



## **Creating a new partnership between the Commonwealth Government and the Not-for-Profit Sector:**

### **Time for a National Compact?**

**A discussion paper**

August 2008





## Introduction

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The Not-for-Profit Sector is a vital part of Australia's civic, social, economic and environmental life. The Sector provides a broad range of services and opportunities to Australians, including essential community services, culture and recreation, representation and advocacy. Through participation in Not-for-Profit organisations, many Australians also make significant contributions to our civic life, which builds a stronger Australian democracy.

It is therefore important that the Not-for-Profit Sector is well supported and able to work in partnership with the Government to build social inclusion and improve the lives of Australians. Crucial to this is the development and maintenance of strong and positive relationships between the Sector and the Commonwealth Government.

The Not-for-Profit Sector and the Commonwealth Government are exploring ways to develop a new and stronger relationship with each other, based on partnership and respect.

It has been proposed that this could be done through the development of a National Compact.

The Sector and the Government want to know what you think about the proposal to develop a National Compact. We want to know what you think the value of a compact is, what a compact should focus on, and what should be in one.

The Government has asked the Australian Council of Social Service to consult Not-for-Profit organisations, and the people who use them, about a compact and prepare a report for the Government and the Sector.

This is the first stage of the development of a National Compact. The Sector and the Government will use the results of this consultation to decide how best to move ahead on the development of a compact, including consulting on a draft National Compact.

We look forward to hearing your views.



## ONE: ABOUT COMPACTS

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A compact is an agreement between the Not-for-Profit Sector and the Commonwealth Government that outlines how the two will work together to improve and strengthen the Sector, in order to improve the lives of people in the community.

Compacts or similar agreements have been introduced overseas, for example in the United Kingdom and Canada. Most Australian States and Territories have also developed a compact, industry plan or partnership agreement between the community sector and Government. More information about these initiatives is provided at Appendix I.

Exactly what a National Compact will look like will depend on what we want it to achieve and what will best suit our unique Government and Not-for-Profit landscape.

A National Compact could include:

- A high level of statement of purpose;
- A statement of agreed values that would underpin the compact;
- A statement of roles and responsibilities of the Sector and Government;

- A plan for evaluating the success of the compact;
- A process for addressing issues that impact on the sustainability of the Sector, such as workforce planning and regulations;
- Guidance and resources to improve communication between the Sector and the Government and support the Sector to contribute to policy development;
- An implementation plan that covers how the compact will be managed on an ongoing basis, who will be involved in this and what they will be responsible for; communication about the compact; and the resolution of disputes in situations where there are complaints or disagreements about the implementation of the compact ; and/or
- Strategies to improve support for volunteers.

A compact could also include other items identified through this consultation process.



## TWO: A NATIONAL COMPACT IN CONTEXT

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These initial discussions about the development of a National Compact are taking place at the same time as other important initiatives including:

- The review of the Australian tax system, due to report at the end of 2009;
- The Senate Inquiry into the disclosure regimes and regulation of the Not-for-Profit Sector (submissions close end of August 2008); and
- The Productivity Commission's development of tools to measure the social and economic impact of the Not-for-Profit Sector.

In addition, the Commonwealth Government's Social Inclusion Agenda and the National Reform Agenda, run through the Council of Australian Governments, are major and ongoing policy initiatives.

The Commonwealth Government believes that a National Compact could be useful in helping the Government and the Sector to improve social inclusion in Australia. A strengthened Not-for-Profit Sector could play a critical role in providing opportunities for social inclusion, social cohesion and increased economic participation, not only by providing services but also by providing advice to Government on policy and programs.

A National Compact could also provide a framework for the Sector and Government to work strategically on these initiatives into the future and to be better positioned to respond to emerging social needs.



## THREE: THE VALUE OF A COMPACT

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The Not-for-Profit Sector and the Commonwealth Government believe that a National Compact could be valuable because it would:

- Recognise the independence of the Not-for-Profit Sector;
- Recognise the social and economic value of the Not-for-Profit Sector;
- Improve communication and consultation between the Government and the Sector;
- Increase the opportunities for disadvantaged and marginalised groups to help to improve policy and programs; and
- Strengthen the capacity within the Sector to deliver efficient and effective services and promote innovative policy responses to community needs.

### Questions to consider

- How might a National Compact improve the lives of Australians?
- What would be the value of developing a compact for you, or for the Not-for-Profit organisation(s) you are involved in?



## FOUR: LESSONS LEARNT IN AUSTRALIA AND OVERSEAS

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There are a number of lessons that have been learnt from the experience of developing and implementing compacts and similar agreements here in Australia and internationally.

1. Implementing a compact requires significant time, energy and resources by both the Government and the Sector and needs to be “championed” by both;
2. An inclusive process is essential: how a compact is developed is as important as its content;
3. The Not-for-Profit Sector needs to be actively supported and resourced to be a partner in the development, implementation and monitoring of a compact;
4. There needs to be clarity around who negotiates a compact and their mandate; and
5. A compact needs processes for review and update, and for dispute resolution.

More information about the success of the compacts in place in New South Wales and the Australian Capital Territory is available on the Australian Council of Social Service website ([www.acoss.org.au](http://www.acoss.org.au)). In summary, the experience in these jurisdictions is that the values and intent of a compact needs to be embedded in every day practice and at all levels of relations between the Government and the Sector. The development and implementation of a compact needs to be well resourced in terms of time and commitment and in financial terms. A compact needs to be enforceable and its success needs to be regularly monitored and evaluated.

Of particular relevance for a National Compact is the lesson that special measures are needed to support smaller organisations and organisations based outside metropolitan areas to contribute to the development and implementation of a compact.



## Questions to consider

- What lessons have you learnt from the development and implementation of your State/Territory compact or agreement?
- How can the Not-for-Profit Sector and the Government work together most effectively?
- How do we make sure that all Not-for-Profit organisations that want to contribute to the development and implementation of a National Compact are able to, including small organisations and organisations located outside metropolitan areas?



## FIVE: THE PARTIES TO A NATIONAL COMPACT

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Before a National Compact can be developed, we need to determine who will be party to it.

The Not-for-Profit Sector is very diverse. The National Roundtable of Nonprofit Organisations estimates that there are around 700,000 Not-for-Profit organisations in Australia.<sup>i</sup> Around 41,000 of these organisations, or less than 6%, have an Australian Business Number.<sup>ii</sup> These organisations operate in a wide range of areas, including:

- Welfare Services
- Environment
- Arts and Culture
- Sport and Recreation
- Charities
- Philanthropy
- Advocacy Groups
- Community Associations
- Health
- Housing
- Aged Care
- Children's Services
- Employment Services
- Family Services
- Disability Services
- Social Enterprises
- Aid Organisations
- Indigenous Organisations
- Voluntary Organisations

In 2006/2007, the Not-for-Profit Sector accounted for around 8% of the Australian workforce and turned over around \$75 billion per annum.<sup>iii</sup>

In 2006, more than 5 million Australians volunteered their time.<sup>iv</sup>

We know from domestic and international experience that capturing this diversity in the development and content of a compact will be a significant challenge.



## Questions to consider

- How can the diversity of the Not-for-Profit Sector be reflected in the development of, and content of, a compact?
- Who should be a party to the compact? Who should not be?
- Who should negotiate and/or sign a compact on behalf of the Not-for-Profit Sector?
- Who should negotiate and/or sign a compact on behalf of the Government?

Another challenge is making a National Compact work in a federal system. A compact developed at the national level will need to complement State and Territory compacts and agreements. A National Compact will also need to be relevant to State/Territory and locally based organisations.

## Question to consider

- How can a National Compact work most effectively with State/Territory compacts and agreements?
- How can we make a National Compact relevant to State/Territory and locally based organisations?



## SIX: BEGINNING TO SHAPE A COMPACT

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After this consultation, the next step in the development of a National Compact is for a draft compact to be developed. We would like to hear your views on what should be in a compact, including the goals, shared values and priority areas for action. We would also like to hear your views on the processes that should be used in the development and then ongoing life of the compact.

### Questions to consider

- What should be the overarching purpose of the compact?
- Are there shared values between the Sector and the Government, and if so what are they?
- How can the Sector and the Government best engage with each other in the development of a compact, including negotiating and drafting a compact?
- How can the Sector and the Government best engage in the ongoing work of a compact?
- What are the priority areas of Sector and Government interaction that a compact should focus on in the short, medium and long term?
- What time frame do you think the compact should cover?
- What suggestions do you have for how the compact should be reviewed and amended?
- What suggestions do you have for how the compact should be monitored and evaluated?
- What suggestions do you have for resolving disputes that arise in relation to the compact?



## PROVIDING YOUR FEEDBACK

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You can tell us what you think about the issues raised in this discussion paper in several ways.

- Attend one of the forums that will be held throughout August and September – go to [www.acoss.org.au](http://www.acoss.org.au) for more details, or call 02 9310 6203
- Fax your comments to 02 9310 4822
- Email [compact@acoss.org.au](mailto:compact@acoss.org.au)
- Send your comments to:

Compact Feedback  
PO Box 299  
Carlton South VIC 3053

The closing date for responses is **Wednesday 17 September 2008.**

If you are responding on behalf of an organisation, please tell us:

- The name of your organisation and its main purpose;
- How many paid and unpaid staff/volunteers you have; and
- At which level your organisation primarily works: local (please state if you are in a metropolitan, regional, rural or remote area), State, national or international.

This will help us to know who we have heard from.

If you would not like the name of your organisation to be included in the report of this consultation, please indicate this clearly in your response.

If you would like to receive a copy of the consultation report, remember to tell us your contact details and your preferred format.



## APPENDIX I – INTERNATIONAL AND AUSTRALIAN COMPACTS

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### 1. The United Kingdom (UK)

Most compacts or agreements have been based on the original English Compact, signed in 1998 by the Prime Minister, the Home Secretary and a representative of the voluntary and community sectors. The English Compact contains:


- a statement of shared vision;
- shared principles;
- commitments for action by the Government and the Sector;
- a process for dispute resolution; and
- an outline of the future steps to be taken to progress the compact.

The Compact also includes a section that looks specifically at the application of the Compact to community groups, and black and minority ethnic voluntary and community organisations.

The shared vision of the English Compact is reproduced below.

The Compact is an expression of the commitment of Government and the voluntary and community sector to work in partnership for the betterment of society and to nurture and support voluntary and community activity.

The implementation of the English Compact was supported by the creation of a Commission for the Third Sector and the appointment of a Minister with specific responsibility for the Compact.



A number of codes of practice were developed in association with the English Compact. There are codes of practice for:

- Volunteering;
- Black and minority ethnic voluntary and community organisations;
- Community groups;
- Funding and procurement; and
- Consultation and policy appraisal.

While the English Compact is a voluntary agreement, there is currently vigorous debate about whether it should be given statutory backing.

Scotland, Wales and Northern Ireland also have Compacts, or equivalent agreements. These are based substantially on the English Compact.



## 2. Australian State/Territory Compacts

Most Australian States and Territories have developed a compact, industry plan or partnership agreement between the community sector and Government. The agreements vary, with some applying to the whole Government (for example, Western Australia) and some applying to departments responsible for human service delivery (for example, Victoria).

The current agreements are:

- SA Common Ground Agreement (2002) and the Advancing the Community Together Partnership (2003)
- ACT Social Compact (2004)
- WA Industry Plan for the Non-Government Human Services Sector (2004)
- Victorian Human Services Partnership Agreement (2005)
- Working Together for NSW Agreement (2006)

Queensland is currently consulting on a draft compact.

Generally, each agreement has included:

- a high level of statement of purpose;
- a statement of agreed values to underpin the compact;
- a statement of roles and responsibilities; and,
- an evaluation framework.

More information about the international and domestic experience with compacts can be found on the Australian Council of Social Service website (see below).



### **3. More information**

The Australian Council of Social Service has developed a web page that contains links to more information about compacts. Go to [www.acoss.org.au](http://www.acoss.org.au) and select the Events tab.



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## ENDNOTES

- <sup>i</sup> From the National Roundtable of Nonprofit Organisations' website:  
[http://www.nonprofitroundtable.org.au/AM/Template.cfm?Section=About\\_the\\_NFP\\_Sector&Template=/CM/ContentDisplay.cfm&ContentID=3771](http://www.nonprofitroundtable.org.au/AM/Template.cfm?Section=About_the_NFP_Sector&Template=/CM/ContentDisplay.cfm&ContentID=3771), accessed 8 August 2008.
- <sup>ii</sup> Australian Bureau of Statistics (2008) *Not-for-profit Organisations, Australia, 2006-07*, catalogue number 8106.0,  
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8106.0Main+Features32006-07>, accessed 8 August 2008.
- <sup>iii</sup> Ibid
- <sup>iv</sup> Australian Bureau of Statistics (2008), *Australian Social Trends, 2008*, catalogue number 4102.0,  
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Chapter4102008>, accessed 8 August 2008.