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National Compact and the Report of the Productivity Commission

- The National Compact between the federal government and the Third Sector was launched on 17 March 2010.
- The Productivity Commission Report on the Contribution of the Not-for-Profit Sector was released on 11 February 2010.

Background

- The federal government announced its intention to develop a 'national compact' with the non-profit sector in April 2008. The Compact is intended as a statement of principle; it is not a legal contract or funding agreement. Similar Compacts are already in operation in a range of jurisdictions, both in Australia at state level (e.g. New South Wales) and overseas (e.g. in the U.K.).
- The Department of Family, Housing, Community Services and Indigenous Affairs (FaHCSIA) conducted a series of consultations in the process of developing the National Compact. The consultations were led by the Australian Council of Social Services (ACOSS). AFAO made submissions and participated in consultations to represent the interests of its members as part of the consultation process.
- The Prime Minister, Kevin Rudd, launched the National Compact: Working Together in March. In his speech the Prime Minister stated that 'today marks a new era of collaboration between the Australian Government and community and not-for-profit organisations which help many of the most needy and disadvantaged people in Australia'.
- In his speech the Prime Minister also referred to the recent report of the Productivity Commission on the 'Contribution of the Non-Profit Sector', and stated that 'we are also carefully and seriously considering the Productivity Commission Report...which proposes a substantive reform agenda'.

Principles of the National Compact

The National Compact is a brief document which outlines the vision, purpose, principles and aspirations shared by the Australian Government and signatories to the Compact.

Principles outlined in the Compact include:

- Recognising a strong and independent Third Sector;
- Recognising the importance of consultation and the value of advocacy;
- Recognising and valuing diversity, both within the Third Sector and within Australian society;
- Sharing a drive to respond to the needs and aspirations of communities;
- Recognition of the need for an innovative, appropriately resourced and sustainable Third Sector;
- Acknowledging the need for measurable outcomes and accountability mechanisms.

Priority areas for action

The Compact also lists eight 'priority areas for action':

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- Document and promote the value of the Sector
 - Protect the Sector's right to advocacy;
 - Recognising the diversity of the Sector;
 - Improve information sharing
 - Reducing red tape and streamlining reporting arrangements;
 - Simplifying and improving consistency of financial arrangements, including between federal and state jurisdictions;
 - Action to improve both paid and unpaid workforce issues; and,
 - Improving funding and procurement processes.
- However, the National Compact does not include an implementation or action plan and the corresponding website currently contains no information regarding the development of an implementation plan.
 - The website of the National Compact states that 135 organisations have become signatories to date. These include a range of peak organisations such as ACOSS, AFDO, NACCHO, FECCA and ACFID.

Productivity Commission Report on the Contribution of the Non-Profit Sector

- In his speech the Prime Minister also referred to the Productivity Commission Report on the Non-Profit Sector. This Report was released on 11 February 2010. It contains a range of recommendations which, if implemented, are potentially far-reaching in their implications. The recommendations include:
 - Establishment of a national Registrar for Community and Charitable Purpose Organisations;
 - Pursuing alignment of incorporated associations legislation between jurisdictions;
 - Widening the scope for 'gift deductibility' for tax purposes, and adopting a standard definition of 'charitable purposes';
 - Investigation of sustainable business models and improved information and communication technology for non-profit services;
 - Introduction of a 'Working with Vulnerable People Check' which could be portable between jurisdictions;
 - Establishment of an Office for Not-For-Profit Sector Engagement;
 - Funding for non-profit services should be based on the cost of market wages.
- Specifically in relation to funding arrangements, the Report recommends that:
 - Governments should consider alternative models of engagement with services, and not assume that purchaser-provider models are always the most appropriate;
 - The length of service agreements and contracts should reflect the time required to achieve outcomes rather than arbitrary or standard contract periods;
 - Tendering, contracting, reporting and acquittal requirements should be reviewed with the aim of reducing compliance costs;
 - A common set of core principles to underpin service agreements and contracts across government.
- The government has not yet provided an indication of how it will respond to the recommendations of the Productivity Commission's report.

References

National Compact: Working Together, available at: <http://www.nationalcompact.gov.au/>

The full text of the Productivity Commission report (with the full recommendations) is available at: <http://www.pc.gov.au/projects/study/not-for-profit/report>