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Senator the Hon Ursula Stephens

**Parliamentary Secretary for Social Inclusion and the Voluntary Sector
Parliamentary Secretary Assisting the Prime Minister for Social Inclusion**

23 July, 2008

Speech

First Consultation on a National Compact

First Consultation on a National Compact, Melbourne, 22 July 2008

Introduction

It is with great pleasure I am here today to talk with you about the relationship between the Australian Government and the not-for-profit sector. Thank you Linn for your introduction.

I acknowledge the Wurrangeri people and pay my respects to them.

Thank you to all of you for taking time out of your busy schedules to discuss this important agenda.

Thank you to ACOSS team who have organised today's forum as part of the first stage in the consultation process to develop a National Compact.

We have commissioned ACOSS, given their extensive membership base and strong links with a diverse range of organisations, to seek views through an initial exploratory stage, which will be followed by more in-depth consultation including seeking views of service users.

Federal Labor first started the conversation on the merits of developing a National Compact under the leadership of Kim Beazley in November 2006. We made an election commitment to work with the sector on a Compact.

I am committed to developing a Compact for a range of reasons. It is an important vehicle for our Social Inclusion Agenda. The Government is also committed to strengthen the legal, regulatory and financial framework foundations of the sector. I believe the Compact can provide the bedrock on which this reform agenda will sit.

The Government has already committed to a range of reforms for the sector:

- we restored the sector's right to advocate and participate in public debate including removing contract clauses that restrain this role; and
- we are working with the sector to develop a truly independent and effective voice.

Better understanding the whole sector

The Government understands the diverse and wide-reaching nature of the not-for-profit sector.

It is a sector comprising 700,000 not-for-profit organisations, 180,000 bodies corporate, 100,000 incorporated associations, 10,000 companies limited by guarantee and 3,500 cooperatives. We know this from ABS data which dates from 2001 and we recognise that we need more up to date information and data to better understand the sector.

We also recognise that we need to better understand the sector's social and economic contribution the nation. That is why we have commissioned the Productivity Commission to construct a tool to measure the contribution of the not-for-profit sector.

We also acknowledge the sector's economic contribution providing 7% of the workforce, 12% of private employment, a turnover of \$50 billion per annum and 5.2 million volunteers.

And we recognise the sector also has a range of relationships with the Federal Government and that has a significant impact on communities in a range of areas: just some of these include providing welfare services, developing arts and culture, advocating for the community and policy development.

In addition, to the work of ACOSS in the consultation process, we will ensure there are mechanisms in place to seek views of the whole not-for-profit sector.

I will be writing to peak organisations, State & Territory Ministers and other stakeholders. Written submissions will also be possible shortly, through the social inclusion and FaHCSIA websites.

To seek views from the whole sector, we are also in the process of setting up a Reference Group to ensure we get the most out of the consultation process.

A new era in the relationship between the sector and Government

We have drawn from international experience look at how we can best develop our relationship with the sector.

Importantly, I see the Compact as providing an important vehicle to articulate a strengthened and more effective partnership with the sector to achieve the goal of increasing social inclusion.

We want a respectful and constructive partnership.

The Government has committed to an Australian Social Inclusion Agenda to create opportunities for all Australians to realise their full potential across all areas of social and economic life.

An effective partnership is crucial to achieve this ambitious goal and the Compact will provide a framework for us to articulate our shared values. We (and the sector) recognise the Compact as an opportunity to:

- reduce disadvantage;
- create opportunities for social and economic participation;
- build social cohesion;
- build collaboration and innovation in service delivery; and
- deliver evidence-based outcomes and continual improvement in service delivery.

The National Reform Agenda, driven through COAG aims to further raise living standards and improve services by lifting the nation's productivity and workforce participation over the next decade as well as develop social inclusion principles.

It will address coordination and interaction between the levels of Government and the complexity and fragmentation of service delivery. The Compact will give us an important vehicle to talk about the opportunities of this agenda to advance social inclusion priorities for Government and the sector.

Purpose of the Compact

Of course, I am keen to hear your views on what you believe a National Compact can achieve. I believe that the Compact's purpose should be to:

- develop effective relationships between Government and the sector to build social inclusion and ensure consistency of treatment across Government agencies and departments;
- develop a set of standards to which we all accountable;
- recognise the social and economic value of the sector, as well as its independence;
- provide a vehicle, together with the Australian Social Inclusion Board, to consult about and address social inclusion priorities;
- create opportunities to hear the views of disadvantaged and marginalised Australians, allowing them to contribute to the design of more effective policies and programs; and
- strengthen capacity within the sector to deliver efficient and effective services and promote innovative policy and responses to community needs. We believe it is important that the sector is in a position to take advantage of new technologies and innovations to respond to emerging social needs, and to consider opportunities to build capacity of the sector.

Possible Compact Elements

I look forward to hearing what you consider should be the major features of a National Compact.

My initial thoughts are that at a bare minimum the Compact should include the elements of:

- A high level of statement of purpose
- A statement of agreed values to underpin the compact
- Statement of roles and responsibilities
- An evaluation framework
- Identification of industry issues
- Frameworks for dialogue and policy development
- An implementation plan covering governance, communication and dispute resolution
- Consider the contribution and needs of volunteers

I also recognise the Compact may offer other opportunities and you in the sector are best placed to articulate these.

Linked Reform Agendas

The National Compact is part of our overarching Social Inclusion Framework and will also take into account the relevant and linked agendas being progressed including:

- The Review of the Taxation System with the report to Government due at the end of 2009;
- The National Reform Agenda, through COAG, which will have a significant impact on the way services are delivered;
- The Senate Economics Committee Inquiry into disclosure regimes and regulation of the not-for-profit sector (submissions close end of August 2008) – website is: www.aph.gov.au/Senate/committee/economics_ctte/inquiries.htm and
- Work underway to develop better ways of measuring the social and economic impact of the not for profit sector in Australia. A critical piece of work will be the development of terms of reference for the Productivity Commission to also identify opportunities for productivity gains in the sector.

Compact Success Depends Upon

A range of important factors and settings will improve Compact outcomes. These include:

- Better understanding the sector - new research into the size and contribution of the sector
- Champions within government and the sector
- Recognition and willingness by all parties to reform governance, capacity and accountability

Recognition and willingness by all parties to engage in a continuous process of refinement of the Compact

So, we believe that a National Compact can help to address power imbalances between Government and the sector.

It will provide a set of standards to which we are all held accountable to. This isn't just about how Government relates to the sector, but about how we all work in partnership to respond to the needs of citizens. It must also be a living, breathing and developing relationship that provides an overarching vision for what we can achieve.

Threshold Questions

Some of the key questions I would be keen to hear from you on include:

What are the shared values of Government and the sector?

How can the Compact improve the lives of Australians?

What forms of community engagement would add most value to a sector reform and capacity building agenda?

How can the diversity of the not-for-profit sector be reflected in the Compact?

What can be done in the long, medium and short terms to improve the contribution of the sector to Australian communities?

Next Steps in the process

Next steps in the Compact journey include:

1. Consultations on the Compact:

- ACOSS commissioned to consult and canvass initial views and principles with its members and other organisations
- Consultation with a range of peak bodies, State & Territory Governments and not-for-profit organisations
- Establish external reference group to advise on the consultation process, to reflect diversity of sector
- Call for submissions through social inclusion website www.socialinclusion.gov.au

2. Draft outline of a National Compact to be developed by mid-2009

Conclusion

Thank you for your time and contributions to this discussion.

I want to assure you of the Rudd Government's commitment to a new and productive relationship with the sector. We want this to be a respectful and effective relationship and I look forward to working with you further on this important agenda.

Presentation

Media Contact:

Simon Robson 0434 736 519

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