
Development of a National Compact between the Australian Government and the Not-For-Profit Sector

DISCUSSION PAPER by the Major Church Providers: Anglicare Australia, Catholic Social Services Australia, UnitingCare Australia and the Salvation Army

June 2009

Background

The Anglican, Catholic, and Uniting Churches and the Salvation Army share a concern that each person has access to the means and opportunity for a dignified life, and belongs, is valued by, and can contribute to their community. We deliver social services as *one* of the ways in which we work toward the social transformation that will bring about that end, and are committed to working in partnership with governments, other social service providers and organisations, and all men and women of good will as we do so.

As the social service and social policy arms of the major Christian Churches in Australia, our organisations provide far more than out-sourced government services and programs. Indeed, churches only provide funded services where the objectives of the programs are consistent with the broader mission of each Church, to build a fairer society, where true human dignity is recognised and everyone can reach their full potential.

The services provided by these organisations and their members include (though not exhaustively); Aged Care, Children's Services, Drug, alcohol and/or other addiction Services, Disability Services, Employment Services, Employee Assistance Programmes, Family Services, Housing and Homelessness Services, Indigenous Services, Mental Health Programmes, Migrant and Refugee Services, Pregnancy Counselling and Support, Pastoral Ministries, Policy and Research, Welfare support and Youth Services,

These four networks of social service providers have worked together over the past six months to contribute a service provider perspective on a number of policy and service delivery challenges Australia is facing. We have brought together leaders from diverse agencies to contribute their expertise and advice, and have appreciated the willingness of others to engage in a dialogue through these forums.

Representatives from the Major Church Provider networks came together in early June to review our experience of development and implementation of Compacts between not-for-profit social service providers and state and territory governments, and to share some initial thoughts on development of National Compact. We explored core principles that should underpin the Compact; critical steps and infrastructure needed to develop, implement and review the operation of the Compact; with whom the Compact should be, how the Compact make a difference to the work of social service providers and impact evaluation.

Overview

There is a process currently underway through which the Australian Government is seeking stakeholder views and expert advice on development of a Compact with what is being referred to as the Third Sector. The Major Church Providers have produced the material in this draft discussion paper to contribute some initial thoughts to this national dialogue, and to share some questions that could be considered in this national dialogue. We look forward to continued engagement in the national processes led by Senator Ursula Stephens in her role as the Parliamentary Secretary for Social Inclusion and the Voluntary Sector.

We have considered the issues and opportunities related to a National Compact with the Not-For-Profit Sector. The material in this paper reflects our experience as part of the community sector, and the values and roles of the Major Church Providers:

- We promote and support the inherent dignity and value of each individual, and their right to live a decent life;
- We advocate for the changes that are required to bring about a more just society in pursuit of dignity and a decent life;
- We seek the freedom to pursue these roles, both independently and in partnership with others;
- We believe governments, communities, the private sector and service providers are interdependent and co-contribute to social and economic wellbeing;
- We contribute to the non-government institutional structures through which people engage in and with their communities and participate in civil society; and
- We promote the value of non-economic factors as an important part of the social contract, and note the increasing evidence that this desire to engage with clients at a deeper level is more effective than a shallow, instrumental, transactional approach to service delivery and community engagement.

We recognise that many other community-based not-for-profit service providers and advocacy organisations share these values and roles.

The Four Major Church providers can offer a perspective on policy settings and frameworks that reflects a particular experience of interacting with government because we:

- Represent a very diverse range of services that interact with people across the life span and in communities across inner city, suburban, regional, rural and remote locations;
- Engage with a broad range of government agencies and authorities, across diverse policy issues, programs and jurisdictions;
- Include agencies and organisations that are large and small, narrow and broad, well established and newly emerging; and
- We can use our infrastructure and shared capacity to enable participation and engagement of service users, volunteers, paid staff, managers and policy advocates in development, implementation and review of policy and programs.

The Major Church Providers are especially interested in how a Compact is developed and implemented, with whom it is agreed and how its impact will be monitored and evaluated because we believe a Compact *could* facilitate a fundamental reshaping of the relationships between governments and non-government organisations. However, whether it *will* reshape these relationships will depend on the strength of engagement across the whole of government and non-government leaders and decision-makers, the infrastructure and resources available to build and sustain new ways of operating, the effectiveness of evaluation and review processes and the capacity for ongoing renewal of the Compact.

Foundation Issues

The Major Church Providers understand the National Compact Taskforce is working with the Australian Government on the foundation of a Compact with the Not-For-Profit sector. We have provided some initial thoughts below on the purpose of, vision for, principles and values of a Compact.

Purpose of a Compact

The Compact will set out the mutual expectations of the Australian Government and the Not-For-Profit sector to enable a productive relationship for improving quality of life and bringing about a fairer and more inclusive Australian community. The purpose of our involvement in the Compact would be to overcome any barriers to an effective working relationship between the Australian government and community-based not-for-profit social services.

Basically, we want to ensure that no person or community is disadvantaged because of our inability to work together.

Vision

The Australian Government and the Not-For-Profit sector work together effectively to ensure all people have the means and opportunity to live a decent life, and that governments and services providers partner to improve quality of life and bring about a fairer and more inclusive Australian community.

Principles

The following principles could underpin and guide development, implementation and evaluation of a Compact:

- A sustainable, prosperous and thriving community requires the Australian Government and the Not-For-Profit sector to co-contribute to social and economic wellbeing and civil society;
- Governments and Not-For-Profit sector organisations operate both independently and interdependently in fulfilling their roles;
- The whole of the Australian Government will commit to operate according to the agreed Compact;
- Government investment in the Not-For-Profit sector needs to represent good value for money in return for the resources provided to our sectors through taxes and donations, taking into account long term outcomes and with a focus on sustainability of outcomes for people and for communities;
- Government procurement processes and funding arrangements should reflect the values and principles articulated in the Compact;
- The partnerships between the Australian Government and the Not-For-Profit sector promote co-operation, are well co-ordinated, evidence-based and outcome focused;
- The Australian Government and the Not-For-Profit sector will interact in a manner that is consistent and transparent;
- The Australian Government and the Not-For-Profit sector will communicate respectfully, openly and appropriately;
- Leaders from all parties to the Compact are responsible for driving and sustaining changes to the relationship between the Australian Government and the Not-For-Profit sector;
- Activities undertaken through the Compact will be evaluated, and evaluation outcomes will inform further efforts; and

- A Compact will build competence, support capacity building and seed innovation, within both the Australian Government and within the Not-For-Profit sector.

Values

The following values should underpin the development, implementation and review of the Compact:

- It will be people-centred and focused on improving positive outcomes for people who interact with Not-For-Profit sector Agencies;
- Compact parties will demonstrate mutual respect, recognise mutual contributions and work as equal partners in co-contributing to social and economic wellbeing;
- Compact processes will be inclusive and respectful of decision-making and governance arrangements of all parties; and
- The Compact will support and promote diversity, accountability, fairness, integrity and transparency.

Implementation Issues

Goals

The goal of the Compact should be to facilitate a different, and better, relationship between the Australian Government and the Not-For-Profit sector.

Implicit in this are the goals of:

- Building stronger relationships;
- Facilitating dialogue between the diverse groups that engage with the community;
- Improving engagement of Not-For-Profit sector organisations in planning and policy;
- Building the competence of all Australian Government agencies to engage and partner with Not-For-Profit sector organisations;
- Improving the capacity and sustainability of Not-For-Profit sector organisations; and
- Improving service quality and sustainability.

In order to reach these goals, the Major Church Providers believe the Compact will need to both enhance relationships in the short term and provide a foundation for more substantial changes to relationships in the longer term.

With whom should a Compact be agreed?

Our view is that the Australian Government could agree a Compact with the Not-For-Profit sector.

Community-based not-for-profit organisations that are providers of essential social services, advocate for the communities and people with whom they work and operate in partnership with government, have particular interests and priorities that will guide agreement to a Compact with the Australian Government. These may be very different from the interests and priorities of other organisations that are part of the Not-For-Profit sector.

There are three issues to consider in determining with whom the Compact should be. The first two issues are: with whom the Compact should be developed and negotiated, and who should be a signatory to the Compact? The third is what are people agreeing to do?

Given the diversity of interests and priorities of organisations in the Not-For-Profit sector, our view is that signatories to a Compact with the whole sector would only be in a position to agree to the key principles and values. A more detailed agreement, that articulates the specific changes needed in the relationship between the Australian Government and organisations that provide essential social services, would be needed to make a Compact a meaningful document to our organisations. This level of agreement is essential for there to be substantial changes to the relationship between governments and the organisations with whom they partner to provide social services. This approach will have implications for the structure of a Compact, with one option being to have a broad based Compact that articulates core principles and values that the entire Not-For-Profit sector agrees to, underpinned by priorities and action plans that are agreed with separate parts of the Not-For-Profit sector.

Regardless of how a Compact is structured it is essential that the development and negotiation process includes formal consultation directly involving CEOs and Boards that manage contractual relationships with the Australian Government. This would allow these organisations and the Australian Government to agree what aspects of their relationship need to change, how these changes will be made and sustained, and how the Compact will facilitate ongoing review and renewal of the relationship between the Australian Government

and community-based not-for-profit organisations that are both service providers and advocacy organisations.

Signatories to a Compact between the Australian Government and the Not-For-Profit sector as a whole would need to include:

- The Cabinet, which will ensure all leaders in the Government understand the intent and agree to fulfilling their role in implementing changes in the way they relate to non-government organisations;
- The governing bodies (eg Boards) of organisations with whom the Australian Government has a formal relationship (eg through a funding agreement); and
- The governing bodies of peak bodies and other organisations who represent their member's views and interests to the Australian Government.

Signatories to a more specific set of priorities and actions related to community-based not-for-profit providers of essential social services would need to include:

- The Cabinet, which will ensure all leaders in the Government understand the intent and agree to fulfilling their role in implementing changes in the way they relate to non-government organisations; and
- The governing bodies (eg Boards) of organisations with whom the Australian Government has a contractual relationship.

A related question in the development and negotiation process is how will an Australian Government Compact impact on the operation of State and Territory Government Compacts? This is especially important for service provider organisations that have contractual relationships with both levels of government, and have an interest in better alignment of funding, administrative and regulatory compliance requirements across jurisdictions.

The third issue to address is what are signatories agreeing to? Our initial thinking is that it may be possible to agree on principles and values with the whole Not-For-Profit sector, but there will need to be different processes for determining specific actions and review and renewal processes for organisations with different roles, foci, structures and levels of engagement with the Australian Government.

What to include in a Compact?

Our view is that Major Church Providers seek a Compact that incorporates material that commits all parties to the Compact to practical changes that improve the relationship between the Australian Government and community-based not-for-profit providers of essential social services. This would include addressing concerns related to:

- Building and sustaining the independence of organisations that have service delivery and advocacy roles;
- Building and sustaining the capacity of agencies across the whole of the Australian Government, and our organisations, to co-contribute to social and economic wellbeing, especially for disadvantaged and vulnerable people and communities; and
- Whether a Compact can ensure mutuality of obligations and equitable sanctions for not fulfilling obligations.

The Compact also needs to include a commitment to:

- Better articulating the roles and contributions of both Government and non-Government services when developing policy agendas, determining budget priorities, defining preferred outcomes from policy interventions and evaluating impacts and outcomes.
- Deliver on the actions agreed in the Compact;

- Whole of government approaches to determining, and sign-up to, broad outcomes expected from a partnership with contracted organisations;
- Provide more timely opportunities for non-Government parties to provide input to policy development and Budget processes;
- Engage non-Government parties in consideration of reform of federal-state relationships, especially as they relate to service delivery;
- Engage consumer, carer, service provider and other advocacy groups in policy development and review processes, including development of specific mechanisms that would facilitate participation, such as financial support and enabling infrastructure (eg transport and communications resources);
- Transparency of decisions regarding procurement of services;
- Acknowledging and valuing good outcomes for service users regardless of funding sources and responsibilities;
- Acknowledging the role of service providers in seeding innovation, and recognising the importance of building capacity and ensure timely responses to unmet and/or emerging needs;
- Transparent and properly resourced reporting and data analysis so all parties can contribute to building a valid and useful evidence base;
- Transparent and accountable Government support to the community sector to ensure a sustainable and high quality workforce and effective models of care;
- Acknowledging and funding the work non-government organisations do to educate and orientate government contract managers;
- Adequate capital and recurrent funding, matched to expectations of the funding agreement;
- Consistency and forward planning in funding relationships, including known rates of indexation, longer term funding arrangements, appropriate timeframes for closing programs prior to cessation of funding;
- Regulatory and administrative reform; and
- Simplification and adequate resourcing of compliance requirements.

The Compact could underpin reforms in the contractual relationship between the Australian Government and community-based not-for-profit organisations. Some practical measures that could be incorporated in a Compact include:

- Development of a consistent front end shell agreement between service providers and funding agencies;
- Consistent outcomes measures across programs, portfolios and jurisdictions;
- Consistent approaches to risk assessment, analysis and mitigation especially with regards to procurement and funding services;
- Consistent training of procurement officers and managers of funding agreements; and
- More rigorous analysis of and scope to utilise diverse options for making an approach to market, that reflect the needs of the community, the size of the program and the capacity of the market to deliver.

The Compact needs to build the capacity of the whole of the Australian Government to engage as an active and informed partner in delivery of services, beyond the current mode of engagement that preferences arms length management of contracts over joint development, implementation and review of policy settings and program aims.

Whether the Compact includes, and delivers on, clear evaluation, review and renewal of the agreements contained within it will be a critical factor in its success. At a minimum, the Compact will need to articulate:

- How the responsibilities and actions of all parties will be different as a result of the Compact being implemented;
- How fulfilment of these responsibilities and actions will be evaluated; and
- How the Compact will evolve over time.

Mechanisms to enable and sustain the Compact

Perhaps the most important factor in determining the success of a Compact will be the mechanisms established and resources allocated to enabling implementation of the Compact, and sustaining the Compact over the longer term. The experience of people across our networks has been that these factors make or break the credibility and impact of a Compact. Our experience also suggests that the types of enabling mechanisms needed differ greatly across the Not-For-Profit sector as a whole.

Ongoing confidence of Major Church Provider agencies in the reform process will be sustained by completion of practical actions to implement the principles articulated, implementation of mechanisms that give expression to the reforms agreed and transparent evaluation of outcomes for the Australian Government and other parties. Some initial thoughts on these issues are provided below:

- Personal champions at high level are essential to the ultimate success of the process – this includes Secretaries of Departments, Ministers and the Prime Minister; CEOs, Governing bodies of organisations, and leaders of peak bodies and other advocacy organisations;
- How will a second generation of staff be orientated and take leadership of the Compact as individuals involved in the original process move on?; and
- It is good to focus initially on practical deliverables and build foundation for further development of the relationship.

There will also need to be mechanisms put in place, both by government and the non-government participants in the Compact, to sustain efforts and support evolution as relationships and circumstances change.

Some practical measures have been suggested by agencies that are part of the Major Church provider networks:

- Establishment and resourcing of a Futures Forum and Compact Governance Committee under an independent Chair, as per the Queensland model;
- Roll into Compact processes those existing mechanisms for consultation and dialogue that are effective and can contribute to implementation, review, evaluation and evolution of the relationship between the Australian Government and community-based not-for-profit providers of social services;
- Provide a structure through which parties can raise concerns and resolve disputes between Compact signatories;
- High level ongoing engagement of senior representatives from all parties, and adequate resourcing of secretariat functions;
- Strategies to bring together learnings, share good practice and lead implementation of evidence-based approaches; and
- Sharing, swapping and seconding staff across government and non-government settings.

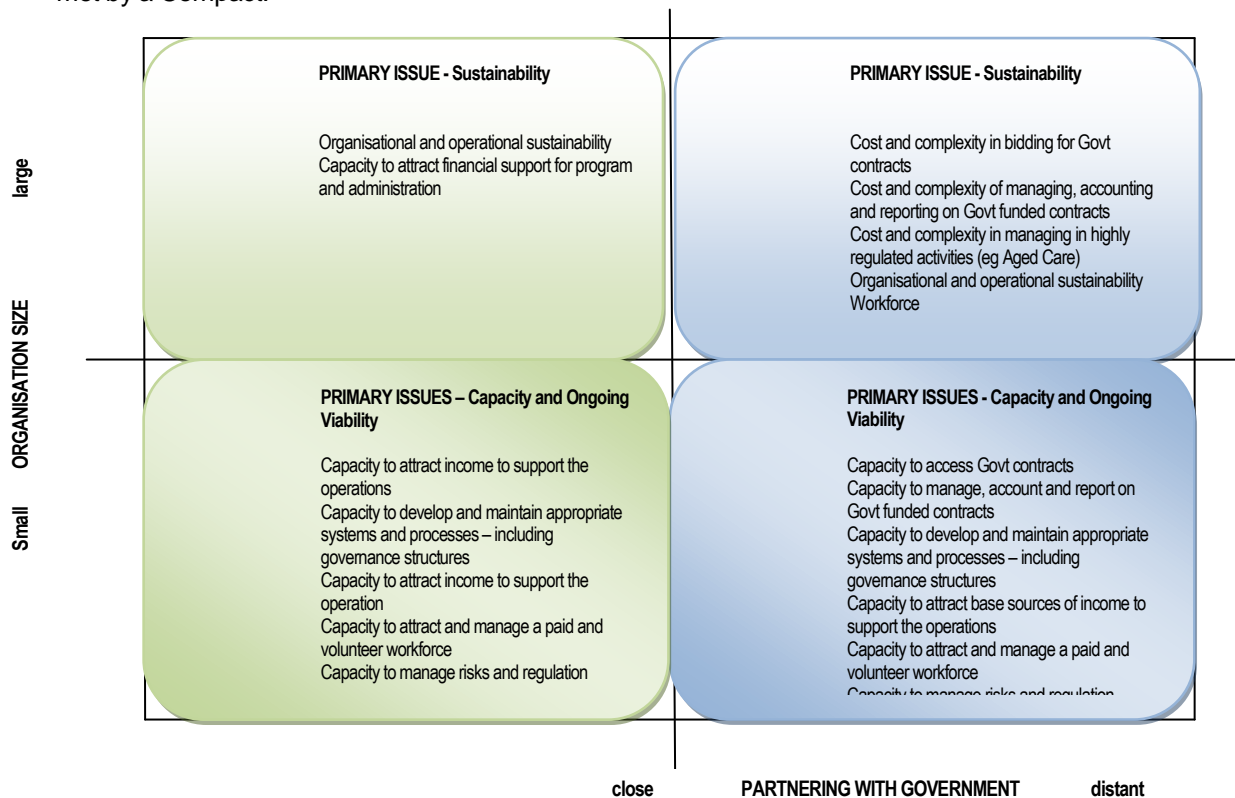
Questions to further explore in dialogue with government and the Not-For-Profit sector

This paper outlines some initial thoughts and views on the development of a Compact between the Australian Government and the Not-For-Profit sector. In this section, we conclude with some questions that we hope can be explored in future discussions and dialogue:

- The language of Compacts is appealing because reshapes dialogue to be based on respect and partnership – but how will we translate these words into practical actions that reflect the aims of establishing a Compact?
- Is it possible to drive meaningful changes in the relationships between Governments and Not-For-Profit sector organisations through a single Compact?
- Mechanisms to drive the Compact began well in many jurisdictions, with a focus on problem-solving rather than strategic planning – how will we avoid commitment of senior people waning after the first flush of activity?
- What is the role of peak bodies?
- Through what process will we agree exemplars of good practice?
- How will parties to the Compact maintain momentum and sustain the credibility of the Compact?
- What consultation and governance structures are necessary to ensure meaningful engagement in development, signing of the Compact and ongoing review and evaluation?
- How will a national Compact impact on State and Territory Compacts?
- Will a formal partnership through a Compact constrain effective informal relationships?
- What level and type of resourcing is needed – within sector, within government and within the broader community – to build and sustain more effective relationships?
- How will we refresh, renew and sustain the Compact as relationships evolve and circumstances change?

Visual representations of diversity of roles and relationships with government across the Not-For-Profit sector and ways to reform the relationship between organisations and governments

The Not-For-Profit sector includes organisations of diverse size and relationship to government. This diversity means there will be different expectations of and needs to be met by a Compact.



The following diagram represents the relationship model between the government and social services. The diagram demonstrates what would be different as a result of a progression in the relationship from a contractual purchaser-provider model through to a partnership model.

