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An Australian National Compact – Something old, something new?

John Butcher, John Casey, and Bronwen Dalton

Abstract

The Australian Labor Party (ALP) formed government under Prime Minister Kevin Rudd in 2007 promising to consult with the not-for-profit sector on the development of a national compact. It was the government's aim to forge a new settlement with the sector after eleven years of Liberal/National Coalition government during which contractual governance rather than relational governance was the norm. The provenance of the National Compact, launched in March 2010, can be traced back to similar framework documents for inter-sectoral cooperation in the United Kingdom (principally, The Compact) and Canada (the Accord). The National Compact cannot be explained solely in terms of policy diffusion or the predilection of centre-right political parties for policy instruments of this sort. Rather, explanation requires a more nuanced contextual analysis of the political and policy environment within which these frameworks emerged. In this article we compare the range of factors contributing to the development of The Compact (UK), the Accord (Canada) and the National Compact (Australia). We apply a similar analysis to policy frameworks in selected Australian states. We conclude that compacts arrive on the policy agenda via the opening of policy windows and through the actions of policy entrepreneurs. Policy windows and the attention of policy entrepreneurs might be both contextual and therefore, time-limited. We consider the range of factors that appear to have a bearing on the impact and durability of inter-sectoral policy frameworks in each jurisdiction in order to draw tentative conclusions about the prospects for the Australian National Compact.

KEYWORDS: Australia, compacts, relational governance, not-for-profit sector, comparative policy

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Introduction

*Something old, something new,
Something borrowed, something blue,
And a silver sixpence in her shoe.
— traditional wedding rhyme*

The traditional rhyme above will be familiar to readers from the English-speaking world. It sets out the criteria for auspicious inclusions in a bride's *trousseau*. It is also a suggestive metaphor for a union of another kind – that of the state and the not-for-profit sector (NFPS)¹ via the medium of framework agreements for inter-sectoral cooperation, often referred to as 'compacts'. One such framework, the *Australian National Compact* launched in March 2010, brings 'something old' to the national policy scene, modelled as it is on the earlier English and Canadian compacts (respectively *The Compact* and the *Accord*) – two benchmark policy instruments that have influenced almost all subsequent approaches to government-NFPS *rapprochement*. Whether the Australian compact also offers 'something new' in terms of an innovative re-working of the partnering framework remains to be seen. Like any 'marriage', it is a work in progress.²

In this paper we compare the political and historical factors that have shaped the Australian government's approach to a compact with those that influenced policy-making by central governments in the United Kingdom and Canada. The nature of Australia's federation means that the NFPS has a far larger policy and financial interface with state governments than with central government. Despite this, there have been few comparative analyses of framework agreements for cooperation at the subnational level within the same country (Elson 2011:137). For these reasons we also examine the history of policy instruments for inter-sectoral cooperation in three Australian states – New South Wales, Western Australia and Queensland.

These cases illustrate the importance of political and institutional context in the shaping of policy responses, even where these might be traced to a common origin (i.e. the English compact). The frameworks in each of these jurisdictions have evolved quite separately to the Australian compact and offer salutary lessons for other jurisdictions contemplating similar arrangements. Moreover, we conclude with some observations about the extent to which 'compacts' are

¹ In this paper we use the term 'not-for-profit sector' or 'NFPS' to reflect the prevailing policy parlance in Australia. Where alternative terminology has been used in relation to developments in other jurisdictions (e.g. 'voluntary sector' in Canada) we have retained the original nomenclature where it seemed to be contextually relevant. We trust this will not cause too much confusion.

² The relevance of 'something blue' and a 'sixpence' we will leave to the imagination of the reader.

capable of resolving the tensions inherent in the relationship between the contracting state and the NFPS.

Compacts as Relational Governance

Since the late 1990s policy-makers in various jurisdictions have looked to the development of framework agreements for inter-sectoral cooperation – which we will hereafter refer to by the accepted shorthand term ‘compacts’. Carter and Speevak Sladowski contend that formal deliberate relationships between government and the not-for-profit sector (NFPS) have ‘become a policy tool of choice’, although they might be pursued ‘for different reasons and in different contexts’ (2008:7).

In the UK, Canada and Australia, compacts have followed in the wake of neo-liberal approaches to governance.³ In part they offer an antidote to the ‘hollowing out’ of the state (Rhodes 2007, Rhodes 2000, Di Francesco 2001).⁴ They also seek to address the policy co-dependence that results from an increasing government reliance on service-providing not-for-profit organisations (NFPOs) and the corresponding reliance of service-providing NFPOs upon government contracts for their income. This they do by supplanting the adversarial approach so often associated with contractual governance with a ‘cooperative capacity-building approach’ (Rawsthorne and Shaver 2008:152-53).

Compacts fall under the broad umbrella of ‘relational governance’. In contrast to formal or contractual governance, relational governance emphasises social processes (such as trust) that ‘promote norms of flexibility, solidarity and information exchange’ (Zheng *et al* 2008:43). By their very nature compacts are (or ought to be) predicated on *cooperation* and *collaboration* – indeed they are sometimes referred to as ‘policy documents for cooperation’ (Bullain and Toftisova 2005). This suggests that they are also fundamentally *voluntary* in nature. Founded on good faith rather than compulsion, compacts generally do not

³ Including privatisation, the marketisation of services and third party contracting (see Casey *et al* 2010). The contrasting narrative in former Eastern Bloc countries centres on the re-establishment of civil society structures and norms following decades of autocratic rule, the abrupt dismantling of centrally planned and coordinated state services and the subsequent capitulation to a form of market capitalism often unconstrained by the formal checks and balances usually found in mature market economies (See Bullain and Toftisova 2005).

⁴ The ‘hollowing out’ thesis advanced by Rhodes, Di Francesco and others describes a state that has moved beyond the logics of ‘command and control’ to a greater reliance on networks and ‘diplomacy’ (Rhodes 2007). The hollowed-out state is characterised by external dependence and internal fragmentation that both weaken the central organising capacity of the state and challenges the executive’s ability to ‘steer’ (Rhodes 2000: 350, Di Francesco 2001: 106). Characteristic of the ‘contracting state’, hollowing out raises normative questions about both the role of the state and the ability of the state to influence the direction and coherence of policy and outcomes (Di Francesco 2001: 104-106).

have a statutory basis and are not legally enforceable (Morison 2000). This absence of enforceability can be a source of tension in a relationship characterised by profound asymmetries of both formal authority and financial resources.

The inherent ‘relationality’ of compacts is at once a source of strength and weakness. Although relational governance is credited by some with the potential to transform the relationship between state and non-state actors (Bourgon 2008; Shergold 2008) others caution against under-estimating the challenge of overcoming the path dependent legacies of new public management – or NMP (Lyons and Dalton 2011; O’Flynn 2009; O’Flynn 2008). In this regard it must be observed that compacts sometimes fail to live up to initial expectations and often engender scepticism – particularly amongst government’s NFPS ‘partners’ (Lyons and Dalton 2011; Casey *et al* 2010; Kendall 2009; Elson 2006).

Explaining Compacts

It is broadly accepted that *The Compact* (UK 1998) set the standard and provided the template for subsequent inter-sectoral relationship agreements in countries such as Canada, Australia and New Zealand (Edgar 2008:19; Carter and Speevak Sladowski 2008:7; Casey *et al* 2008b:5).⁵ Indeed, it is possible to plot the adoption of compacts both *transnationally* (e.g. from the UK to Canada and then to Australia) and *intranationally* (e.g. between Australian state jurisdictions). It is tempting, therefore, to seek explanation in processes of *policy diffusion*. Policy diffusion is evident where the preferred policy responses (and the framing of social problems) in one polity have been systematically conditioned by prior problem definition and choices made in other polities (Simmons *et al* 2006; 787). For example, the spread of public administration ‘doctrines’, such as those encompassed by NMP, are often thought of in these terms (Common 1998; Hood 1991).

It is also tempting to explain the spread of formal policy frameworks for inter-sectoral co-operation as a function of the political complexion of governing parties in polities where they have been adopted (*policy diffusion* coupled with *policy convergence*). For example, we observe that most compacts have emerged in jurisdictions governed by centre-left political parties. This might reflect a tendency for the notional constituencies of centre-left parties to overlap with those

⁵ There is abundant circumstantial and anecdotal evidence that the English *Compact* provided both the inspiration and a practical template for practically all subsequent agreements. Whilst the primacy of the *Compact* is generally acknowledged, it is also clear from the accounts officials and sector representatives in Australia, Canada and New Zealand that the exchange of knowledge, experience and ideas between jurisdictions has formed an important part of the development of deliberate relationship frameworks.

of social movement organisations.⁶ It might also reflect a recent tendency for centre-left parties to emphasise ‘cross-cutting’ and ‘joined-up’ approaches to governance.⁷ In contrast, conservative or centre-right political parties are often portrayed as more inclined to cleave to ‘neo-liberal’ or market-based approaches to governance. Although they might employ ‘partnership rhetorics’, relationships with the NFPS tend to be defined in instrumental and contractual (rather than collaborative) terms.⁸

Where governing parties sit on the political spectrum might well provide a pathway for – or erect barriers to – the diffusion of particular *framings* of problems and preferred solutions. However, political orientation alone does not explain *how* or *why* policy ideas take hold in a given polity, nor is it a predictor of success. Explaining the emergence of compacts requires consideration of the environment in which policy problems are framed and the roles played by institutions and policy actors in enabling (or impeding) their implementation. Although scholarly accounts of the political and operational tensions associated with the competitive tendering and contracting of human services paint a reasonably consistent picture, it is also clear that different jurisdictions have adopted quite different approaches to the management of these tensions. Understanding ‘why’ requires a contextual analysis of the extent to which policy learning and transfer is shaped by historical and institutional factors (Common 2010:3-4).

In his seminal book *Agendas, Alternatives and Public Policies* (first published in 1984), Kingdon posed the questions: ‘what makes an idea’s time come?’ and ‘what makes people in and around government attend, at any given time, to some subjects and not to others?’ (Kingdon 1995:1). Kingdon observed that in the volatile marketplace of ideas and solutions – which he referred to as the ‘policy primeval soup’ – some ideas never gain traction, others become prominent and then fade, and some ‘achieve lasting high agenda status’ (Kingdon 1995:116). Kingdon suggested also that the ascendancy of policy initiatives sometimes

⁶ Such as Blair’s ‘New Labor’ in the UK, or Chrétien’s Liberal Party in Canada, or the Australian Labor Party under Prime Ministers Rudd and Gillard.

⁷ In this context ‘joined-up’ policy refers to ‘cross-cutting’ or ‘horizontal’ approaches to governance – working across, and achieving more effective integration across institutional and domain boundaries. Joined-up policy requires collaboration and is predicated on ‘network’ or ‘relational’ governance. In Australia, the term ‘whole-of-government’ is frequently used to connote approaches to governance intended to break down cultural and programmatic silos.

⁸ It is tempting to view compacts as a contemporary form of *liberal corporatism* in which the state grants ‘privileged and institutionalised access to policy formulation’ to organised interests (Heywood 2000: 164). Both centre-right and centre-left governments are ‘corporatist’ insofar as they privilege particular interests. Whereas centre-left governments have been inclined to privilege civil society sectors (e.g. trade unions, the community sector), centre-right governments might be more inclined to privilege business or industry sectors and individuals. These observations bear directly on the potential for existing compacts to be re-framed by in-coming governments.

depends on the opening of ‘policy windows’ and on the actions of ‘policy entrepreneurs’ who exploit these time-limited opportunities to ‘couple’ preferred solutions with existing policy problems (Kingdon 1995:166-69; 181-82).⁹

Kingdon’s thesis offers a useful lens for a contextual analysis of compacts and other forms of inter-sectoral agreement. In the next section we will examine the national compacts in England, Canada and Australia along four broad dimensions: the political context in which policy windows emerged; the key policy drivers exploited by policy entrepreneurs to place a compact on the policy agenda; the primary impacts and outcomes attributable to the policy framework; and the likely future directions of the policy framework given the emergent political and institutional context within which it is evolving.

Compacts in England, Canada and Australia

Policy windows can open in times of political or policy change/uncertainty, such as an election, a change of leadership or other events that either necessitate or permit new policy approaches. So it was that Blair’s articulation of a ‘Third Way’ as a counter to the market fundamentalism of Thatcher and Major created a receptive environment for the English compact (Kendall 2000, 2003); Chrétien’s embrace of the *Accord* in Canada provided a political ‘wedge’ against a weakened conservative right and restored his party’s progressive credentials after major cuts to government programs in his first term (Phillips 2003a); and Rudd’s commitment to a *National Compact* in Australia enabled a clear differentiation between his in-coming Labor government and that of his predecessor, John Howard. In each case policy actors – inside and outside government – exploited the opening of these policy windows in order to place a compact on the national agenda (see Table 1).¹⁰

⁹ Kingdon and other like-minded theorists (such as March and Olsen) draw upon neoinstitutionalist theory in their analysis of political and policy phenomena, bringing together strands of normative (institutional logics), rational choice (bounded rationality) and historical (path dependency) perspectives in a compelling synthesis. Kendall (2003), Brock (2008) and Phillips (2003) each draw upon Kingdon in their analyses of compacts in the UK and Canada. Compacts might also be usefully examined through other lenses, including policy implementation (Elson 2006) or from a functional legal/administrative perspective (Bullain & Toftisova 2005).

¹⁰ It is not possible in a paper of this length to fully describe the events and decisions supporting this analysis. Kendall (2003, 2009, 2010) provides a comprehensive account of the English Compact while Brock (2000, 2004, 2008) and Phillips (2002, 2003) offer cogent insights into the history of Canada’s *Accord*. As for Australia, there has been little to date in the way of published scholarly research in relation to the *National Compact*.

Table 1 — A Comparison of National Frameworks for Inter-sectoral Cooperation

	<i>The Compact (United Kingdom 1998/2009/2010)</i>	<i>The Accord (Canada 2001)</i>	<i>National Compact (Australia 2010)</i>
Political context / policy windows	<p>Blair Labour government elected in 1998.</p> <p>‘Deakin Commission’ (1996) recommends a ‘concordat’ between the state and the third sector.</p> <p>New Labour’s ‘Third Way’ emphasis on ‘social exclusion’ and ‘horizontal’ policy frameworks.</p>	<p>Chrétien Liberal government re-elected in 1997.</p> <p>‘Broadbent Panel’ (1999) recommends compacts between government and the sector along the lines of those in the UK.</p> <p>Borrowed from the <i>English Compact</i> as a distraction from ‘neo-liberal fiscal policies’ of previous term (Elson 2006).</p>	<p>Rudd Labor government elected in 2007, Gillard minority government formed 2010.</p> <p>Intention to develop a compact forms part of 2007 election platform.</p> <p>Rudd government tasks Productivity Commission to report on contribution of the sector (2010). Report sets out minimum requirements for the proposed <i>National Compact</i>.</p>
Key policy drivers / policy entrepreneurs	<p>Response to ‘Conservative preoccupation with the dichotomy of market & state’ (Kendall 2003) and to the excesses of the ‘contract state’.</p> <p>Prof Nicholas Deakin and Alun Michael (later Secretary of State for Wales in Blair Government) important in framing key policy concepts (Kendall 2003).</p> <p>Government adopts ‘joined-up’ government and social exclusion as key themes.</p>	<p>Grew out of recognition that NFPOs were increasingly assuming functions once performed by governments (Phillips 2003; Brock 2004a, 2004b).</p> <p>Broadbent Panel and key federal public servants champion a compact along lines of UK compacts.</p>	<p>Attempt to repair ‘broken relationship’ between government and the not-for-profit sector and signal a departure from the <i>market fundamentalism</i> of previous government.</p> <p>Senator Ursula Stephens champions compact in opposition – later appointed Parliamentary Secretary for Social Inclusion and the Voluntary Sector.</p> <p>Former Blair Labour government adviser and Director of DEMOS (UK), Tom Bentley, joins Gillard’s staff in 2007.</p> <p>Government adopts ‘joined-up’ government and social inclusion as key themes.</p>

Table 1 — (continued)

	<i>The Compact (United Kingdom 1998/2009/2010)</i>	<i>The Accord (Canada 2001)</i>	<i>National Compact (Australia 2010)</i>
Primary impacts and outcomes of policy framework	Was ‘without precedent’ and spawned many offshoots (Kendall 2003). Model replicated in ‘constituent countries’ of Scotland, Wales and Northern Ireland <i>prior</i> to devolution. <i>Codes of Good Practice</i> , local compacts. Office for Civil Society, Commission for the Compact and Compact Voice.	Accord a centrepiece of <i>Voluntary Sector Initiative</i> (VSI), which ended in 2005. <i>Codes of Good Practice</i> , range of resource material to support capacity-building. Contributed to coalescence of previously diffuse and fragmented voluntary/NFP sector.	Productivity Commission report welcomed by the sector. Office for the Not-for-Profit Sector (ONFPS) and Not-for-Profit Sector Reform Council established in late 2010 to oversee implementation of National Compact. ONFPS commences development of a code of practice on engagement in policy (2011).
Future directions	Compact ‘refreshed’ in 2009 and ‘renewed’ in 2010 by incoming Conservative/Liberal Democrat coalition government. Commission for the Compact abolished 2010. Cameron government’s ‘Big Society’ agenda promotes devolution and mutualisation of public services.	Conservative Harper government elected in 2006. Accord itself has not ‘expired’, but considered a ‘dead letter’ by the sector. ‘Policy lead’ for NFPS-government relations resides with a federal line agency (Human Resources & Skills Development Canada).	In its 2011 Budget the government announces the intention to establish a national regulator, the Australian Charities and Not for Profits Commission (ACNC) in 2012. Statutory definition of charity to be legislated. Council of Australian Governments (COAG) to pursue regulatory harmonisation among jurisdictions. Opposition announces that if it wins the 2013 election, it will not proceed with the ACNC as currently proposed.

The Compact (UK)

The Compact (1998 and 2010) is an agreement between the UK central government and civil society organisations (CSOs) in *England* (the devolved authorities of Scotland, Wales and Northern Ireland have their own operational responsibilities for CSOs).¹¹ However, *The Compact* is not purely a sub-national policy framework: While it does not override existing arrangements for

¹¹ *The Compact’s* original title is *Compact on relations between the government and the voluntary and community sector in England*. In keeping with the Blair government’s policy of devolved self-government, separate ‘national’ compacts were developed by the Scottish, Welsh and Northern Ireland Offices during 1998 and bequeathed to the Executive authorities of each of the ‘Home Countries’. The Compact was renewed in 2010 and is now subtitled: ‘The Coalition Government and civil society organisations working effectively in partnership for the benefit of communities and citizens in England’.

engagement between the devolved authorities and CSOs, ‘where the UK Government interacts with CSOs or has responsibility for funding services provided in Northern Ireland, Scotland or Wales, it will honour the commitments made in this Compact in relation to CSOs it funds in each of these areas’ (HM Government 2010).

Political context

The idea for a ‘concordat’ between central government and the NFPS first emerged in the mid-1990s as a recommendation from the Commission on the Future of the Voluntary Sector chaired by Nicholas Deakin (Deakin Commission 1996). Although the proposal for a concordat was rejected by John Major’s Conservative government as being neither a ‘sensible or usefully achievable objective’, Kendall notes that Deakin’s report was to a large extent framed in the expectation of a likely Labour victory at the 1997 general election (Kendall 2003:53).

Key policy drivers

The Deakin Commission was in fact only one of three major reviews of voluntary sector policy in the UK in the 1990s (the others being the 1993 CENTRIS report and the 1995 DEMOS report – see Kendall 2003:52). Nearly 20 years of Conservative administration under Thatcher and Major (1979-97) offered little in the way of sustained commitment to Britain’s voluntary sector and while tax treatment and legal frameworks were improved at the margins formal engagement with the sector tended to be disjointed, abrasive and adversarial (Kendall 2003:54). By contrast, Blair’s ‘New Labour’ embraced the idea of a communitarian pact with the voluntary sector (Kendall 2003:55-56).

The Compact was a natural vehicle for Blair’s ‘third way’ approach to governance with its emphasis on cross-sector and cross-jurisdictional coordination and served to mark a clear departure from the market-centred neo-liberal policy settings of previous Conservative governments *and* the statist traditions of *old* Labour (Kendall 2003:55; NCVO 2007b). By the time of Labour’s landslide election win in 1997, the foundations for a compact had already been laid (Lyons 2001:5-6). Nicholas Deakin, a respected centre-left social policy academic, and senior Labour Party figure Alun Michael MP (who in opposition led the Labour party’s review of relations with the voluntary sector¹²) exchanged ideas in a

¹² In February 1997 the Labour Party published a report on the voluntary sector entitled *Building the Future Together*. Authored by Alun Michael the report called for an agreement between the voluntary sector and the government in terms very similar to those used in the *Deakin Report*. Significantly Deakin had already held several informal discussions with Michael, then an

process of ‘deliberate syncopation’ that led, ultimately to a convergence around the central ideas underpinning *The Compact* (Kendall 2003:61-62).

Primary impacts

Over the 13 years of Labour government the English compact acquired an almost iconic status. Occasionally, however, it was found wanting. A *Cross Cutting Review* conducted in 2002 (HM Treasury in 2002) identified a number of systemic shortcomings with its implementation and a later House of Commons review noted potential conflicts with aspects of EU procurement law (House of Commons Public Administration Select Committee 2008:52-54). Nevertheless, *The Compact* endured and adapted.

In 2009 a flagging Brown Labour government ‘refreshed’ *The Compact* following ‘extensive debate and consultation’ (Insight 2010) citing the need to ‘improve implementation of both the specific commitments ... as well as the broad principles on which they are based’ (Commission for the Compact 2009:8-9). Despite its shortcomings and occasional detractors, a study prepared in 2011 for the Commission for the Compact concluded that the English compact ‘has lasted longer than most policy initiatives’ and owes its longevity to an approach to partnership founded on the principles of horizontal cooperation (Commission for the Compact 2011:2).

Future directions

Despite having exhibited political and policy ambivalence towards the English compact for much of its time in opposition, under David Cameron’s leadership, it was embraced by the Conservative Party: a ‘u-turn from its position when in power’ (Kendall 2009:19, fn. 6). The Conservative-Liberal Democrat coalition government, elected on May 2010, signalled its intention to review both the document itself and its associated accountability frameworks and, in December 2010, a ‘renewed’ compact was announced. *The Compact* would be ‘backed by full Parliamentary accountability’ including ‘a one-off study’ into its operation across government conducted by the National Audit Office (HM Cabinet Office 2010a). However, the Commission for the Compact, established in April 2007 by the Blair Government, would be abolished and the role of promoting *The Compact* would ‘be taken on jointly by the Cabinet Office and Compact Voice’ (HM Cabinet Office 2010a).

important figure in the Labour Party (Michael was appointed Minister of State and Deputy Home Secretary following Labour’s 1997 election victory and later became First Secretary for Wales).

It is possible that in re-branding the English compact the Cameron government hopes to co-opt both the policy framework and the sector itself in the fulfilment of its broader Big Society agenda based on decentralisation, streamlining government, devolution to local government, encouraging social entrepreneurship, and promoting individual and community empowerment (Commission for the Compact 2011:15-16,130; Norman 2010). Support for such a conclusion can be found in a recent Green Paper canvassing reforms aimed at achieving a ‘power shift’ away from central government and modernising the commissioning of public services in order to ‘enable commissioners to drive and implement public spending cuts in fully informed ways, removing unnecessary duplications and responding to local priorities’ (HM Cabinet Office 2010b:6).

A ‘summative report’ prepared for the Commission for the Compact on the eve of the Commission’s demise cautions that *The Compact* is at risk, citing: the thicket of newer and higher-profile initiatives that bypass it; the new text scrambled together to reflect the Coalition’s emerging policy agenda; the “cull of the Quangos” that terminated its principal guardian, the Commission for the Compact; and government’s somewhat cavalier approach to the resourcing (and even existence) of the organisations required to deliver the Big Society agenda... (Commission for the Compact 2011:2)

The report is pessimistic, on the whole, cautioning that the English compact will come under pressure in the immediate future as a result of cuts in public expenditure and consequent impacts on voluntary and community organisations and the people they serve (Commission for the Compact 2011:135). In the policy primeval soup of minority government, however, it is possible that the Conservative Party’s coalition partners, the Liberal Democrats, might prove to be an important moderating force against the potential excesses of Cameron’s ‘Big Society’ although their support for *The Compact* is equivocal at best (Liberal Democrats 2011:19).¹³

¹³ Prior to the election, the Liberal Democrat spokesperson for Communities and Local Government, Julia Goldsworthy, referred to the Big Society as ‘patronising nonsense’ (source: http://www.libdems.org.uk/news_detail.aspx?title=Cameron's_Big_Society_is_patronising_nonsense_says_Goldsworthy_&pPK=cdc0887a-d7fc-4ac6-bda2-da4a04696ab9). See also Liberal Democrats Policy Consultation, ‘Voluntary Sector and Volunteering’, *Consultation Paper 99*, available at: <http://www.libdems.org.uk/siteFiles/resources/PDF/conference/99%20-%20Voluntary%20Sector%20and%20Volunteering%20%282%29.pdf#search=%22the%20compact%22>

The Accord (Canada)

In June 2000, on the strength of joint developmental work by sector representatives and government officials, the Canadian government committed CA\$94.6 million over five years to a Voluntary Sector Initiative (VSI) of which an *Accord* would be a centrepiece (Phillips 2003a:32; Canada 2009). In the months that followed a working group reflecting a cross-section of federal government departments and the voluntary sector – the Joint Accord Table – collaborated in the drafting of the *Accord* document.

The *Accord*¹⁴ was launched in December 2001 by Prime Minister Jean Chrétien who hailed it as ‘the blueprint for a strong and vibrant relationship between the voluntary sector and the Government of Canada’. Although Brock (2008:14) remarks that the *Accord* and its associated codes of practice ‘began as watered down versions of the British compacts’, Phillips (2003a:18) observes that the collaborative process through which the *Accord* was shaped was ‘uniquely Canadian’.

Political context

In Canada, tensions similar to those driving the development of the English compact marshalled the diverse elements of the country’s NFPS behind the concept of a framework agreement that would guide and shape government-NFPS relationships. The relationship between the Liberal government led by Prime Minister Jean Chrétien and the NFPS had deteriorated significantly during its first term in office (1993-97). Chrétien’s government came to power at the height of a fiscal crisis to which it responded with a program of public sector austerity that severely tested the capacities of the NFPS (Miller 1999:75-76). Chrétien also commanded an unassailable majority in his government’s first term, the Progressive Conservatives having lost all but two seats in the House of Commons (out of 151 seats held prior to the election), and used that majority to slash federal government expenditure.

Just as in the UK the Deakin Commission was an important catalyst for the idea of a concordat with government, in Canada the Panel on Accountability and Governance in the Voluntary Sector (Broadbent Panel 1999) fulfilled the same purpose. Chaired by a former federal leader of the socialist New Democratic Party, Ed Broadbent, the Panel was established by the Voluntary Sector Roundtable with funding provided by the J. W. McConnell Family Foundation. The Panel drew on recent experience in the UK and included among its recommendations the establishment of mechanisms ‘such as compacts ... for promoting understanding and agreement on appropriate conduct and the future of

¹⁴ Full title: *Accord between the Government of Canada and the Voluntary Sector*.

the relationships between the sector and governments' (Broadbent Panel 1999:16-17).

Key policy drivers

Having aggressively tackled the country's \$42 billion deficit in its first term, the Chrétien government was returned in the 1997 general election, albeit with a reduced majority. The government was now prepared to begin the task of rebuilding its political capital and undertook to re-invest budget surpluses generated during its first term in a range of social programs, thus marking a return to its centre-left traditions of investment in social policy and programs (Phillips 2003a:25). In such an environment the government was receptive to the idea of an *Accord* which would allow the government to affirm its support for the voluntary sector in a manner that was highly symbolic, did not require passage by Parliament, was relatively inexpensive and 'virtually guaranteed to meet with public acceptance' (Phillips 2003a:30-31).

Canadian NFPOs – like their counterparts in Australia – have a larger direct interface with sub-national governments (the provinces and territories) than with the federal government. The sector had made earlier, largely unfulfilled, overtures towards cooperative policy frameworks at the provincial level. In the end it was to the federal sphere that the Canadian NFPS turned in the late 1990s to forge a new settlement with government, largely owing to the connection between NFPS capacity/sustainability and the federal taxation treatment of charitable donations (PAGVS 1999:14-15).

Primary impacts

The resources allocated to the VSI made possible a variety of research, policy development and regulatory reform activities. However, this work is only indirectly attributable to the *Accord* itself (Carter and Speevak Sladowski 2008:34-35; Hall *et al*, 2005:24; Phillips 2003a:31). There is only anecdotal evidence that the *Accord* has resulted in genuine institutional change (Elson 2006:45) and formal relationships established to give effect to the VSI have 'not endured to any degree beyond the five years of the building period' (Carter and Speevak Sladowski 2008:35).

By 2005, the VSI had run its course: its funding was not renewed and broader changes to the machinery of government under the Martin (Liberal) and Harper (Conservative) governments saw the core secretariat functions relocated from the centre of government to a succession of line agencies, thereby compromising the capacity for horizontal policy and programmatic co-ordination (Lindquist 2008:157; Brock 2008:21; Elson 2007:56; Phillips 2003a:45).

Even so, the VSI helped to forge connections between actors in ‘most parts of the sector in most parts of the country’ and this is cited as one of its ‘most enduring legacies’ (Carter and Speevak Sladowski 2008:35). According to Brock, the VSI represented a ‘coming of age’ for the Canadian voluntary sector, which now has ‘a stronger and more unified voice ... and is a more formidable ally and antagonist to government’ (Brock 2008:21). An evaluation of the VSI published in 2009, describes the initiative as ‘unique’ in its scope, scale and the joint nature of the work (Canada 2009:iii). Indeed, Lindquist reminds us that the institutional reform agenda set by government and the sector was ambitious and that ‘much was accomplished’:

A coherent view developed of what a well-functioning non-profit and voluntary sector was, including how a good relationship with government might work. (Lindquist 2008:157)

Future directions

The *Accord* remains in effect, although it is widely regarded by the sector as a ‘dead letter’.¹⁵ However, the same policy dynamics that put the sector ‘on the federal radar screen’ (Phillips 2003a:25) ultimately crowded out both the *Accord* and the VSI and resulted in their relegation further down the policy agenda (Lindquist 2008:163). Laforest notes that the ‘voluntary sector is not currently on the Conservative federal agenda’ (Laforest 2009:155) although she argues that the drift towards policy indifference had begun before the election of the Conservative Harper government in 2006 (recently re-elected with a parliamentary majority in May 2011).

The National Compact (Australia)

The *National Compact* was launched in March 2010 by Prime Minister Kevin Rudd who used the occasion to proclaim the start of an era of ‘true collaboration’ (Rudd 2010). The *National Compact* sets out ‘shared principles’ that provide a broad agenda for cultural and behavioural change in the public and NFP sectors, and ‘shared aspirations’ – some of which take the form of specific commitments, such as the development of agreed ‘codes of engagement’ – and from which flow a set of eight ‘priorities for action’.

The development of the Australian compact document was informed by a series of consultations with the sector throughout 2008 and 2009 initiated and

¹⁵ Ostensibly, the Government of Canada ‘continues to maintain its commitment to the principles set out in the *Accord* “to strengthen the sector’s capacity and to improve the legal and regulatory framework governing the sector.” (correspondence from Human Resources and Skills Development Canada dated 06/01/2010).

overseen by government and assisted by the Australian Council of Social Service – the national peak body representing the not-for-profit community services sector. These consultations revealed broad sector support for a compact, ‘overwhelming interest’ in improving the relationship with government and a need for ‘real cultural change’ for the intent of a compact to be realised (ACOSS 2008b:1-3).

Political context

When Kevin Rudd’s Labor Party formed government in November 2007 the centre-right Liberal/National Coalition government of John Howard had been in power for 11 years. The Howard government’s relations with parts of the NFPS were strained due to the government’s social conservatism, an intolerance of advocacy (evidenced in ‘gagging provisions’ inserted into service delivery contracts) and its enthusiastic embrace of market-based approaches to service delivery (through the creation of quasi-markets and the application of competitive tendering and contracting) (Maddison *et al* 2004; Melville 2003). Although the Howard government extolled the virtues of ‘community-business partnerships’, it exhibited no inclinations towards a formal relational framework with the NFPS (Butcher 2006; Casey *et al* 2010; Casey and Dalton 2006).

Four months after the launch of the *National Compact* the government’s public approval ratings were in free-fall. Rudd’s Deputy, Julia Gillard (who also held the social inclusion portfolio) successfully challenged for the leadership of the Labor Party. Twenty-three days later Prime Minister Gillard called a general election. The government’s re-election platform included express commitments to pursue the not-for-profit sector reform agenda.

Key policy drivers

In the lead-up to the 2007 general election the Labor opposition committed to a fundamentally new settlement with the NFPS within the framework of a broader social inclusion agenda and emphasising joined-up solutions. This included an express commitment to the development of a compact. Labor’s pre-election policy platform accused the Howard government of having ‘attacked both the right and the capacity of community sector organisations to advocate’ and undertook to rebuild trust and reciprocity as the ‘foundation of a new relationship between a Federal Labor Government and the community sector’ (Gillard and Wong 2007:9-11).

With its emphases on social inclusion, ‘joined-up’ solutions and a new settlement with the NFPS, Labor’s policy platform echoed that of Blair’s New Labour a decade previously. The platform makes explicit reference to Blair’s own

reflections on his government and to the examples of the English compact and the *Accord*, which further underscores the provenance of the proposals. The idea of a compact was actively promoted within Labor ranks by Senator (and later Parliamentary Secretary for Social Inclusion and the Voluntary Sector) Ursula Stephens.¹⁶ It is also interesting to note that both before and after the election, Labor benefited from the counsel of a number of senior figures from the UK Labour Party, such as former Blair government adviser, Tom Bentley, who later became (and remains) Julia Gillard's Deputy Chief of Staff (Button & Murphy 2007).

Primary impacts

One of the first acts of the Rudd government in this policy space was to task the Productivity Commission – the government's premier economic advisory body – to carry out a comprehensive study of the social and economic contribution of the not-for-profit sector. The inquiry was chaired by Robert Fitzgerald who, prior to his appointment as Commissioner, was an influential figure in the not-for-profit sector (he was formerly President of the Australian Council of Social Service and Chair of the National Roundtable of Nonprofit Organisations). The report produced by the inquiry set out 14 major recommendations (which were further sub-divided into a number of subsidiary recommendations). The Commonwealth (federal) government has accepted all recommendations for which it has jurisdictional responsibility.

In October 2010 the government fulfilled an election commitment to establish an Office for the Not-for-Profit Sector in the Department of the Prime Minister and Cabinet (initially for three years). This gave practical effect to a substantive recommendation in the Productivity Commission Report (Productivity Commission 2010: 378) and was welcomed by the sector as an affirmation of the government's intentions. The Office's role is to drive the reform agenda and to coordinate cross-portfolio input with particular emphasis on the implementation of the *National Compact*. The Office also provides secretariat support to the Not-for-Profit Sector Reform Council (NFPSRC), an advisory body appointed in December 2010 with a membership drawn from across the NFPS.

To date the Reform Council has convened five working groups to give in-depth consideration to and provide advice on the following:

¹⁶ Although, it should also be noted that the task of developing and implementing the *National Compact* had been delegated to the Minister for Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). The policy lead for the National Compact resided with the Department of FaHCSIA until October 2011 at which point responsibility transferred to the newly established Office for the Not-for-Profit Sector located in the Department of the Prime Minister and Cabinet.

- the scoping of a national regulator in the form of an Australian Charities and Not-for-profits Commission (ACNC), including advice in relation to a general reporting framework and the development of draft legislation;¹⁷
- red tape reduction, including the streamlining of reporting mechanisms, establishing a template for a common funding agreement, improved funding application processes and improved contracting and purchasing arrangements;
- the harmonisation of legislation across Commonwealth, state and territory governments and the implementation of a Standard Chart of Accounts (SCOA);
- advancing the priorities set out in the *National Compact* including through the ‘co-creation’ by the sector and the government of a ‘Consultation and Policy Development’ code of practice; and
- the impact on not-for-profit organisations of tax arrangements announced in the 2011-12 Budget stipulating that not-for-profit entities will be required to pay income tax on profits from their unrelated commercial activities that are not directed back to their altruistic purpose.

Future directions

The August 2010 election resulted in a hung Parliament in which Gillard was able to form a minority government with the support of crossbench MPs. A number of ‘hot-button’ policy issues were canvassed during the election, including climate change and border security as well as other contentious programs and policy failures – any one of which could easily have crowded NFPS reform off the policy agenda. It was probably fortunate for the future of the *National Compact* that the new Prime Minister had previously held the Social Inclusion portfolio and, as Deputy Prime Minister, had herself championed the compact.

The hard work is yet to be done to give substantive effect to the *National Compact* and the reform agenda that flows from it. As the compact itself affirms, ‘We will know that we have achieved the Compact’s purpose when we see real evidence of our shared aspirations in all our interactions’ (Commonwealth of

¹⁷ The government announced in its 2011-12 *Budget* the intention to establish the Australian Charities and Not-for-profits Commission (ACNC) to serve as a ‘one-stop-shop for the support and regulation of the NFPS’ with an independent Commissioner reporting to the Parliament via the Assistant Treasurer (Shorten and Plibersek 2011a). The purpose of the ACNC will be to ‘streamline reporting requirements, reduce compliance costs and provide certainty to not-for-profits about their rights and responsibilities’ (Shorten and Plibersek 2011b). It will commence operation by 1 July 2012 following a one-year establishment phase. This announcement gives practical effect to a recommendation from the Productivity Commission to establish a one-stop-shop for Commonwealth regulation in the form of a national registrar (recommendation 6.5, Productivity Commission 2010:152-53).

Australia 2010b). However, as former head of the Department of the Prime Minister and Cabinet, Peter Shergold, observed of the compact before its launch, '[t]he problem is that such documents, full of fine sentiment and the rhetoric of partnership, quickly lose their ability to influence behaviour' (Shergold 2010). The reality is that compacts represent a process that can easily unravel if commitment is only superficial (Craig *et al* 2005:10-12; Bullain and Toftisova 2005:66).

Despite the apparent good intentions of the government and the number of initiatives currently in train, a range of sector commentary suggests a degree of reservation and even cynicism about the prospects of the *National Compact*. This might be a reflection of broad community disaffection with the Labor government (whose recent opinion poll results have been the worst in recent memory) and a perception in parts of the sector of a growing gap between the government's *rhetoric* and the *reality* at the coalface of service delivery. As Marsh *et al* observe, the Rudd government 'used the discourse of network governance and increased participation in the policymaking process largely as means of legitimising or promoting decisions that had already been taken' thereby masking 'the continued role of hierarchy in a political system that essentially remains underpinned by a top-down conception of democracy' (Marsh *et al* 2010:157).

For the Gillard administration, wrestling with the uncertainties of minority government, signature policies such as the *National Compact* might still have political resonance, provided they can, as was recommended by the Productivity Commission, be given 'concrete expression' through 'practical measures' and 'documented plans of action' (Productivity Commission 2010:378). Just how the opposition Liberal-National Coalition might re-frame the agenda should they win government remains to be seen. Apart from a commitment to establish a pilot scheme for a corps of student volunteers, the Coalition has been largely silent on NFPS specific measures in this policy space (Liberal Party 2010).

The Shadow Minister for Families, Housing and Human Services, Kevin Andrews has committed a future Coalition government to simplifying the relationship between government and NFP service providers and cautions against 'unnecessary state control of the civil sector' (Andrews 2011). Andrews also warns against risks to the vibrancy and independence of the sector if it becomes 'ensnared by contractual obligations, designed to fit governmental silos' – the very criticisms levelled against the Howard government in which he was a minister (Andrews 2011).

More recently, Andrews has signalled the Coalition's intention to 'reverse the nanny state' and has derided the proposed Australian Charities and Not-for-profits Commission as 'monolithic', and a 'power grab by government'. The Coalition would instead establish 'a small Commission as an educative and training body', attached, initially, to the Australian Taxation Office. The new

body would have no regulatory role. A future Coalition government would promote philanthropy, ‘restore a culture of personal responsibility’ and simplify reporting and contractual requirements. Government would support and empower the work of not-for-profit organisations, not direct them ‘as an arm of the State’ (Andrews 2012).

Andrews has also suggested that the Howard government perhaps went too far in its past embrace of market-based approaches to social provision (ABC 2012). This suggests a rejection of both the quasi-corporatism of Labor and the Howard government’s contractualism in favour of some kind of paternalistic residualism. Australian policy watchers, anticipating a Coalition victory at the next election in 2013, have speculated about the possibility that the opposition will model its approach to civil society on Cameron’s ‘Big Society’ agenda. Although Andrews has rejected comparisons between coalition policy and ‘Big Society’, it is plausible that many of Big Society’s core ideas could diffuse to Australia.

Compacts in Unitary Versus Federal Systems

Compacts in federal states, such as Australia and Canada, exhibit quite different intra-national dynamics to those observed in unitary states such as the United Kingdom or New Zealand.¹⁸ In federal systems such as Canada and Australia, the constitutional division of powers confers responsibility on provincial/state and territorial governments for funding, commissioning and delivering a wide range of public services. Central government has few levers with which to influence the relationship between sub-national governments and the NFPS.¹⁹

There is no mechanism in either Canada or Australia that would allow a federal government to compulsorily require the adoption of a compact by other

¹⁸ Owing to word limitations New Zealand was not included in this review. The Clark Labour government initiated discussions with the community and voluntary sector in 1999. In 2000, the government issued a unilateral Statement of Government Intent (SoGI) articulating broad principles for government-NFPS engagement. Following the defeat of the Labour government in the general election of November 2008, the conservative National Party government led by John Key committed to the development of a Relationship Agreement between the government and the ‘Communities of Aotearoa New Zealand’. Significantly, the Minister leading this initiative, Tariana Turia, is also the Deputy Leader of the government’s minority partner Maori Party. Interestingly, Turia also held the Community and Voluntary Sector Portfolio as a Labour MP under Helen Clark. For more information see: <http://www.ocvs.govt.nz/work-programme/relationship-agreement/relat-agree-consultation.html>

¹⁹ Both countries also exhibit a high degree of vertical fiscal imbalance (VFI) in which the national government’s share of revenues is disproportionately larger than its share of direct outlays, and the sub-national governments’ share of revenues is disproportionately smaller than its share of outlays. This means that sub-national governments are highly dependent upon federal transfers for their social spending.

levels of government. The Canadian *Accord* had little influence on the financial relationship between NFPOs and sub-national governments and although four provinces have since entered into formal bilateral ‘collaboration agreements’ and two have made unilateral declarative policy statements concerning the relationship between the sector and government (Elson 2006:44 and 2012 this issue), these largely developed independently of the federal initiative and of one another (Carter and Speevak Sladowski 2008:9).

In Australia, the *National Compact* will similarly directly affect only those NFPOs that have a financial relationship with the federal government. While there is no mechanism by which the Commonwealth government could bind states and territories to the *National Compact*, there is evidence of information exchange between state/territory officials and their federal counterparts concerning implementation of the broader reform agenda, particularly in relation to the harmonisation of regulation and reporting requirements (COAG 2010:14; Productivity Commission 2010:113).

By contrast the central government in the UK has an extensive direct interface with the voluntary sector (Clark *et al* 2009).²⁰ Although a significant share of voluntary sector income derives from local authorities, the UK’s system of delegated authority allows central government to directly influence local government expenditure for social services. Whereas subnational policy frameworks for inter-sectoral cooperation in Canada and Australia have developed independently of any national initiative, those in Scotland, Wales and Northern Ireland all have their origins in frameworks modelled after the English compact and bequeathed to the newly devolved administrations by Whitehall²¹ (although these instruments have since been adapted by the Executive in each of the Home Countries).

Australian States and Territories

All Australian states and territories have explored the potential of formal relational frameworks between government and the community or voluntary sectors. With one exception²², these frameworks were initiated under centre-left Labor governments – most during the period in which the centre-right

²⁰ In the UK funding from statutory sources accounts for 36% of voluntary sector income of which 43% derives from central government and 47% derives from local authorities.

²¹ The former Scottish and Welsh Offices and the Northern Ireland Office.

²² In April 2001, the Liberal government of the Australian Capital Territory (ACT) published *Compact: community partnership ACT Government: the first step* – ‘the first Compact of its kind in Australia’, preceding even the Canadian *Accord* (Australian Capital Territory 2001:4). Following a change of government in 2001, the incoming Labor administration effectively re-branded and re-issued the document as the *Social Compact* (2004) but without materially altering its contents.

Liberal/National Coalition governed nationally (1996-2007). However, recent changes of state/territory government have meant that frameworks for inter-sectoral cooperation have been inherited by nominally conservative administrations, sometimes with interesting results.

Three jurisdictions – the Australian Capital Territory (2004), New South Wales (2006) and Queensland (2008) – currently have bilateral compacts with the NFPS although these largely focus on the human services sector. These compacts draw their inspiration from the English compact and the *Accord* and exhibit a similar form and language. They articulate the respective roles and contributions of government and the third sector; enunciate shared values and principles of conduct; and set out reciprocal undertakings. Although presumptions of partnership, inter-sectoral collaboration and even co-production underpin the language of these agreements, practise, at times, diverges from the rhetoric.

Other jurisdictions – South Australia (2003), Tasmania²³ (2008), Victoria (2008) and Western Australia (2009) – have pursued more ‘unilateralist’ or hybrid approaches: initiated by governments and involving consultation with the sector (usually the health and social welfare sub-sectors²⁴), but not necessarily premised upon a formal agreement or even consensus about objectives and strategies. On the whole, these initiatives proceed from the pragmatic presumption that in their role as commissioners rather than direct providers of services, governments are necessarily concerned to ensure the capacity, capability and viability of the NFPS as an important agent of service delivery.

In the UK and Canada national policy frameworks preceded those developed by other levels of government. The causal observer might conclude that these later agreements cascaded from the national agreement either compulsorily or naturally via policy diffusion. While we have already cited clear evidence of the former with respect to the UK, we have also noted that policy frameworks for inter-sectoral cooperation in Canada owe little to the earlier national agreement. Australia’s experience presents an interesting contrast in that compacts have been part of the policy landscape for over a decade in the country’s states and territories.

Although the Commonwealth government was certainly aware of this

²³ The Tasmanian government and the state’s NFPS have recently re-commenced a process that might lead to the formalisation of a bilateral ‘Partnership Agreement’. It is expected that a draft agreement could be available for public consultation by late November 2011.

²⁴ In Australia, those parts of the third sector concerned with health and social welfare are generally referred to collectively as the ‘community sector’. It is interesting to note that Labor’s 2007 pre-election policy statements employed the terms ‘third sector’ and ‘community sector’ interchangeably, which suggested that the proponents of Labor’s policy possibly didn’t understand the difference.

policy history²⁵ there is little evidence that state/territory experiences have significantly shaped its approach to the *National Compact*. Even so, we consider that the performance of state/territory frameworks do offer salutary lessons for the federal government. Three states in particular provide useful illustrations of the continuum of policy frameworks for government-NFPS cooperation: New South Wales, Queensland and Western Australia (See Tables 2 and 3).

Table 2 — A Comparison of Frameworks for Inter-sectoral Cooperation in Selected Australian States: Political Context & Key Drivers

	New South Wales (NSW)	Queensland (QLD)	Western Australia (WA)
Framework Document	<i>Working Together for NSW - An agreement between the NSW Government and NSW non-government human services organisations (2006)</i>	<i>Queensland Compact – Towards a Fairer Queensland (2008)</i>	<i>Delivering Community Services in Partnership Policy - A policy to achieve better outcomes for Western Australians through the funding and contracting of community services (2011)</i>
Political Context / Policy Windows	Carr Labor government elected in 1995 after 8 years in opposition. Previous Liberal-National government introduces market-based competitive tendering and contracting (CTC). Carr resigns 2005. Leadership changes three times before Labor is defeated in 2011 election.	Bligh Labor government re-elected 2009 after change of leadership in 2007 (Beattie Labor government formed in 1998). Bligh commits to developing a Compact (2007). Bligh government defeated in 2012 general election. Incoming Liberal National Party (LNP) government pursues major public sector cuts.	Barnett Liberal minority government elected 2008 after 7 years in opposition. Previous Labor government (2001-08) initiates an 'Industry Plan' (2003-04) to build capacity and capability of the sector generally & provide consistency in human services contracting practice.
Key Policy Drivers / Policy Entrepreneurs	Recognition in sector that CTC presents challenges to capacity, capability and adaptability of sector. Sector aware of emerging thinking in the UK re. 'concordats' between the sector & government. Sector promotes concept with new government (1997). Carr government, re-elected in 1999, commits to a Compact.	The sector, through the 'Futures Forum', develops a <i>Community Sector Services Charter (2006-07)</i> outlining a collective vision and shared values. Premier Bligh, herself a former social worker, agrees to pursue a compact with the sector. New LNP Premier, Campbell Newman, seeks to rein-in government programs and public spending.	<i>Industry Plan</i> suffered from line agency resistance, ineffective leadership and inconsistent implementation leading to loss of confidence by sector. New government affirms importance of the sector's role re. service delivery and Premier advocates partnership framework. Central agencies and sector leaders tasked to develop partnership framework.

²⁵ Here it is worth mentioning that, at the time the Rudd Labor government was elected, there were Labor administrations in every Australian jurisdiction.

Table 3 — A Comparison of Frameworks for Inter-sectoral Cooperation in Selected Australian States: Framework, Impacts & Future Directions

	New South Wales (NSW)	Queensland (QLD)	Western Australia (WA)
Nature of the Framework	<p>Bilateral framework document endorsed by State government and Forum of Non-Government Agencies (FONGA). Initial emphasis on human services sector, intended to extend progressively to whole-of-government and sector. Focus on working relationships and capacity-building. Loosely linked to ‘<i>State Plan</i>’ & complementary policy frameworks. Joint Reference Group (JRG) comprised on FONGA and key line agency CEOs formed to oversee implementation. JRG has met on four occasions, between 2006-09. Delay between announcement of intent (2000) and launch (2006) cited as evidence of a lack of government commitment.</p>	<p>Bilateral framework document endorsed by State government and Community Sector Futures Forum. Initial emphasis on community services sector. Focus on working relationships, building capacity, sustainability and engagement. Express linkage to state plan, ‘Towards Q2’ and complementary policy frameworks. Integrated governance framework: Compact Governance Committee (CGC) with Independent Chair. Secretariat support through Department for Communities. CGC oversees implementation of an <i>Action Plan</i> and reports annually on progress. After election, CGC ceases to meet and Chair is not renewed.</p>	<p>Unilateral policy framework, although jointly developed and strongly endorsed by sector leadership. Takes place of ‘Industry Plan’ (2004, now lapsed). Initial emphasis on community services sector (contracted services) with potential to extend progressively to whole-of-government and sector. Partnership Forum (2010) established to enable government-sector dialogue and to develop and oversee framework. Central agency oversight of implementation with input from sector. Linked to ‘<i>Putting the Public First</i>’ (2009) and cascading policy and operational frameworks.</p>

Table 3 — continued

	New South Wales (NSW)	Queensland (QLD)	Western Australia (WA)
Primary Impacts	<p>Few obvious positive impacts or benefits arising from Working Together, high levels of cynicism in both sector and bureaucracy.</p> <p>Good Practice Guides on 'Good Funding Policy and Practice' (2006) and 'NGO Participation in Regional Human Services Planning Processes' (2007). NGO Red Tape Reduction report (2009). Surveys suggest poor penetration/awareness and low support/attachment in sector and in public service (Dalton et al 2008; Edgar & Lockie 2010).</p>	<p>Implementation is project-based with early phases focused on cross-government promotion of and embedding the Compact; workforce development and volunteering.</p> <p>Natural disasters in Queensland in 2011 delayed progress on some compact initiatives and exacerbated budgetary position of government.</p> <p>Compact implementation was externally reviewed in 2011 however release of final report precluded by timing of 2012 election.</p> <p>Despite achievements in documenting the economic contribution of the sector and establishing regional frameworks for collaboration, the Compact and associated operational structures have been suspended pending further determination by the new LNP government.</p>	<p>Major commitment of resources in 2011 Budget to close the 'funding gap' and enable new service provision (\$1 billion over 4 years).</p> <p>Government and sector are 'co-producing' policy. The sector sees this as an important opportunity to address long-standing structural and systemic issues.</p>
Future Directions	<p>NSW Council of Social Service sought pre-election commitments from the Opposition to renew the compact with more robust governance mechanisms.</p> <p>No commitments have been made by the O'Farrell Liberal-National government.</p>	<p>Regarded by some in the sector as the 'exemplar' framework agreement in the Australian context.</p> <p>Australian <i>National Compact</i> was strongly influenced by the <i>Queensland Compact</i> and there has been close engagement between the national and state governments in this policy space.</p> <p>The Compact is held in abeyance while the new LNP government pursues structural changes and deficit reduction measures.</p>	<p>A compact is not a priority for the sector or for government in Western Australia.</p> <p>The sector wants funding certainty, full-cost pricing, fair contracting regimes & workforce development.</p> <p>Government wants a stable contracting environment & a viable social sector.</p>

New South Wales

The New South Wales (NSW) compact *Working Together for NSW*²⁶ had a long gestation. In 1996 compact advocates within the community sector – aware of the Deakin Commission’s proposals for a concordat in the UK – successfully lobbied the recently elected Labor government to include a commitment to a formal agreement in its policy platform for the 1999 state election. On his government’s re-election Premier Bob Carr committed to the development of a compact to ‘promote greater understanding ... and a better working relationship’ (NSW Government 2000:33). However, it took until 2004 to produce a draft agreement and *Working Together* was not launched until 2006 by which time Carr had retired and a new Premier was at the helm.

As with so many other framework agreements, *Working Together*, was modelled after the English compact (Edgar and Lockie 2010:360). It ‘applies to all Government and non-government organisations involved in the planning, funding, regulation and delivery of human services’ and embodies an in-principle commitment by the government and the NFPS to ‘use their best endeavours’ to:

[build] appropriate organisational structures to support open communication, community participation and collaboration between Government and non-government organisations in planning, policy development, program design and service delivery and review. (DOCS/FONGA 2006:10)

There is broad agreement that *Working Together* has been largely ineffective as an instrument for government-sector cooperation (Dalton *et al* 2008; Edgar and Lockie 2010). Whereas the sector had advocated an enforceable agreement with binding mechanisms for dispute resolution, the government preferred an agreement that was more *aspirational* in nature – more of a broad statement of principle than a ‘contract’. Apart from an annual meeting of sector representatives and government officials, no dedicated governance structures or agreed action plans have been established. Political instability (the leadership of the NSW Labor Party would change four times from 1995-2009), a lack of central agency leadership, resistance from line agencies and failure of the sector to assert ownership of the NSW compact also played a part.

Although public sector agencies and peak sector bodies today consider that *Working Together* has some *symbolic* merit, they also acknowledge that it has not achieved significant penetration either in the bureaucracy or within a variegated and fragmented NFPS. Reforms that have been initiated by the state government in this policy space have largely occurred without reference to *Working Together*.

²⁶ *Working Together for NSW* can be accessed at <http://www.communitybuilders.nsw.gov.au/site/govinfo/150.html>

The future of the NSW compact is uncertain. The NSW Labor government was defeated in the March 2011 general election and the NSW Council of Social Service (NCOSS) observes that the new government has no 'specific proposal to have a formal relationship with the sector through a revitalised Compact or other process' (NCOSS 2011).

Queensland

The Queensland Compact: Towards a fairer Queensland (2008) is a relatively recent state/territory relational framework agreement. The *Queensland Compact* was built upon foundations established in 2006 by the *Queensland Community Services Futures Forum* – a coalition of state peak organisations. The compact document was developed collaboratively by the Futures Forum and the Queensland Department of Communities with the strong support of Premier Anna Bligh.²⁷

Senior Queensland government officials attested to Premier Bligh's strong personal commitment to the *Queensland Compact*. One senior Labor figure has suggested that the notion of a compact is a natural 'fit' with Bligh's political and policy sensibilities given her past involvement in the trade union movement and the community services sector.²⁸ As a new Premier appointed in 2007 on the retirement of her popular (and populist) predecessor, Peter Beattie, a compact might also have been seen as an opportunity to shore up valuable alliances in the approach to the 2009 State election.

The *Queensland Compact* 'sets out expectations and commitments for the Queensland Government and the Non-profit Community Services Sector' and aims, broadly, to '[foster] strong working relationships, [drive] engagement in planning and policy processes, and [strengthen] sector capacity'. It has been supported by a formal governance framework overseen by a Compact Governance Committee (CGC) comprised of five government and five sector representatives plus an independent Chair.²⁹ The CGC has overseen the implementation of an *Action Plan* that 'gives effect to the commitments within the Compact and creates practical change'.³⁰ The CGC has also overseen the implementation of a

²⁷ *The Queensland Compact* may be viewed at <http://www.communityservices.qld.gov.au/department/about/corporate-plans/queensland-compact/about.html>

²⁸ Personal communication.

²⁹ The *Terms of Reference* for the Compact Governance Committee may be viewed at <http://www.communityservices.qld.gov.au/department/about/corporate-plans/queensland-compact/documents/compact-terms-of-reference.pdf>

³⁰ The Compact Governance Committee Action Plan may be viewed at <http://www.communityservices.qld.gov.au/department/about/corporate-plans/queensland-compact/documents/compact-governance-committee-action-plan.pdf>

Communication and Embedding Plan that sets out ‘activities to inform and engage members, clients and stakeholders in the implementation of the Queensland Compact’ and thereby ‘support achievement of the Compact vision by raising awareness of the Compact and supporting implementation of its principles, goals and commitments.’³¹

The *Queensland Compact* adopted an independent and transparent governance framework (including mandatory annual reporting); the development of an ‘Action Plan’; the establishment of mechanisms to encourage collaboration and clear communication; and the production of a suite of supporting materials and better practice guides. In its first two and a half years it pursued a wide variety of project-based initiatives aimed at building relationships and improving processes (Futures Forum/Queensland Government 2010). The *Queensland Compact* appeared to be regarded by the sector – and the Commonwealth – as fundamentally sound in terms of its language, the framing of its goals and principles, and its operational framework (ACOSS 2009:7-8).

However, the March 2012 state election saw the Bligh Labor government swept from power in favour of the centre-right Liberal national party (LNP) led by Campbell Newman. The LNP has made no policy announcements concerning the compact, which together with the governance mechanisms established to give effect to it, are being held in abeyance while the new government considers its position. For the moment, the new LNP government is focused on reining-in programs, re-structuring the public service and reducing public expenditure. It remains to be seen whether it will endorse Queensland Compact and continue the suite of measures commenced under the Labor government to address systemic problems with service commissioning and procurement.

Western Australia

In Western Australia (WA) the Labor Government under former Premier Geoff Gallop (2001-06) engaged the NFPS in a dialogue about the relationship between government and the sector; the financial viability and sustainability of the NFP human services sector; and NFPS capacity-building. In 2003 the WA government and sector representatives signed up to an *Industry Plan for the Non-Government Human Services Sector* (2004). The *Industry Plan* was not intended to be ‘a formalised partnership agreement or compact’, although it left open the possibility of ‘a more formalised agreement’ in the future (DPC 2004:12).

The *Industry Plan* offered a ‘framework for partnership’ affirming the ‘distinct and complementary roles’ as well as the ‘shared goals and values’ of

³¹ The *Queensland Compact Communication and Embedding Plan* can be viewed at <http://www.communityservices.qld.gov.au/departments/about/corporate-plans/queensland-compact/documents/communication-and-embedding-plan.pdf>

government and the non-government human services sector. A 2004 *Statement of Partnership* set out a commitment to establish an *Industry Council* to ‘implement, monitor and further develop the *Industry Plan* for the whole of the Human Services Sector’.

The *Industry Plan* initially compared favourably to policy frameworks in other jurisdictions that lacked either targets and/or coherent mechanisms for implementation. However, an inconsistent application of supporting policies resulted in an erosion of trust and a lack of confidence in the formal structures established to guide implementation (WACOSS 2009:11). Although the *Statement of Partnership* had been held up as a possible precursor to a more formalised agreement, the *Industry Plan* lost momentum between 2005 and the election in 2008 of a centre-right Liberal-National Government led by Premier Colin Barnett.³²

In October 2009, the new government launched its own manifesto, *Putting the Public First*, in which the government articulated a vision of community sector organisations as financially sustainable ‘social enterprises’ operated along business lines. NFPOs would become ‘genuine partners in the delivery of human services, untethered from the need for unnecessarily prescriptive processes and controls to govern relationships’ (EAC 2009:i). The Premier stated his government’s intention to demonstrate its ‘trust’ in the capabilities of the sector by ‘progressively shifting the delivery of services away from government agencies to the community sector’ (Barnett 2010). In May 2010 a *Partnership Forum* was established comprising public and community sector leaders. Chaired by a former head of the federal Department of the Prime Minister and Cabinet, Peter Shergold, the Forum would oversee a re-shaping of the working relationship.

The result of these deliberations, the *Delivering Community Services in Partnership Policy*, was announced by the government in July 2011 (DPC 2011b). This initiative has the strong support of the Premier and the sector. The policy lead is shared by the Department of Premier and Cabinet, the Treasury and the Department of Finance. The partnership framework is *not* a bilateral agreement, even though it was a genuinely collaborative endeavour and some of its provisions resemble those set out in compacts. According to one senior official, there was little interest in ‘wordsmithing an aspirational document’ (Butcher 2011).

A focus on pragmatism was evidenced by the announcement in the 2011-12 Budget of a four year, \$1 billion ‘social services package’ of which over \$600 million is earmarked to ‘address a shortfall in the amount paid by Government to the sector for the services they provide’ (DPC 2011a). Clearly, in Western Australia ‘action’ (meaning *money*) speaks louder than words.

³² Observers in Western Australia attribute the loss of momentum in part to the resignation of Premier Geoff Gallop in 2006 and the election of Alan Carpenter as leader of the WA Labor Party.

Key Observations from the Cases

What we observe in the cases presented above is that formal framework agreements between government and civil society actors serve to convey a mutual endorsement of an *idea* of participatory or shared governance. However, unless they are institutionally embedded, compacts can be marginalised and rendered inconsequential as emergent issues crowd them off the policy agenda. This does not mean that governments' attachment to compacts is necessarily shallow and instrumental, but to expect such policy frameworks to remain at the centre of any government's policy agenda is unrealistic (as indeed is the expectation of any real sharing of executive authority).

When governing parties are in a strong position politically (the early Blair, Chrétien or Rudd governments) they might be better able to overcome the institutional and bureaucratic inertia that stands in the way of the cultural changes required to give full effect to collaborative governance. On the other hand, political surety might also breed complacency and inaction. When in a weakened political position (Gillard, Brown), governing parties might be more inclined to seize the opportunity provided by compacts for policy differentiation in a highly contested political marketplace. Whether compacts are capable of generating sufficient political capital to sustain an embattled government's interest amid the clamour of competing policy issues is another matter.

Policy entrepreneurs, policy windows and policy durability

Much is made in the scholarly literature of the importance of 'policy entrepreneurs' and 'champions' (who are not necessarily one and the same) in advocating for and maintaining commitment to compacts (see Casey *et al* 2008a). In the UK a coalition of interests and ideas, forged over a number of years while Labour was in opposition, was instrumental in articulating a coherent vision of a compact and the institutional frameworks required to make it work.

In Canada, the Broadbent Panel provided the catalyst for a sitting government to somewhat opportunistically seize on the idea of a compact for the political capital it might create (Elson 2006:39). Brock for one contends that certain policy actors effectively 'hijacked' the policy agenda by focussing on the sector's relationship with government rather than the core problems of voluntary sector accountability and governance identified by the Broadbent Panel (Brock 2008:16). A subsequent failure to establish a durable institutional framework, coupled with a narrow support base and high turnover within senior ranks of the public service, compromised the *Accord* – fatally in the view of a number of commentators (Elson 2007:56 and 2006:39-40; Phillips 2003a:32-51).

These events have Australian analogues. In New South Wales overtures

from the community sector convinced a sitting government to adopt a compact as part of its policy platform. However, a key player in these events observes that unlike the English compact, *Working Together* had not emerged from the sector as a mature concept negotiated with a 'government in waiting'.³³ This served to weaken the sector's influence and cede control of the policy to a government and a bureaucracy that were still in thrall to market-based approaches to service delivery and unwilling to be fettered by a compact. Once announced, the NSW compact had few champions in government and quickly lost momentum and relevance.

Queensland and Western Australia provide contrasting cases. In Queensland the sector, acting independently of government, mapped out a collective vision and shared values in order to provide a platform for constructive engagement with government (Futures Forum 2007). Meanwhile, major internal and external reviews of service delivery in Queensland led to a realisation within government of the need for systemic reform.³⁴ The convergence of a new consensus in the sector and the anointment of a sympathetic Premier with an election to win created the window for the *Queensland Compact* and placed the sector in a position to influence the shape of the governance and implementation mechanisms.

In Western Australia, a local economic boom coupled with a change of government provided the policy window in which a new settlement could take shape. The sector, represented by the Western Australia Council of Social Service (WACOSS), and the state government made common cause: the sector brought to the discussions a deep practical understanding of the political and bureaucratic impediments to inter-sectoral cooperation; the new Premier brought a determination to engage the sector in a shared endeavour to meet the challenges facing the WA community. One observer suggested that WACOSS and the state Department of Premier and Cabinet are now 'joined at the hip' and each will be under considerable political and institutional pressure to make the new arrangements work.

Policy windows open, policy windows close

When the *National Compact* was launched in March 2010, only the Canadian *Accord* had experienced a change of government. This event appeared to vindicate concerns that without a robust institutional and governance framework,

³³ Personal communication.

³⁴ The Queensland Audit Office (QAO 2007) undertook a major audit of NFPS funding in 2007 and the (then) Service Delivery and Performance Commission (a performance monitoring body within the Department of Planning and Communities) also undertook a review of the commissioning and funding of services in 2006-07.

compacts are susceptible to relegation or outright abandonment by incoming governments. The experiences of Western Australia and New South Wales suggest that even without a change of government, leadership changes can cause compacts to lose momentum and policy relevance.

Recent events in the UK and Queensland demonstrate that even well-established institutional and administrative structures do not provide a bulwark against the policy agendas of in-coming governments. Where compacts have been inherited by centre-right governments – as has occurred in Canada, the United Kingdom, Western Australia, New South Wales and Queensland – there is evidence that governments will choose to de-emphasise their ‘civil society’ dimensions in favour of relations with particular industry sectors (e.g. disability, housing, labour markets, etc.), enterprises (e.g. NFP service providers, ‘social enterprises’), individuals and/or communities, thereby placing the policy framework firmly in the service of the commissioning environment.

A political transition is under way in Australia’s states and territories as long-standing Labor governments falter under the weight of incumbency. Western Australia elected a new centre-right government in 2008, as did Victoria in 2010, New South Wales in 2011 and Queensland in 2012. Labor governments were narrowly returned in Tasmania and South Australia in 2010. Meanwhile, long-term Labor governments in the Australian Capital Territory and the Northern Territory face the polls in October and August 2012, respectively.

Whereas in New South Wales a moribund agreement has not received any attention from the new government, in Western Australia new life has been breathed into the government-NFPS relationship by a settlement that empowers rather than marginalises the sector. While it might be casually assumed that centre-left governments are the natural allies of the NFPS, some observers in the sector accuse centre-left parties of being steeped in a ‘top-down’ view of government in which a compliant sector serves as handmaiden to the state. By contrast the classical liberal traditions with which many centre-right parties are endowed recognise the legitimacy of the sector’s ‘voice’ while at the same time holding an essentially instrumentalist view of the sector as a preferred agent of contracted service delivery.

Federally, Labor is in minority government and its prospects at the next general election (to be held by 30 November 2013) are highly uncertain. In a political environment such as Australia’s, full of highly charged and rancorous debate about hotly contested issues such as climate change and asylum seekers, the *National Compact* does not register in the public consciousness. The federal opposition’s attitude towards the *National Compact* is unclear and parts of the sector appear to be ambivalent. This ambivalence is to some degree a reflection of the fact that three years on from the election of the Labor government, the sector is still finding its collective voice. To this end, a new member-directed

organisation – the Community Council for Australia (CCA) – was established in 2010: ‘to lead by being an effective voice on common and shared issues affecting the contribution, performance and viability of nonprofit organisations in Australia’.³⁵

Conclusion

The pursuit of compacts by national and sub-national governments in the UK, Canada and Australia exhibit processes of policy diffusion and political/policy convergence. Evidence for diffusion can be found in the attribution of provenance by compact adopters to the English compact. Evidence for convergence, on the other hand, lies in the fact that in almost every case compacts were initially adopted by centre-left governments. This suggests that the governing party’s position on the political spectrum is a strong predictor of the adoption of policy instruments of this type. Moreover, we see compacts following in the wake of an earlier wave of policy diffusion and convergence in the form of NPM and the embrace of public administration doctrines favouring contractual governance. However, policy diffusion and convergence do not explain observed differences in the practical expression of policy frameworks for cooperation in different polities. Although a number of common themes emerge from the cases, we also observe that policy frameworks for inter-sectoral cooperation are shaped by the political and institutional dynamics prevailing in each jurisdiction. In this sense, ‘context is king’.

What emerges from this analysis is that formal relationship frameworks, whether in the form of bilateral compacts or unilateral policy statements, have both ‘political’ and ‘policy’ drivers insofar as they serve both the short-term political needs of their advocates (both state and non-state actors) and ostensibly seek to address medium/long-term policy problems. What matters is the relative importance of each. Where politics is the principal driver (as might be said of Canada and New South Wales), attachment to the policy might be weak and implementation might be compromised. On the other hand, where policy is the key driver (as would appear to be the case in the UK, Queensland and Western Australia) one might hope to see the emergence of more durable and adaptive policy frameworks.

So where does the Australian compact sit on the politics-policy continuum? Informal commentary within the NFPS suggests a degree of impatience with the pace of change and ambivalence about the content of the reform agenda and the manner of implementation. In part, this is a function of unrealistic expectations about the capacity of the *National Compact* to resolve all

³⁵ For further information see the CCA’s website at: <http://www.communitycouncil.com.au/>

of the problems that have beset the relationship between government and the sector for well over a decade (and for some a vindication of cynical expectations that a compact will fail). In part too it is a function of the inherent complexity (and for some, the unintelligibility) of the reform agenda and the range of actors that need to be engaged to bring it to fruition.

There is a perception – not entirely unjustified – that the National Compact had become becalmed in a kind of policy doldrums. This was to some extent due to a government distracted by its own internal machinations and various policy and political crises – not the least of which being the overthrow of a sitting Prime Minister and the subsequent ignominy of minority government. Prime Minister Gillard has responded by declaring 2011 as ‘a year of delivery and decision’ (Coorey 2010). The suite of not-for-profit reform initiatives announced during the 2010 election might just put some wind in the Australian compact’s sails. The Australian government needs to deliver results if it is to embed the *National Compact* in the NFP policy space and build the reform momentum the sector wants and needs. It might not have much time to do it.

Do governments and the NFPS *need* compacts? Clearly, governments and civil society actors in many jurisdictions have concluded that they do, although their faith in the potential for such instruments to materially re-shape the relationship between governments and the NFPS is frequently challenged. Emerging discourses on relational or network governance do not presuppose compacts or similar instruments, although they might embrace compacts as one of a range of strategies to achieve more connected governance (see Casey 2011). The bottom line is that relationality does not require compacts, but compacts require relationality.

Even an ineffectual agreement can be a useful means of framing the on-going dialogue with government and *within* the sector itself. As Kendall (2003, 2009, 2010) and Morison (2000) observe, compacts create a space within which a discourse can occur and evolve. Indeed, Lindquist suggests that compacts might require ‘a decade or two’ to mature (Lindquist 2010:164). Even Brock, who considers that the Canadian *Accord* fell well short of achieving a genuine paradigm shift in government-NFPS relations, nevertheless concedes that it provided the foundation for ‘inexorable’, albeit unpredictable change (Brock 2008, 2004).

Parties to these policy frameworks need to be reminded that a compact is ‘a process not a paper’ (Bullain and Toftisova 2005:66) in which legitimacy stems from the credibility of the actors engaged in giving effect to it (Phillips 2003b). Compacts are not intended to be static documents; rather, they are intended to authorise on-going processes – including oversight, formal review and the dissemination of good practises – that provide a catalyst for systemic reform (Craig *et al.* 2002, Rawsthorne and Christian 2004, Toftisova 2005).

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