifting supporting communities during floods, fires, droughts and pandemics, but a new report reveals the significant strain NSW's NGO sector is under.

The report, *The high cost of doing business – administrative and management overload in smaller NGOs*, has highlighted the inefficiencies and red tape burden that is impacting service delivery.

NCOSS CEO Joanna Quilty said the report exposes the massive pressures facing frontline services and ultimately the impact this is having on those in need.

"This report exposes the strain that frontline NGOs and workers are under from unnecessary red tape and a fragmented and confused service system," Ms Quilty said.

"These organisations provide essential services - keeping rough sleepers safe, supporting women impacted by domestic violence, ensuring child wellbeing and providing essential supplies, emotional support and social connection.

"But we are seeing workers dragged away from delivery of these services because they are drowning in red tape.

"We know that, over the past few years, organisations have experienced growing and increasingly complex workloads in the delivery of services on behalf of the NSW Government. This report now exposes the unnecessary administrative strain they are under."

According to the report, the major contributors to the administrative burden include:

- Reliance on multiple funding sources (up to 27 separate grants for one organisation) and the different application, acquittal and reporting imposts which accompany them.
- "Discontinuity" costs arising from the short-term nature of funding – including staff recruitment, retention and termination challenges; managing organisational growth and shrinkage; and the impacts on the ability to plan.
- The Overhead Myth – inadequate provision for administrative and "back office" infrastructure in grant specifications, due to the mistaken belief that lower indirect costs are an indicator of an efficiently run organisation.
- Increased, additional compliance requirements – ranging from organisation-wide processes such as accreditation, through to more targeted initiatives such as improvements to data security.

Commissioned by NCOSS and conducted by Ask Insight, the research recommends some practical, common-sense steps that government funders can take to lessen the administrative burden, including:

- Simplify and introduce longer-term funding contracts.
- Streamline financial reporting by using ACNC 'charity passport' data.
- Standardise definitions, reporting templates and contract management across government programs.
- Trial combined back-office/administrative hubs for smaller NGOs in key locations.
- Use a centralised NGO prequalification process to demonstrate that threshold requirements have been met.
- Resource NGOs for their frontline role in emergency management, including planning and preparation.

"In the lead up to the NSW Budget, we urge the NSW Government to consider this important report and lift the red tape burden on frontline NGOs which will deliver greater efficiency and improved services for communities in NSW," Ms Quilty said.

To access the report, visit: www.ncoss.org.au/policy-advocacy/policy-research-publications/

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