Compacts between Government and the Not-for-profit Sector
A comparative case study of national and sub-national cross-sector policy frameworks

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May 2014

A thesis submitted for the degree of Doctor of Philosophy of The Australian National University
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Acknowledgements

Foremost, I am indebted to my wife, Helen, whose love, wise counsel and support (moral and practical) made it possible for me to contemplate, and eventually write this thesis. Without her encouragement and confidence I might never have undertaken this journey. I also want to thank my son, Jeffrey, for keeping me grounded and providing a constant reminder that there are things in life way more important than a PhD.

I want to thank my supervisory committee, Professors John Wanna, Paul ‘t Hart and Janine O’Flynn, for their advice and support throughout my candidacy, and for their exceptional fortitude in reading and commenting on the various drafts of my thesis. I am of course grateful to three anonymous examiners for their considerable investment of time, thought and care in reading and commenting on this dissertation.

I am grateful for financial support provided via an Australian Postgraduate Award (Industry) funded under the Australian Research Council Linkage Grant (LP0562398) 'Improved Decision-making in Government Service Provision Using Third Party Providers'. This research would not have been possible without such support.

I would also like to express my gratitude to the following institutions and individuals whose generous financial support made it possible for me to present my research at major international conferences in Toronto, Canada (ARNOVA, November 2011) and Siena, Italy (ISTR, July 2012): the ANU Office of the Vice Chancellor; the Association for Research on Non-Profit Organizations (ARNOVA); Associate Professor Rachel Laforest, School of Policy Studies, Queen's University; and to Dr Marta Reuter, Stockholm Centre for Organizational Research, Stockholm University and Dr Filip Wijkström, Center for Management and Organization, Stockholm School of Economics.

Lastly, I would like to thank everyone who generously agreed to participate in an interview as part of this research. The time I spent in conversation with these talented, committed and extraordinary professionals was a privilege and the highlight of the entire PhD experience. For that alone it was all worth it.
Abstract
Policy interest in the not-for-profit (NFP) sector has grown in step with government’s interest in leveraging the capacity of non-state players to perform service delivery functions. Once consigned to the periphery of policy-making, the NFP sector is now widely accepted as an essential player in a mixed economy of service provision. Increasingly, the achievement of public policy objectives requires working collaboratively across sector boundaries.

Government’s engagement with NFP service providers has, on many occasions, been found wanting. The use of competitive tendering and contracting for the purpose of leveraging greater economic and technical efficiency, choice, responsiveness and innovation in the delivery of selected statutory public services has introduced a range of tensions, contradictions and externalities including failures to fund the full cost of service delivery, the uncertainty of year-to-year contracts, burdensome reporting and compliance requirements, and the substitution of competitive behaviours for collegiality among NFP providers. In the process, the role of NFP organisations as sources of policy advice and legitimacy were devalued.

Governments around the world have attempted to regularise relations with the NFP sector through the adoption of formal cross-sector policy frameworks – or ‘compacts’. Compacts serve a number of purposes, some explicit, others implicit. Explicit purposes include the regularisation of relations between the public and third sectors by establishing agreed rules of engagement; creating pathways for investment in sector capacity and capability; and enunciating the values and behaviours required for effective cross-sector working. Implicit purposes include a desire by governments to better manage the politics of their relationships with the third sector, and a desire by the sector to re-weight its policy influence within a strongly asymmetric relationship with government.

This research takes the form of a comparative multi-case study and relies upon a rich primary and secondary literature, supplemented by interviews with elite policy actors in Australia and New Zealand. It aims for a deep contextual understanding of the range of factors contributing to the spread of compacts amongst Anglo-Saxon jurisdictions. Employing Kingdon’s (1995) process streams analysis as a heuristic framework for
analysis, this thesis seeks to understand why cross-sector policy frameworks have entered onto the public policy agenda in the UK, Canada, Australia and New Zealand.

In Kingdon’s schema, ‘policy windows’ open when three ‘process streams’ converge: the problem stream, the policy stream and the politics stream. The prospect of any solution attaining high ‘agenda status’ can be enhanced by the efforts of ‘policy entrepreneurs’ capable of recognising and exploiting those ‘policy windows’.

This study finds that in each of the jurisdictions examined, formal proposals for compacts or similar frameworks have: (a) been preceded by a broad recognition that aspects of the relationship between government and the NFP sector have become problematic; (b) been promoted within various policy communities as a feasible solution to acknowledged problems; and (c) entered onto the public policy agenda at politically propitious moments. The study found that the implementation and impact of cross-sector policy frameworks is highly variable. Nevertheless, political and policy attachment to compacts and similar frameworks appears to be on-going.
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<th>Description</th>
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<tbody>
<tr>
<td>ACNC</td>
<td>Australian Charities and Not-for-profits Commission</td>
</tr>
<tr>
<td>ACOSS</td>
<td>Australian Council of Social Service</td>
</tr>
<tr>
<td>ACT</td>
<td>Australian Capital Territory</td>
</tr>
<tr>
<td>ACTCOSS</td>
<td>Australian Capital Territory Council of Social Service</td>
</tr>
<tr>
<td>ALP</td>
<td>Australian Labor Party</td>
</tr>
<tr>
<td>ANGOA</td>
<td>Association of Non-Governmental Organisations of Aotearoa</td>
</tr>
<tr>
<td>ANZTRS</td>
<td>Australian and New Zealand Third Sector Research</td>
</tr>
<tr>
<td>ARNOVA</td>
<td>Association for Research on Nonprofit Organizations and Voluntary Action (US)</td>
</tr>
<tr>
<td>ARVAC</td>
<td>Association for Research in the Voluntary and Community Sector (UK)</td>
</tr>
<tr>
<td>CAT</td>
<td>Compact Action Team (Northern Ireland)</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CGC</td>
<td>Compact Governance Committee (Qld)</td>
</tr>
<tr>
<td>CLP</td>
<td>Country Liberal Party (NT)</td>
</tr>
<tr>
<td>COAG</td>
<td>Council of Australian Governments</td>
</tr>
<tr>
<td>CoSLA</td>
<td>Convention of Scottish Local Authorities</td>
</tr>
<tr>
<td>COSS</td>
<td>Councils of Social Service (Aust)</td>
</tr>
<tr>
<td>CTC</td>
<td>Competitive Tendering and Contracting</td>
</tr>
<tr>
<td>CW</td>
<td>Commonwealth (Government of Australia)</td>
</tr>
<tr>
<td>DHHS</td>
<td>Department of Health and Human Services (Tas)</td>
</tr>
<tr>
<td>DHS</td>
<td>Department of Human Services (Vic)</td>
</tr>
<tr>
<td>DIA</td>
<td>Department of Internal Affairs (NZ)</td>
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<tr>
<td>DoC</td>
<td>Department of Communities (Qld)</td>
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<tr>
<td>DPC</td>
<td>Department of Premier and Cabinet (Aust)</td>
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<tr>
<td>DPMC</td>
<td>Department of the Prime Minister and Cabinet (Aust)</td>
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<tr>
<td>DSD</td>
<td>Department for Social Development (Northern Ireland)</td>
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<tr>
<td>FACS</td>
<td>Family and Community Services (Department of)</td>
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<tr>
<td>FaHCSIA</td>
<td>Department Families, Housing, Community Services and Indigenous Affairs (Aust)</td>
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<tr>
<td>GFC</td>
<td>Global Financial Crisis</td>
</tr>
<tr>
<td>IPA</td>
<td>Institute for Public Affairs (Aust)</td>
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<tr>
<td>ISTR</td>
<td>International Society for Third Sector Research</td>
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<tr>
<td>KTSG</td>
<td>Kia Tutahi <em>Standing Together</em> Steering Group (NZ)</td>
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<tr>
<td>LNP</td>
<td>Liberal National Party (Qld)</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>MMP</td>
<td>mixed member proportional (NZ)</td>
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<tr>
<td>MoU</td>
<td>Memorandum of Understanding (Vic)</td>
</tr>
<tr>
<td>MSD</td>
<td>Ministry of Social Development (NZ)</td>
</tr>
<tr>
<td>NAO</td>
<td>National Audit Office (UK)</td>
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<tr>
<td>NCOSs</td>
<td>New South Wales Council of Social Service</td>
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<tr>
<td>NCVO</td>
<td>National Council for Voluntary organisations (UK)</td>
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<tr>
<td>NFP</td>
<td>Not-for-profit</td>
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<tr>
<td>NGO</td>
<td>Non-government Organisation</td>
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<tr>
<td>NI</td>
<td>Northern Ireland</td>
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<tr>
<td>NIAO</td>
<td>Northern Ireland Audit Office</td>
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<tr>
<td>NICVA</td>
<td>Northern Ireland Council for Voluntary Action</td>
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<tr>
<td>NIO</td>
<td>Northern Ireland Office</td>
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<tr>
<td>NPM</td>
<td>New Public Management</td>
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<tr>
<td>NSW</td>
<td>New South Wales</td>
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<tr>
<td>NT</td>
<td>Northern Territory</td>
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<tr>
<td>NTCOSS</td>
<td>Northern Territory Council of Social Service</td>
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<td>NZ</td>
<td>New Zealand</td>
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<tr>
<td>NZCOSS</td>
<td>New Zealand Council of Social Service</td>
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<tr>
<td>OCS</td>
<td>Office of the Community Sector (Vic)</td>
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<tr>
<td>OCVS</td>
<td>Office for the Community and Voluntary Sector (NZ)</td>
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<tr>
<td>PC</td>
<td>Productivity Commission (Aust)</td>
</tr>
<tr>
<td>PMCBP</td>
<td>Prime Minister’s Community-Business Partnership</td>
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<tr>
<td>POSC</td>
<td>purchase-of-service contract</td>
</tr>
<tr>
<td>QCOSS</td>
<td>Queensland Council of Social Service</td>
</tr>
<tr>
<td>QLD</td>
<td>Queensland</td>
</tr>
<tr>
<td>SA</td>
<td>South Australia</td>
</tr>
<tr>
<td>SACOSS</td>
<td>South Australian Council of Social Service</td>
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<tr>
<td>SCVO</td>
<td>Scottish Council for Voluntary Organisations</td>
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<tr>
<td>SNP</td>
<td>Scottish National Party</td>
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<tr>
<td>SoGI</td>
<td>Statement of Government Intentions (NZ)</td>
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<tr>
<td>TAS</td>
<td>Tasmania</td>
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<tr>
<td>TASCOSS</td>
<td>Tasmanian Council of Social Service</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>VCOSS</td>
<td>Victorian Council of Social Service</td>
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<tr>
<td>VIC</td>
<td>Victoria</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>VSR</td>
<td>Voluntary Sector Roundtable (Cda)</td>
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<td>VSS</td>
<td>Voluntary Sector Scheme (Wales)</td>
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<tr>
<td>WA</td>
<td>Western Australia</td>
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<tr>
<td>WA</td>
<td>Western Australia</td>
</tr>
<tr>
<td>WACOSS</td>
<td>Western Australian Council of Social Service</td>
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<tr>
<td>WCVA</td>
<td>Welsh Council of Voluntary Organisations</td>
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</table>
Note on references to persons interviewed for this study: The many professionals from the public sector and the not-for-profit (NFP) sector who agreed to participate in this study did so on the condition that their confidentiality would be respected and protected. Where the content or substance of interviews is referred to either indirectly, or quoted directly in this thesis, it is not attributed to named individuals. Rather, generic descriptors have been employed (e.g. Senior NFP Policy Actor TAS) to indicate: (a) whether the interviewee is from the public sector or NFP sector, and; (b) the relevant case study jurisdiction (e.g. Cwth for ‘The Commonwealth of Australia’ or SA for ‘South Australia’).
Prologue: North and South – A metaphor for new policy directions

In her 1855 novel, *North and South*, Elizabeth Gaskell offers a powerful portrayal of social and labour relations in the newly industrialised North of England in the late 19th Century. Gaskell’s protagonists, Mr Thornton, a hard-nosed mill owner, and Margaret Hale, the genteel daughter of a country clergyman, offer a study in contrasts: Thornton stands resolutely by his rights as an owner and employer of labour whilst Margaret cultivates a keen appreciation of the privations of the working classes. As might be expected, the two reach a rapprochement in the end. Thornton has an epiphany, of sorts, which he articulates in a soliloquy near the end of the book:

… I have arrived at the conviction that no mere institutions, however wise, and however much thought may have been required to organise and arrange them, can attach class to class as they should be attached, unless the working out of such institutions bring the individuals of the different classes into actual personal contact. Such intercourse is the very breath of life … I would take an idea, the working out of which would necessitate personal intercourse; it might not go well at first, but at every hitch interest would be felt by an increasing number of men, and at last its success in working come to be desired by all, as all had borne a part in the formation of the plan; and even then I am sure that it would lose its vitality, cease to be living, as soon as it was no longer carried on by that sort of common interest which invariably makes people find means and ways of seeing each other, and becoming acquainted with each others’ characters and persons, and even tricks of temper and modes of speech. We should understand each other better, and I'll venture to say we should like each other more.

(Mr Thornton to Mr Colthurst, In Elizabeth Gaskell’s *North and South*, Chapman & Hall, London, 1855, Vol. II, Chapter XXVI, pp. 353-54)

In a literal sense, this dissertation is concerned to examine the transmission to the Southern hemisphere of policy precepts originating in the Northern hemisphere. This dissertation will argue that formal cross-sector policy frameworks designed to facilitate constructive engagement between government and the not-for-profit (NFP) sector have their wellspring in the ‘Third Way’ policy discourses of the first Blair Labour government in the United Kingdom (UK). Key components of the ‘Third Way’ policy agenda have all been taken up by Australian and New Zealand governments: these include horizontalism, joined-up government, a focus on social inclusion, engagement with citizens via civil society and formal bilateral framework agreements with the NFP.
sector. Moreover, it would appear that centre-left political parties were particularly receptive to these policy discourses, at least initially.

In a metaphorical sense, the sentiments contained in the above passage might also be applied to the very character of relations between government and the NFP sectors. For instance, take ‘North’ might be taken to embody the instrumental logic of the market and the contract, and ‘South’ to represent Arcadian notions of reciprocity, trust and noblesse oblige. Thus in the context of the following discussion ‘North’ can be taken to stand for government, whilst ‘South’ is the NFP sector.

The ‘personal intercourse’ through which Thornton would engage his workforce in the formation of a plan, might in a contemporary context have an analogue in deliberate formal policy frameworks for cross-sector cooperation – or Compacts as they are so often known. The analogy gains power and relevance when one reflects on Thornton’s warning that such devices lose vitality and ‘cease to be living’ when the parties no longer reflect on their ‘common interest’ – an oft-cited hazard of compacts and similar policy instruments.
PART ONE – INTRODUCTION, THEORY AND METHODS
Chapter One – Understanding formal frameworks for cross-sector cooperation

Research Problem
Over the last three decades governments in developed countries have pursued successive waves of public management reform that have profoundly reshaped the landscape of public service delivery (Seidle, 1995, Rhodes, 1996, Alford and O'Flynn, 2012:5). The increasing reliance by governments upon external organisations to perform some of the work of delivering public services is one result of these reforms – a phenomenon Alford and O'Flynn refer to as ‘externalization’ (2012). The external providers upon which governments rely include other government agencies, other levels of government, private for-profit firms and NFP organisations (Carey, 2008, Alford and O'Flynn, 2012:10-12). Although government’s role as a direct provider of public services has reduced, this has been inversely matched by a growing need to interact with external service providers in order to elicit their productive contributions (Ryan, 2002, O'Flynn and Wanna, 2008, Alford and O'Flynn, 2012).

This dissertation focuses on one manifestation of the externalisation phenomenon: formal policy frameworks designed to govern the interaction between government and the NFP sector. Over the last fifteen years national and sub-national governments in the United Kingdom (UK), Canada, Australia and New Zealand have implemented (and in some cases discarded) formal policy framework documents for government/ NFP sector interaction (Butcher, 2006, 2011, 2012, Butcher et al., 2012). Most often referred to in the literature by the generic term ‘compacts’ these framework documents exist to ‘regularise’ the relationship between the public and NFP sectors, and are often accompanied by complementary policy initiatives centred on the practical and operational aspects of the relationship (Liiv, 2001, Lyons, 2002, Bullain and Toftisova, 2005, Reuter et al., 2012).

Compacts most often take the form of a ‘framework agreement’ that sets out mutually agreed values, principles, priorities and expected standards of conduct. The aim of this thesis is to chart the diffusion and variety of framework agreements implemented by national and sub-national governments in selected countries in an attempt to understand how they arrived on the policy agenda, assess the extent to which they fulfilled their
policy aims, and draw conclusions about the factors contributing to their success or failure.¹

The first national framework agreement was the 1998 Compact on Relations between Government and the Voluntary and Community Sector in England (usually referred to simply as the ‘English’ Compact). This was followed in 2001 by the Canadian Accord Between the Government of Canada and the Voluntary Sector. A decade later, the Australian government launched the National Compact and in 2011 the New Zealand government released Kia Tūtahi: An Accord between the Communities of Aotearoa New Zealand and the Government of New Zealand.

Over this same period a number sub-national governments have also implemented framework agreements and in some jurisdictions new framework agreements are under active consideration at the time of writing. Formal policy frameworks for government/NFP sector cooperation have at some point been considered in all Australian states and territories (the Australian Capital Territory was the first in 2001). A number of Canadian provinces have also initiated formal policy frameworks for cross-sector cooperation in recent years (see Elson, 2011a, and Elson, 2012). In the UK compacts are in place at the local government level throughout England, while in the devolved jurisdictions of Scotland, Wales and Northern Ireland there is strong evidence of robust – and evolving – relationships between government and the NFP and social economy sectors.

Cross-sector policy frameworks in each of these jurisdictions can trace their provenance to the original ‘English’ Compact. In the UK where New Labour’s ‘Third Way’ provided an important philosophical underpinning for the devolution of power to the constituent countries of Scotland, Wales and Northern Ireland the historical and institutional link between the English Compact and local cross-sector policy frameworks is more explicit. And, to varying degrees compacts in the non-Anglo-Saxon world have also looked to the English Compact for inspiration (Bullain and Toftisova, 2005, White, 2006, Reuter et al., 2012).

**Research aims and questions**

This research investigates the emergence of formal policy frameworks for cross-sector cooperation in the UK, Canada, Australia and New Zealand. For each jurisdiction studied, answers are sought for the following broad research questions (RQs):
RQ1. How and why did the policy framework for cross-sector cooperation come into being? To answer this question, the ‘process streams’ framework articulated by Kingdon (1995) is employed as a heuristic framework. The process streams framework hypothesises the existence of three nominally independent process streams, a problem stream, a policy stream and a politics stream. Under certain circumstances, the three streams converge and create a time-limited ‘policy window’ that can allow particular problems and preferred solutions to those problems to be elevated onto the formal policy agenda. One accounts for a preferred solution – such as a compact – being accorded policy salience by seeking answers to the following questions in relation to each of the three process streams:

- **Problem stream**: What aspects of the relationship between government and the NFP sector were acknowledged by either sector as being problems requiring a policy response?

- **Policy Stream**: How did policy actors and policy communities converge on a formal cross-sector policy framework as a preferred policy response and to what extent were influential policy actors instrumental in elevating awareness of the problems affecting the government/NFP sector relationship and the preferred policy response?

- **Politics stream**: What were the prevailing political factors that allowed for the problems and preferred policy response to be elevated to the formal policy agenda and/or conversely, what political factors have allowed particular policy responses to lose policy salience?

Further, in order to address the three process streams outlined above, it will be necessary to contextualise the circumstances of each jurisdiction. This will require investigation of the following matters:

- The history of government/NFP sector relations and the key policy drivers/policy constraints affecting the choices available to and made by state and non-state policy actors.

- The nature of policy frameworks that have existed in the past, exist now, or are being developed for the purpose of governing the relationship between government and the NFP sector.
• The broader institutional and political context within which policy decisions affecting the government/NFP sector relationship have been/are being played out, including consideration of factors such as capacity constraints, the economic environment, and/or the electoral cycle.

As well as asking how cross-sector policy frameworks came about in each jurisdiction, this thesis asks the following questions:

RQ2. How were the policy frameworks implemented; what issues arose from the implementation process (e.g. was it done well or poorly), and what were the observed impacts (if any) of the frameworks (e.g. to what extent were the stated policy objectives fulfilled)?

The research takes the form of a qualitative multi-case study and is sub-divided into two parts:

1. The first part involves a comprehensive documentary study of cross-sector policy frameworks in England, Canada, Scotland, Wales and Northern Ireland. The English and Canadian compacts, in particular, are the wellspring for almost all subsequent policy framework documents in the UK, Australia and New Zealand. Each of these cases is explored via a comprehensive review of available primary documentation and the secondary academic literature.

2. The second part focuses on cross-sector policy frameworks implemented/or in prospect in Australian and New Zealand jurisdictions. This involves a comprehensive review of the primary and secondary literature and is complemented by empirical field research in the form of ‘elite’ interviews with key informants from the government and NFP sectors in each jurisdiction (see Chapter Three for a more detailed discussion of the research methodology).

**Scope of the research**

In framing this research a deliberate choice was made to draw cases from within the Anglo-Saxon sphere. Formal policy frameworks for cross-sector cooperation do exist elsewhere, however the political dynamics, policy rationale, governance regimes and institutional arrangements are not strictly comparable to those in Anglo-Saxon countries (Bullain and Toftisova, 2005, White, 2006). Each of the jurisdictions examined in this study is typical of a ‘liberal’ welfare regime type characterised by a relatively large NFP

This thesis examines the proposition (made by Casey et al., 2010, and Reuter et al., 2012) that compacts in the UK, Canada, Australia and New Zealand have arisen primarily as a response to a range of externalities associated with NPM-inspired social policy settings. Notably, NPM, with its emphasis on the utilisation of market mechanisms as an instrument of public policy delivery, is also held to be congruent with ‘liberal’ governance regimes (Esping-Anderson, 1990). Although NPM is not an exclusively Anglo-Saxon phenomenon (Cheung, 2011, Foss Hansen, 2011) there seems to be a broad acceptance that NPM has had its purest expression in Anglo-Saxon jurisdictions (Halligan, 2011).

The foregoing observations suggest that the dynamics of the relationship between government and the NFP sectors in different Anglo-Saxon jurisdictions will exhibit strong similarities given their shared cultural, political and institutional origins. These similarities offer the potential to generalise and transfer research findings across cases and settings. One would not, however, expect the dynamics, form, implementation and impact of compacts to be identical in each jurisdiction owing to the influence of unique contextual factors. It is entirely possible that the experience of any two jurisdictions might be quite different, notwithstanding superficial similarities in modes of governance, operational norms and institutional arrangements. It is also possible, if not probable, that the administrative histories, political and policy actors and endogenous and exogenous drivers within each of the cases will combine in ways that are quite distinctive. This research aims to provide a plausible account of observed similarities and differences.

A comparative analysis of cross-sector policy frameworks in Anglo-Saxon and non-Anglo-Saxon (e.g. Western European or Scandinavian) jurisdictions would be an interesting avenue for future research. However, this would not be feasible within the limited confines of this thesis, both because of the sheer scale of the task and the lack of access to primary policy documentation in the English language. Although there is an abundant literature addressing the challenges confronting European welfare states (see, for example, Fink et al., 2001, Taylor-Gooby, 2004, Cousins, 2005, Palier, 2010,
Hemerijck, 2012), the subject of compacts is a narrow field of inquiry. A research
endeavour of this nature might be better suited to a larger scale collaborative effort
involving researchers from a variety of countries able to interrogate and triangulate a
wider variety of sources.

Research relevance
Over the last three decades policy interest in the NFP sector has grown significantly
across the developed world. Policy-makers increasingly look to the NFP sector to play a
role in responding to perceived crises of welfare systems and addressing problems of
social and economic exclusion (Kendall and Almond, 1999, OECD, 2003).
Governments in a number of countries acknowledge the NFP sector as a third force
between the market and the state and have looked to it as a potential partner in the
achievement of public policy outcomes, thereby prompting the pursuit of variegated
policy initiatives towards the sector, ranging from reviews of current policies to entirely
new comprehensive policy frameworks (Gidron and Bar, 2010).
Where once the NFP sector might have been consigned to the periphery of policy-
making, it is now regarded as an essential element in a mixed economy of service
 provision (Kendall and Almond, 1999). Despite its policy salience, scholarly attention
on policy towards the NFP sector has tended to focus on the contents of policies and
their consequences (Gidron and Bar, 2010). Less attention has been given to the
processes through which the policies were initiated and only a handful of researchers
have studied policies towards the NFP sector comparatively (Gidron and Bar, 2010).
Governments in a number of countries have elected to pursue formal, deliberate and
structured engagement with their respective NFP sectors (Bullain and Toftisova, 2005,
Carter and Speevak Sladowski, 2008, Casey et al., 2010, Reuter et al., 2012). At the
heart of structured engagement is the framework document, often referred to as a
‘compact’ (after the first ever such framework document, the 1998 ‘English’ Compact).
Compacts serve a number of purposes, some explicit, others implicit.
Explicit purposes include the regularisation of relations between the public and NFP
sectors by establishing agreed rules of engagement; creating pathways for investment in
sector capacity and capability; and enunciating the values and behaviours required for
effective cross-sector working. Implicit purposes include a desire by governments to
better manage the politics of its relationship with the NFP sector, and a desire by the
sector to re-weight its policy influence within a strongly asymmetric relationship with government.

**An Anglo-Saxon phenomenon?**

Compacts are generally treated in the ‘nonprofit literature’ as an Anglo-Saxon phenomenon, in part owing to their origins in the Blair government’s ‘Third Way’ policy discourse and in part because they have been embraced by governments in other British Commonwealth nations such as Canada, Australia and New Zealand (Reuter et al., 2012, Smith, 2012). In Anglo-Saxon countries compacts have been presented as a means for ‘remedying’ the range of externalities associated with the ‘contract state’ (Kendall, 2003, Casey and Dalton, 2006, Butcher et al., 2012).

Formal cross-sector policy frameworks have even been adopted outside the Anglo-Saxon context where they first took root, and have been re-fashioned and adapted to accord with local traditions of governance, institutional frameworks and policy priorities (Bullain and Toftisova, 2005, White, 2006, Johansson and Johansson, 2012, Reuter et al., 2012). In formerly socialist central European nations, for example, formal cross-sector policy frameworks have provided a pathway for re-establishing civil society institutions that had previously been banned or compromised by their close association with the state. This has enabled NFP organisations in those countries to contribute to the process of democratisation and economic transition (Liiv, 2001, Bullain and Toftisova, 2005, Toftisova, 2005).

More recently, in Sweden a formalised cross-sector agreement inspired by the English Compact – the Spelregelsavtalet or ‘agreement about the rules of the game’ – seeks to involve a greater number of actors in delivering and producing welfare services to citizens and to encourage community service organisations to fill a democratic function in society and express the voice of citizens (Johansson and Johansson, 2012, Reuter et al., 2012).

**Compacts and neoliberalism**

Wherever technically and politically feasible contemporary governments in the UK, Canada, Australia and New Zealand exhibit a preference for delivering mandated – or statutory – public services via non-state service providers (Aulich and O’Flynn, 2007a, Funnell et al., 2009, Wanna et al., 2010). As a result, the role of the public sector has
been gradually transformed from that of a direct provider of public services to that of a commissioner and purchaser of services provided by third parties. This has resulted in:

- diminished public sector capacity and capability in relation to service provision
- increased public sector dependence upon non-state service providers, and
- the re-direction of financial resources from the public sector to the private NFP and for-profit sectors.

As parts of the NFP sector have become more and more enmeshed in the design and delivery of publicly-mandated programs and services, the size, complexity, influence and economic contribution of the sector as a whole has grown. Here it should be noted that outsourcing service delivery to the NFP sector is not exclusively concerned with leveraging presumed lower cost structures in the hopes of increasing economic efficiency. NFP organisations are not just service agents; they are civil society actors in their own right, with constituencies and reputations that are independent of government. Governments often look to the sector to bring legitimacy to government-initiated and funded programs based on assumptions about high public trust in NFP organisations (see Casey, 2004:253). Not unreasonably, NFP organisations expect to be treated as valued partners to government in addressing social and community needs.

**A centre-left phenomenon?**

Compacts and similar framework documents are often cast within a ‘Third Way’ political framing and presented as a necessary correction of the excesses of the contract culture engendered by neoliberal approaches to governance (White, 2006) – what Fyfe refers to as ‘neo-communitarianism’ (Fyfe, 2005). As will be discussed at greater length in this thesis, the majority of formal, deliberate policy frameworks for cross-sector cooperation in Australia (and New Zealand) have come about under centre-left governments (see Figure 1.1). The same is true for the United Kingdom (under Blair) and Canada (under Chrétien).

Because the constituencies of centre-left political parties tend to overlap with those of the union movement, social movement organisations and the broad social welfare sector, one might expect a natural alliance to exist between government and the NFP sector around core social policy issues such as housing, workforce participation, education, health, social security and community services. However, the reality might
be more accurately characterised as an uncomfortable symbiosis. NFP sector organisations might be junior partners in terms of their influence and market power, but they are not inclined towards subservience to government and are highly protective of their core values. Parts of the NFP sector define their mission in terms of ‘speaking truth to power’ and in so doing tend to cast government and the public sector in the role of adversaries.

Finally, as with the purchaser-provider relationship at the service level, compacts or similar policy instruments at the level the sector or industry require trust to be effective: trust that the parties will say what they mean, and do what they say. However, given the turbulent nature of politics and public administration, the foundations of trust often rest on shifting sands. As a government’s priorities shift in response to political events; as new problems arise; as the influence exerted by interest groups waxes and wanes; or as the public mood changes, electoral survival can figure more powerfully than policy purity in a government’s decision-making. Policy changes, administrative reorganisations and failures to honour commitments can have corrosive effects on trust – particularly for values-based NFP organisations (Alford, 2002). As Alford observes, ‘environmental turbulence’ can constrain and damage the development of trust between a government and its NFP sector partners (Alford, 2002).
**United Kingdom**


**Canada**


**Australia**

1975-83). Focus on 'traditional' approaches to financial management and fiscal policy.


**New Zealand**


**Conservative Party** (Stephen Harper PM 2006-present). The Accord was not rescinded, but the government is accused of having ‘lost interest’ and the Accord is widely considered to be a ‘dead letter’. The Conservative Party under Harper formed minority governments following the 2006 and 2008 elections, but won an outright majority at the 2011 general election.

**Australian Labor Party** (Kevin Rudd PM 2007-10 and Julia Gillard PM 2010-present). National Compact launched in 2010. Gillard forms minority government following 2010 election. Government pursues a program of institutional and legislative reform in the NFP policy space similar in some respects to reforms under Labour in the UK.

**Labour Party** (David Lange PM 1984-89, Geoffrey Palmer PM 1989-90 and Mike Moore PM 1990). Initiated 'radical' structural reforms (beginnings of Australasian brand of 'economic rationalism').

**Liberal Party of Canada** (Jean Chrétien PM 1993-2003 and Paul Martin PM 2003-2006). The government agreed the Accord between the Government of Canada and the Voluntary Sector (2001) following a first term in which it had pursued an aggressive program of public sector cuts. A $94.6 m Voluntary Sector Initiative was established to enable public sector agencies and the NFP sector to jointly pursue a five year work program (2000-05).


**Labour Party** (Jim Bolger PM 1990-97 and Jenny Shipley PM 1997-99). Continuation of market-based structural reforms initiated by NZ Labour, with emphasis on de-regulation of labour markets. Mixed member proportional representation (MMP) introduced in 1996 meant that minority government would effectively become the norm in New Zealand.


**Australian Labor Party** (Bob Hawke PM 1983-91 and Paul Keating PM 1991-96). Labor government entered into a series of bilateral accords with the Australian Council of Trade Unions in order to trade-off gains in the 'social wage' for 'industrial peace' (1883-1996). The Hawke-Keating governments also initiated major economy-wide structural reforms.

**National Party** (John Key PM 2008-present). Formalised a Relationship Accord with Communities of Aotearoa New Zealand in 2012. Approach to government is one of centre-right pragmatism: mindful of the enabling role of the state, balanced against individual responsibility. Focused on economic consolidation and debt reduction, but challenged by impacts of GFC and natural disasters.

**Note**: Shaded cells indicate governments led by centre-left political parties. Two noteworthy aspects of this political mapping exercise are: (1) the apparent association between political parties of the centre-left and the emergence of policy formulations that serve to ‘mainstream’ the not-for-profit sector, and; (2) the trend towards minority governments in each of the jurisdictions at their most recent elections.
Thesis structure

This thesis is comprised of nine chapters. The remaining chapters are organised as follows:

CHAPTER TWO brings together relevant strands of the two principal theoretical literatures that inform the analysis set out in this thesis. The first, social origins theory (Salamon, 1987, Salamon and Anheier, 1998a, b), is an important strand of nonprofit studies which emphasises the importance of contextuality in the analysis of NFP regimes. The second, historical institutionalism (Hall and Taylor, 1996, Thelen, 1999, March and Olsen, 2006) is an important and influential intellectual tradition that shares in common with social origins theory a strong emphasis on historical, institutional and political context. Bridging these two literatures is process streams analysis (Kingdon, 1995), which provides the analytic framework for understanding the emergence in formal cross-sector policy frameworks. To assist in contextualising the analysis, that strand of the public administration literature concerned with the succession of governance paradigms in the recent era is also considered: the state-interventionist paradigm; the neoliberal, or new public management (NPM) paradigm; and the emerging post-NPM or relational governance paradigm (Rhodes, 2000, Hill and Hupe, 2002, Bevir et al., 2003, Wanna and Weller, 2003, Halligan, 2007, O'Flynn, 2007, Rhodes, 2007, Wanna, 2008, Wanna et al., 2010, Butcher, 2011).

CHAPTER THREE describes the research design for the empirical component of this study and provides a rationale for the selected research method. This study can best be described as inductive qualitative research. It is a multi-case study and employs an historical-comparative method. Through a process of triangulation, interviews with key stakeholders in the public and NFP sectors are used to corroborate and amplify core policy narratives drawn initially from primary documents and secondary literatures. The rationale for the selection of case studies is explained, and a description of the overall research design and field methodology and research implementation is provided.

CHAPTER FOUR discusses the nature and purpose of cross-sector policy frameworks and documents the history of the seminal national cross-sector framework agreements in England and Canada that have provided the impetus and the broad template for similar policy instruments in other jurisdictions. This chapter relies on a critical examination of a diverse primary and secondary literature chronicling the origins,
institutional form, and fortunes of the ‘English’ Compact (Morison, 2000, Plowden, 2003, Craig et al., 2005, Kendall, 2009) and the Canadian Accord (Phillips, 2003a, Brock, 2004b, a). These and all remaining cases are examined along the following dimensions: the historical and political context in which the policy framework came into being; the characteristics of the problem, process and policy streams; policy implementation, any issues arising, and impact on policy objectives; and, the future implications for NFP sector policy.

**CHAPTER FIVE** presents case studies of cross-sector policy frameworks in the devolved jurisdictions of Scotland, Wales and Northern Ireland (Alcock, 2009, 2012). Each of these jurisdictions inherited a compact developed in Whitehall and based upon the English template. Over a decade since devolution the policy frameworks in these jurisdictions have followed different trajectories. These cases provide useful insights into the range of historical, social institutional and political factors that serve to shape policy towards the NFP sector.

**CHAPTER SIX** considers the experience of cross-sector agreements in Australian states and territories. As with the previous chapter, the analysis rests on an extensive review of relevant primary and secondary literature, together with interviews with elite policy actors from the public and NFP sectors. The experience of Australian states and territories in this policy space is instructive because of what it reveals about how and why compacts come into being and, perhaps more importantly, why they sometimes fall short of stakeholders’ expectations.

**CHAPTER SEVEN** presents a detailed case study of the Australian National Compact. The analysis relies on a wide variety of primary documents and secondary literature and draws upon interviews with a number of elite policy actors from the public and NFP sectors. The chapter asks how and why the National Compact and the suite of measures included in the Labor government’s NFP sector reform agenda came into being, and concludes with a prospective assessment of the government’s reform agenda in light of on-going political ‘turbulence’ at the national level.

**CHAPTER EIGHT** looks across the Tasman Sea to New Zealand’s *Relationship Accord*. As with other areas of public policy, New Zealand offers an interesting comparator for other jurisdictions in the NFP policy space. New Zealand’s unitary system of government, its unicameral parliament and its multi-member proportional
representation electoral system, coupled with its own turbulent history of often radical micro-economic and public sector management reforms, sets it apart in many respects from other jurisdictions examined in this thesis. The analysis rests on a review of an extensive primary and secondary literature, complemented by interviews with key stakeholders and policy actors in New Zealand’s public service and NFP sector.

**CHAPTER NINE** sets out the overall conclusions of the study in the form of key findings. The chapter recaps the extent to which the research problem and the research questions have been addressed, and the theoretical and policy implications of the study are discussed. The chapter also reflects on the utility of Kingdon’s process streams model as an analytic framework for explaining the diffusion of compacts amongst Anglo-Saxon jurisdictions. Also considered are major themes emerging from the case studies themselves, including the range of factors influencing the extent to which compacts are capable of achieving their stated aims. The chapter concludes with an account of the practical limitations of the research design and proposes areas for future research.
Chapter Two – Understanding the relationship between government and the not-for-profit sector

As discussed in Chapter One, this study examines formal, deliberate policy frameworks (compacts) designed to provide a platform for engagement and cooperation between government (and their instrumentalities) and the NFP sector. This dissertation accepts as a fundamental premise that compacts have emerged in Anglo-Saxon jurisdictions as one response to perceived excesses of NPM-inspired contractual governance (Casey et al., 2010). This chapter sets out to ‘make sense’ of compacts in the light of theoretical explanations of the NFP sector and a review of successive (and prospective) traditions of public sector governance. It is argued that one expression of NPM in particular – the marketisation of public services – has done most to shape the policy and operational frontier sectors. Therefore, this thesis considers the principal effects on the NFP sector of their engagement in new service markets. Finally, a rationale is provided for adopting historical institutionalism as an organising perspective for the analysis of compacts, and for the use of Kingdon’s process streams model as an analytical frame for understanding: (1) how compacts enter onto the policy agenda, and (2) the range of factors that might affect the ‘agenda status’ of compacts, and how this might affect their impact and longevity.

The government/NFP sector – an evolving frontier

In recent decades governments have confronted the challenges of meeting the rising costs delivering statutory programs and services to their publics, and responding to consumers’ demands for greater choice, flexibility and responsiveness in relation to service delivery. These challenges, whilst not intractable, have proved difficult to address within the traditional post-war ‘state interventionist’ paradigm in which the state owns the primary means of social production, and deploys the resources at its command via vertically-structured bureaucratic organisations.

Public services – especially in health and human services industries – are often labour intensive. When provided by highly unionised public sector employees they can also be relatively expensive, and the only realistic avenue to reduce costs is to reduce staffing levels and/or services (which are often the same thing). Also, public sector working conditions and the application of internal controls on the production and delivery of
directly-provided services (factors which emphasise standardisation and uniformity) place constraints on the capacity to offer ‘choice’ to consumers.

As a result, governments in the Anglo-Saxon world have, wherever feasible (both politically and practically), moved away from direct service provision by government-owned (virtual) monopolies by substituting non-state service providers drawn from the commercial and the NFP sectors. In support of this shift, governments have cited the lower cost structures that have traditionally prevailed in the non-state sectors as well as their (putative) superior capacity for greater flexibility and responsiveness. Governments have also argued that replacing bureaucratic monopoly providers with a system of service delivery predicated on multiple providers operating within contestable markets (albeit one dominated by a monopsonistic government buyer) serves to control costs, stimulate innovation and leads to a greater variety of service offerings.

State dominance in human services markets over the last half-century, together with an incapacity to pay on the part of many service recipients (resulting in a relatively low potential for profit), has dampened the development of mature private markets. Policy-makers thus turned their attentions to the NFP sector which had continued throughout the development of the welfare state to work alongside the state sector, servicing the gaps created by eligibility regimes and/or failures to achieve an equitable distribution of public resources and/or failures to provide services commensurate with people’s needs and preferences. Non-state, NFP service providers are routinely portrayed as nimble, adaptable and efficient. They are believed by policy-makers to have grass-roots legitimacy within the communities in which they operate and, owing to their reliance on voluntary effort and their fundamentally altruistic ‘mission’, are valued as repositories of locally-generated social capital.

The advent of NPM as one response to the economic and technical inefficiencies perceived to be inherent in the state-centric tradition, gave rise to the ‘contract state’ and the application of ‘contractualism’ under which the purchase-of-service contract (POSC) became the primary mechanism for both delivering certain types of services and for governing the relationship between government and the NFP sector. Many organisations welcomed the opportunity to compete for government contracts because it enabled them to extend the reach of their mission, whether that is about helping the homeless, alleviating poverty, caring for the elderly, promoting inclusion of people with
disabilities, undertaking conservation work, or providing opportunities for people to act as volunteers.

However, the primacy of the contract in the government-sector relationship – reinforced by new public management (NPM) mantras and coupled with an overlay of red-tape and bureaucratic micromanagement – have seldom allowed the relationship to rise above that of principal and agent. And although contracts represent a significant share of income in parts of the sector, NFP organisations have never been entirely comfortable with the subordination of their mission or values to the letter of the contract (see Van Slyke, 2007). This has proved especially problematic when governments have sought to curb sector autonomy, supplant organisational identity, or constrain their ability to engage in advocacy.

On the other side of the coin, government dependence on the sector for the delivery of public policy has certainly never been higher. The same might be said of the sector’s impact on the lives of citizens. If the sector suddenly withdrew from the delivery of public policy, many programs would simply cease. Government agencies would not be able to lift its internal capacity to provide services in-house and it is doubtful whether the capacity exists in the private sector to fill the breach.

But whilst NFP organisations might act as agents, their true role is defined by their values and their ‘mission’. Governments and the NFP sector are both engaged in the promotion of social and behavioural change: government through the instruments of policy, legislation and regulation, and the NFP sector through various forms of direct and indirect action; sometimes in concert with policy, and sometimes in spite of it (see Moore, 2000). To the extent that they recognise that they are engaged in a common endeavour, governments and the NFP sector in various jurisdictions have explored options to arrive at a new settlement that explicitly recognises their shared and respective roles. Formal policy frameworks for cross-sector cooperation – in short, compacts – offer one means for setting out the terms of engagement.

**Making sense of compacts**

To answer the core research questions posed in Chapter one, this dissertation attempts to construct at a plausible account of why and how formal cross-sector policy frameworks come into being, and the extent to which they fulfil the expectations of their proponents (or their detractors, as the case may be). This study is an exercise in ‘sense-
making’: in constructing an analytic frame capable of allowing the researcher to retrospectively construct a plausible account of events and actions, and in so doing reconcile the often ambiguous nature of identity, motivation, and meaning attributed by the participants in those events (Weick et al., 2005).

Anheier and Salamon (2006) observe that public policy and associated administrative policy frameworks in the NFP space are the products of a complex legacy of historical, institutional and political factors. Moreover, it is readily apparent from the diverse literature focussing on NFP organisations, voluntarism, the social economy and civil society that non-profit/third sector research is a pluralist field in which scholarship draws upon a wide spectrum of disciplines, including economics, sociology, political science, public administration or management studies. Moreover, each discipline carries its own theoretical and methodological ‘baggage’. The primary purpose of this thesis to understand compacts and not to resolve theoretical differences, therefore, this research relies upon an inductive analysis, and employs ‘sensitising concepts’ to assist interpretation and understanding.

*Sensitising concepts* provide a framework for organising and analysing empirical observations and, ultimately, arriving at a deep understanding of social phenomena (Ragin, 1994:87-88, Bowen, 2006:7-8). The notion of sensitising concepts has a long history and originated with Blumer (1954:3) who railed against what he then saw as the ‘divorcement’ between theory and the ‘empirical world’. For Blumer sensitising concepts provide a ‘general sense of reference and guidance’ when approaching empirical questions in the ‘natural social world of everyday experience’ (Blumer, 1954:7). As described by Bowen, sensitising concepts ‘draw attention to important features of social interaction and provide guidelines for research in specific settings’ (Bowen, 2006:2-3).

The sensitising concepts for this study are drawn from existing bodies of theory concerning: (1) the nature of the NFP sector itself, why it exists, and how it relates to the state; (2) paradigms of governance, past and emerging, and their implications for the reach and *modus operandi* of the state and, *ergo*, the state’s relationship with the NFP sector; (3) notions of institutions and institutional actors – subject to historical legacies and political contingencies – that sometimes act to enable or constrain political or policy choices; and (4) theories of policy change that seek to explain how particular policy problems and preferred solutions arrive on the public policy agenda in a given polity.
(i.e. why have compacts been so widely adopted?). These sensitising concepts allow us to critically reflect-upon, thematically organise and draw insights from the range of information available to us about the phenomena of interest (see Figure 2.1 below).

**Figure 2.1 – Key sensitising concepts**

![Figure 2.1](image)

**Explanations of the not-for-profit sector**

NFP research occurs in a complex and contested arena and over the last 30 years the field has yielded a broad and diverse body of scholarly and applied literature (Anheier and Salamon, 2006, Heyse, 2006). There is, however, little consensus about what the field contains and what it should be called, let alone about the scope, nature and composition of the set of institutions that comprises the NFP sector cross-nationally (Anheier and Salamon, 2006:90). The literature is strongly influenced by the work of scholars from the United States and Western Europe, although there is a re-balancing under way through a growing body of research focussing on the role played by civil society organisations in the developing world and in newly democratic societies in the former Eastern Bloc (Dekker and van den Broek, 1998, Putnam, 2000).

Researchers have long sought the ‘holy grail’ of a unified theory of the NFP sector (Corbin, 1999). However, this has proved elusive and the field is beset with multiple and competing terminology, definitions, concepts and theories – all seeking to explain
the existence, behaviour and motivations of NFP organisations and those who work for them (Corbin, 1999, Dollery and Wallis, 2003, Anheier and Salamon, 2006:89-90). That no one discipline, or theoretical framework, dominates in this space is not necessarily problematic. The NFP sector is a complex institutional and organisational space and a multi-dimensional analysis might best provide the range of insights of greatest use to policy-makers (Dollery and Wallis, 2003:165-172).

Intellectual and theoretical contestation, taken together with uneven data coverage, means that our understanding of the role of the NFP sector is still limited. The ‘prevailing theoretical baggage’ is being continually challenged by new empirical research and a more nuanced and realistic portrayal of the sector is emerging (Anheier and Salamon, 2006:89-90, 109).

Heyse (2006) identifies four core topics addressed in the NFP literature. These are:

1) explanations of why NFP organisations exist in the first place (e.g. because they are believed to perform better than the state or the market, or because they complement the state and the market, or because they provide a vehicle for the collective expression of strongly-held values)

2) explanations for the expansion of the NFP sector in recent decades (e.g. expansion might be explained by successful performance, or by the parallel expansion of third-party service delivery)

3) explorations of problems in relation to NFP performance through the examination of NGO characteristics and behaviour (e.g. the promise of superior performance is not universally upheld), and

4) studies of the diversity within the NFP community to explore the cause of variety in NFP behaviour and performance (e.g. in recognition of the that one cannot assume that NFP organisations can be treated as a coherent set of actors) (Heyse, 2006:17).

In addition, the theoretical literature can be subdivided into three broad analytic frameworks:

1) the demand/supply model (also referred to as the three failures theory) which conceives of NFPs as being akin to firms and which posits that NFPs and governments complement and compensate for one another’s weaknesses in meeting the need for particular types of goods or services,
2) the civil society/social movement model which focuses on the multidimensional character of government-NFP relations and places greater emphasis on the mobilisation of interests in a political marketplace, and

3) the regime/neo-institutional model, which is explicitly comparative in nature and which considers the processes through which social structures such as NFPs become institutionalised and the conditions under which governmental structures take on particular forms (Smith and Grønbjerg, 2006:222).

Although cognisant of the different strands of theory, for the purposes of this study the regime/neo-institutional framework is most amenable to conceptualising the relationship of the NFP sector to the state and explaining the emergence of particular policy responses in given jurisdictions. The cases selected for this study exhibit similar traditions of governance, institutional/administrative histories, and patterns of NFP sector engagement with the state. Whereas the demand/supply model lends itself to research focussing on the intrinsic properties of organisations engaged in particular industry sectors or markets, and the civil society/social movement model is an appropriate analytic framework for research into the mobilisation of interests around defined issues, regime/neo-institutional model best supports research that has as its focus the meta-political relationship between government and the NFP sector in which the foregoing are embedded.

Importantly, non-profit/third sector scholars do acknowledge distinct national histories, cultures and political traditions of nonprofit and voluntaristic endeavour, even amongst countries with similar levels of economic development (Anheier and Mertens, 2003, Anheier and Salamon, 2006:90-91). And, despite differences with regard to categorisations of the major regime types that characterise state/NFP sector relations, and to which regime-types individual countries or groups of countries belong, there is sufficient commonality between categorisations to render them useful for inductive analysis (Blumer, 1954).

**The policy relevance of the NFP sector**

Where in the past, public policy studies might have been somewhat ‘agnostic’ about the NFP sector, scholarly interest has also grown in that discipline as the sector has gradually moved nearer the centre of contemporary policy debates (OECD, 2003, Anheier and Salamon, 2006:92, Henman and Fenger, 2006:258-260). The heightened
level of public policy interest in the NFP sector has a number of drivers, including the relatively recent advent of social capital discourses and the impact of globalisation on the transmission of ideas about alternative models of governance and public administration (Anheier and Salamon, 2006). In the process, the NFP sector has been ‘enveloped’ the in a ‘heavy ideological overlay’ and, according to Anheier and Salamon, ‘The sector is regularly invoked as an abstract idea intended to justify policies being pursued for other purposes rather than as a concrete reality to be measured and assessed.’ (2006:109).

The NFP sector and government have long been engaged along a ‘moving frontier’ and their respective roles and influence have waxed and waned in response to changing expectations about the role of the state (Finlayson, 1990, Lewis, 1999). Rathgeb Smith and Grønbjerg (2006:222) underscore the centrality of the NFP sector in contemporary social policy with the following observation:

... government-nonprofit relations are deeply immersed in political ideologies about the proper role of government, preference for market structures, and priorities accorded to values of fairness, equity, equality, choice and/or opportunities (Op. cit.).

If one accepts this proposition, it follows that political ideology also shapes the prevailing governance discourse, which in turn shapes approaches to public policy and public administration. Understandably, the ideological foundations for the state/NFP sector relationship vary between national traditions and/or regime archetypes. In the Anglo-Saxon jurisdictions with which this study is concerned, neoliberal policy doctrines have provided the intellectual foundations for enlisting non-state organisations in the delivery of public services once provided directly by the state and, as a consequence leading to increased policy interest in the NFP sector (Anheier and Salamon, 2006:92-93, Minkoff and Powell, 2006:593).

Rathgeb Smith and Grønbjerg also point to Smith and Lipsky’s observation (1993) that the relationship between government and NFP social welfare agencies constitutes a ‘contracting regime’ characterised by ‘regularised interactions and governed by norms regulating behaviour’ (Smith and Grønbjerg, 2006:237). This study seeks to address the extent to which the ‘norms regulating behaviour’ within contracting regimes have come to be regarded as maladaptive by both sectors and whether compacts are a viable means for correcting the perceived deficiencies of the contracting regime.
A ‘regime theory’ of the not-for-profit sector

Social origins theory emerged from work associated with the Johns Hopkins Comparative Nonprofit Sector Project – the largest international comparative study of the NFP sector (Salamon and Anheier, 1998b). Salamon and Anheier noted the ‘striking reality of significant variations in the scope, scale, composition, and revenue base’ of the NFP sector in different countries and concluded that decisions about whether to rely on the market, the state or the NFP sector to provide key services is ‘heavily constrained by prior patterns of historical development and by the relative power of various social groupings that have significant stakes in the outcomes of these decisions’ (Anheier and Salamon, 2006:106). They concluded that the size and character of the NFP sector in any society is ‘path dependent’ insofar as it reflects not only present day pressures, but also historical social and economic factors (Anheier and Salamon, 2006:106).

In social origins theory Salamon and Anheier sought to address the limitations of (then) dominant neoclassical economic theories that sought to explain the existence of the NFP sector purely in terms of government/state failure and market failure (Donoghue, 2010). According to Donoghue (2010) this:

... marked a major development in nonprofit scholarship and is one of the most important theories on nonprofit organisations to emerge in the past decade (Donoghue, 2010:37).

Salamon and Anheier posit a four-fold division of idealised nonprofit regime types characterised by a particular combination of state-nonprofit roles, structure, composition and financing, and each having a particular set of social and historical antecedents (Salamon and Anheier, 1998b, Anheier and Salamon, 2006). These are:

1) the liberal model – Australia, US, UK: characterised by a relatively low level of social welfare spending and a relatively large NFP sector,

2) the social democratic model – Sweden, Norway, Finland: characterised by extensive state sponsored and delivered social welfare protections and a relatively limited service-providing NFP sector,

3) the corporatist model – France, Germany, Belgium, Netherlands: characterised by sizable government social welfare spending and a sizable NFP sector, and
4) the statist model – Japan, Brazil & much of the developing world: characterised by both limited social welfare protections and limited NFP sector development (Anheier and Salamon, 2006:106-107).

These four ‘archetypes’ are presented as ‘heuristic devices intended to demarcate broad tendencies’: Salamon and Anheier acknowledge that many ‘actual cases’ will be hybrids that exhibit features from more than one pattern (Anheier and Salamon, 2006:106). As might be expected, other scholars have sought to articulate alternative regime typologies. For example, Sarasa (cited in Blumer, 1954:245, 1995) identifies the Scandinavian (Sweden, Norway), Rhineland (Germany, Holland, Belgium, Austria), Mediterranean (France, Italy, Spain) and North American (US) regime types. Despite some differences in the groupings (and notable gaps) there is nevertheless considerable overlap between the two regime typologies.

**Welfare state regime types**

Regime theories of the NFP sector have analogues in other disciplines. For example, Salamon and Anheier’s conceptualisation of non-profit regime types is congruent with the typology of regimes in advanced welfare states proposed by theorists such as Esping-Andersen (1990) and Scharpf and Schmidt (2002). Over the years, according to Goodin et al. (1999) and Ferragina and Seeleib-Kaiser (2011) a virtually standard nomenclature has emerged to distinguish between:

- ‘liberal’ regimes rooted in capitalist economics and emphasising market dominance and private social provision, in which the state is confined to a predominantly residual social welfare role and benefits are tightly targeted (the United States is generally regarded as the epitome of a liberal welfare regime),

- ‘conservative’ or ‘corporatist’ regimes based on the principles of subsidiarity and mutualism, rooted in communitarian ‘social market’ economics, and in which the state is primarily a facilitator of group-based mutual aid and risk pooling (Germany is often cited as a country with deep corporatist roots), and

- ‘social democratic’ regimes based on the principles of social equality and universalism in which the state is assigned a powerful redistributive role (the Scandinavian countries are often identified as exemplar social democratic regimes).
Scharpf and Schmidt (2002) employ similar categorisations in their two volume study, based on Esping-Andersen’s (1990) ‘three families’ of welfare state regimes: the Scandinavian or social democratic model (represented by Sweden and Denmark); the Continental or Christian Democratic model (Austria, Belgium, France, Germany, Italy and the Netherlands); and the Anglo-Saxon or Liberal model (Australia, New Zealand and the UK). This is effectively the same tripartite classification used by Hemerijck (2002).

Ferragina and Seeleib-Kaiser (2011) point to a number of scholars who have identified additional regime types, as do Arts and Gelissen (2006), such as the ‘radical’ regime proposed by Castles and Mitchell (1992) which is based on a reversed means-testing logic and largely excludes the upper-middle and upper classes from social provisions, as well as regime typologies based on geographical clusters. For example, Ferragina and Seeleib-Kaiser note that Leibfried (1992) and Ferrera (1993) have argued that Mediterranean countries constitute a separate regime. It should be noted that the welfare regimes literature exhibits an Anglo-European bias, and it has been argued by scholars such as Jones (1993) and Goodman and Peng (1996) that East-Asian welfare states are similarly deserving of their own categories.

Importantly, while the nomenclature and the number of categories might vary from scholar to scholar, and the weight assigned to particular variables or the placement of countries in given categories might also differ, there appears to be greater agreement than disagreement about the core concepts underpinning the classification of regime types. There will of course be some differences of interpretation and the range of variables to be considered when assigning countries to one category or the other: about, for example, whether Australia is a liberal welfare regime (Esping-Anderson, 1990) or a radical welfare regime (Castles and Mitchell, 1992). But contestation of this nature serves to enlarge rather than diminish the utility of the concept.

There is a high level of agreement between the categorisation of welfare regimes and nonprofit regimes, which gives us some confidence about the heuristic value of this kind of analysis. Both stress the salience of historical, institutional and political legacies as determinants of the form of the welfare regime in a given society and of the nature of the relationship between government and non-state actors, including the NFP sector.
Institutional relations in different service sectors
Although this study does not seek to examine in detail the nature of cross-sector arrangements at the service domain level, it is necessary to be cognisant of the possibility that public/NFP sector interactions might differ substantially from one sub-sector to the next. Grønbjerg (1987), for example, suggests that public and NFP sector relations might differ significantly in different service fields. This is an important consideration when taking onto account that in some jurisdictions compacts purport to be ‘whole-of-government’ or ‘whole-of-sector’ in their application while in others compacts are demarcated according to service domain boundaries. Public and NFP sector actors working in service or policy domains characterised by cordial and effective relationships might regard compact activities as inconsequential or, at worst, as irritants.

Critiques of social origins theory
Although social origins theory has been praised as a major step forward in thinking about the origins of the NFP sector, Donoghue (2010) draws attention to a number of important critiques. In the main, these suggest that the theory is constrained by limitations in measurement variables and the limited number of cases upon which the theory had originally drawn. The principal shortcomings of the model have to do with its potential to reveal the sector in sufficient depth and nuance. Rathgeb Smith and Grønbjerg, for example, describe Salamon and Anheier’s ‘social origins model’ as essentially an ex post facto explanation and posit that there is little clear understanding about the historical paths that give rise to particular configurations of government-sector relationships (Smith and Grønbjerg, 2006:238). They suggest that failure theories and the social origins theory treat the government and NFP sectors as separate and distinct whereas the boundaries between the two are often blurred – what is public and what is private is not always apparent and relations between the two transcend sectoral boundaries (Smith and Grønbjerg, 2006:237).

Wagner argues that social origins theory ‘does not adequately consider the historical evolution and the “embeddedness” of public and nonprofit institutions in social space’ (Wagner, 2000:552). Even so, he does not reject social origins so much as make a case for a ‘categorical adjustment’ which better fits the reality, as he sees it, of Western European nations (Wagner, 2000).
Rather than invalidating social origins theory, these critiques can be interpreted as an argument in favour of further refinement, adjustment and re-categorisation. Donoghue, for one, suggests that a social origins approach might be usefully augmented by the adoption of multiple perspectives and more qualitative approaches (Donoghue, 2010:45-47).

Social origins theory offers us a useful heuristic device for understanding and differentiating the observed form of the NFP sector across place and time. For the purposes of this study, debates about Salamon and Anheier’s conceptualisation of social origins are of less importance than the foundational observation that social, political, cultural, and historical contexts matter in any analysis of institutional relations in a given country, polity or jurisdiction.

**A succession of governance paradigms**

The jurisdictions that comprise the cases for this study all fall within the rubric of what Salamon and Anheier’s ‘liberal model’ – a category that also coincides with what others refer to as the Anglo-Saxon (or Anglo-American) tradition (Halligan, 2011). Governments in each of the subject jurisdictions have to varying degrees pursued public administration reforms aimed at making government more transparent and accountable for public expenditure and performance (Day, 2009b, Grossi et al., 2009).

Our immediate task is to make sense of government-NFP interactions in the context of broad paradigmic shifts in governance. The past three decades the have witnessed a transition from a state-interventionist model of governance, steeped in the precepts of Keynesian planning and demand management, to one premised upon the notion of an interdependent polity in which the public sector, civil society and private sector actors work across traditional sector boundaries (Osborne, 2006, Rhodes, 2007:1246, Barraket, 2008:3-4, Shergold, 2008b:18-19, Wanna, 2008:5-6, Osborne, 2010, 2011) (see Figure 2.2).
The state interventionist paradigm

Many of the core elements of what is commonly understood as the ‘welfare state’ have origins that date to the late 19th century: an early example being the introduction of social insurance legislation in Germany in the 1880s (Therborn, 1984). However, the major institutions of the welfare state evolved unevenly (and uneasily). Prior to the First World War the minimalist classical liberal state was the norm amongst the developed nations of the world. The state existed to fulfil the core functions of raising public revenue, maintaining public order, facilitating trade, defending national sovereignty and protecting strategic interests. The state did not generally concern itself with the social, educational or cultural advancement of its people: this was properly the role of the churches, private philanthropy and other non-state institutions (Wanna et al., 2010:19-24).

The governance paradigm that took the place of the classical liberal state was, by contrast, interventionist, centralised, and highly vertically integrated (Wanna et al., 2010:19-24). This ‘protective statism’ (Brett, 2007) had a rather jaded view of the self-
organising capacities of non-state institutions and business, and was inspired by an appreciation of the potential for government to mobilise the financial, legislative and technical resources at its disposal to leverage social and economic outcomes. It was also a system that relied heavily on hierarchy and rules (Wanna and Weller, 2003:69).

Vigorous state interventionism was a response to the new world order of the post-war era. Post-war governments confronted new challenges such as the need to re-build a peacetime economy and to re-integrate demobilised service-men women into a society made restive by the privations of the Great Depression and the tumult of war. It was the statist paradigm that drove the development of the welfare state in response to the incapacity of communities or charitable institutions (voluntary failure), and the inability of the private sector (market failure) to provide for social needs.

However, for all that the contemporary affluence of the West was built upon foundations laid by statist traditions of governance, the organs of state policy and service delivery could also be ‘monolithic, authoritarian, paternalistic, inflexible and slow’ (Wanna et al., 2010:24). Spreading affluence, education, and the politics of social movements raised societal expectations about social entitlement, public sector responsiveness, and the availability of choice – expectations the autarkic state struggled to address to the satisfaction of a citizenry increasingly distrustful of ‘big government’ (Wright (1994), cited in Bevir et al. (2003)).

The neoliberal/NPM paradigm

It was in the Anglo-Saxon countries (and their sub-national jurisdictions) that NPM really took hold (Halligan, 2011). As a body of ideas, NPM largely serves to codify a set of policy precepts whose intellectual foundations have their provenance in the neoliberal policy prescriptions of the Thatcher (UK) and Reagan (US) administrations: policies predicated on reducing the size of government by engaging the private sector in the solution of public problems through a combination of outsourcing and market-based incentives (Minkoff and Powell, 2006, MacDermott, 2008, Wanna, 2008).

NPM provided a policy rationale for the indirect delivery of publicly-financed public services by non-state agencies. ‘Third party government’, according to Anheier and Salamon, resulted in NFP organisations becoming ‘essential partners in making the new public management work’ (2006:92). In order to give effect to this ‘new dispensation’, governments have experimented with new contracting models, ‘constructed markets’
(quasi-markets), ‘managed competition’ and efforts to ‘systematise the terms of engagement between the nonprofit sector and the state’, thereby moving the NFP sector to the centre of policy debate ‘as central instruments of development and welfare state reform’ (Anheier and Salamon, 2006:92-93).

A post-NPM/relational governance paradigm?

Although faith in the capacity of markets to leverage maximal economic and technical efficiency in the delivery of public policy still endures, there is growing scholarly and practitioner interest in the potential for new approaches to governance based on something more than the reductive logic of the contract (Denhardt and Denhardt, 2000, Osborne, 2006, Halligan, 2007, Wanna, 2008, Simms, 2009). Hill and Hupe (2002) suggest that the West has emerged from an era of ‘market and corporate government’ to enter a phase marked by pragmatism and ‘mixed agendas’ (Hill and Hupe, 2002:85-99). Similarly, Cavaye (2004) believes that Australia is witnessing a transition to a new politics of ‘engagement governance’ in which government is more than a provider or a purchaser of public services, and is increasingly an ‘enabler’ of community capacity. This, Cavaye contends, requires the rethinking of old assumptions, cultural change and new structures for the creation of relationships of trust (Cavaye, 2004:100).

The process of ‘de-governmentalisation’ has led policymakers to recognise new dependencies and to flirt with ideas about decentred governance based on interdependence, negotiation and trust (Sørensen and Torfing, 2005:195, Wanna, 2008). Government interest in vertical and horizontal collaboration, cross-portfolio integration and ‘joined-up’ solutions has grown apace over recent years, leading policy-makers to explore various formulations of cross-sector partnership as a means for unlocking the specialist knowledge and skills, and market access of a range of non-state actors in order to deliver effective outcomes (Wanna, 2008).

Managing relationships to achieve collaborative aims implies a capability on the part of public sector organisations to act with a degree of autonomy from executive government, to act entrepreneurially within prescribed policy boundaries, to take risks, to engage creatively and constructively with network ‘partners’ (Bourgon, 2008). Partnering also entails a degree of transfer of control over decision-making from government to other parties in order to promote engagement or inclusion (Althaus et al., 2007).
Working within and through networks of organisations with complementary aims, priorities and values is often touted as the most effective way to tackle so-called ‘wicked problems’ (Provan and Kenis, 2008, Ferlie et al., 2011). Bourgon notes that, ‘[n]o government can claim to have all the tools, nor all the powers necessary to affect [sic] a complex and effective policy outcome’ (Bourgon, 2008:398). However, the system of delegated authorities within which public sector organisations are obliged to act often constrains their capability for flexibility and innovation (Bourgon, 2008:397). And, as Shergold observes, in the pursuit of collaborative aims, public sector organisations ‘exercise their persuasive talents in an environment characterised by asymmetrical power’ (Shergold, 2008c:197-198).

**Compacts as a response to complexity**

Relational governance has been proposed as one response to complex or ‘wicked’ problems requiring cross-cutting or joined-up approaches. Cross-sector policy frameworks complement relational approaches to governance by addressing operational plurality (in which state and non-state actors are expected to work synergistically across domain boundaries) and sources of policy failure inherent in the contracting regime (involving *inter alia* asymmetries of information and authority as well as the misalignment of goals and means).

Despite the official ‘partnership’ rhetorics of cross-sector policy frameworks, a common complaint amongst government’s NFP sector partners is the persistence of the very behaviours and attitudes that the framework was intended to address. This, in turn, feeds a perception that despite their noble rhetoric, framework documents are really about managing the ‘politics’ of cross-sector working and are incapable of driving structural or systemic change. If one considers that collaboration across organisational and sector boundaries itself comprises a set of ‘wicked problems’, one might obtain a new appreciation of the scale of the challenge compacts attempt to address.

The inherent difficulty of effective cross-sector working ought not be underestimated. Although proponents of relational or network governance argue the advantages of greater nimbleness and adaptability, a countervailing view holds that governing through networks has made already difficult policy problems even harder to address (McGuire and O'Neill, 2008:239-240, Wanna, 2008:9-10). For example, it is often observed that public policy aims can be difficult to achieve even *within* organisational and domain
boundaries despite governance structures that exhibit strong vertical integration and mature systems for internal control. Consider, therefore, the difficulty inherent in managing multiple relationships within and between networked systems in which there are strong asymmetries of knowledge, power and authority, as well as variegated cultures, values, business systems and capabilities.

**Marketisation**

From the mid-late 1980s onwards governments throughout the Anglo-Saxon world have displayed a preference for harnessing the ‘animal spirits’\(^{14}\) of the market to leverage greater technical and economic efficiency in the delivery of services (for deeper insight into the Australian case see Aulich, 2000, Aulich and O'Flynn, 2007a, and 2007b). In policy domains where government’s historical dominance had crowded out the NFP and for-profit sectors, new ‘quasi-markets’ were established to introduce contestability into the delivery of statutory services by non-state service providers (and Thomas, 2007, Australia is a world leader in this regard, see Productivity Commission, 2010a:303).

Whilst the marketisation of public services is frequently cast as the villain of the piece in critiques of the contract state, Rhodes argues that marketisation in fact contributed – albeit unintentionally – to the pervasiveness of networks by increasing the extent of functional differentiation in public service delivery systems (Rhodes, 1997:51). He acknowledges that ‘by eroding trust in local networks’ marketisation ‘corrodes networks and prompts protective behaviour’ (Rhodes, 1997:48). Thus, markets and networks co-exist in an uneasy and complex symbiosis and governments are obliged to employ a mix of hierarchy (instructions from the government), markets (contracting), and networks (which government can only imperfectly steer) (Rhodes, 1997:40, 51).

**An ‘institutionalist’ perspective**

To sensibly address the questions posed in this study an appropriate ‘organising perspective’ is required within which to frame the research. The next section considers the potential of an ‘institutionalist’ perspective to elucidate the historical, political and institutional factors that might have predisposed Australian and other Anglo-Saxon governments to look to compacts as means of rationalising and normalising their relationships with the NFP sector.
Wagner (2000) advocates for the application of institutional analysis in comparative research into the role of NFP organisations in the public sphere. He argues public-goods or government-failure approaches lack a comparative dimension and do not adequately account for cross-national variations in the size and character of the NFP sector, or the structural transformation of the public sphere (Wagner, 2000). It is therefore unsurprising that scholarly interest in comparative analyses of the socio-political antecedents of voluntary action in different countries has contributed to the growing influence of *new* institutionalism in the field non-profit and voluntary sector studies (Salamon and Anheier, 1998b, Lewis, 1999:257).

**What is new institutionalism?**

In the early 1980s March and Olsen drew attention to a resurgent interest, across a range of disciplines, in the importance of social, political and economic institutions to collective life (March and Olsen, 1984). They were part of an intellectual vanguard awakened to the importance of institutions as ‘central and potent social systems’ (Scott, 1994:56) and as ‘carriers of identities and roles’, and ‘markers of a polity’s character, history and visions’ (March and Olsen, 2006:4).

The ‘old institutionalism’ tended to assume that whereas politics was affected by society, society was not significantly affected by politics. By contrast, the ‘new institutionalism’ posits an interdependent relationship between the society and the polity, (March and Olsen, 1984:735). This is, of course an oversimplification, but it is not necessary here to present a detailed account of the new institutionalist critique of ‘old’ or ‘traditional’ institutionalism – this is capably and comprehensively addressed by others (March and Olsen, 1984, 1989, Hall and Taylor, 1996, Peters, 1999, March and Olsen, 2006, Amenta and Ramsey, 2010).

A key strength of new institutionalism is its multi-theoretic character (Lowndes, 2010:78-79). Multi-theoretic approaches are indicated in inductive, grounded research (such as ours) where the phenomena under investigation are characterised by contextual contingency, complexity, and value multiplicity (Greene, 2007:23). Multi-theoretic approaches support multiple verification of phenomena: they privilege convergent truths through triangulation while providing space for difference and divergence, thus accepting the legitimacy of multiple and diverse ways of knowing (Greene, 2007:22-24).
New institutionalism represents a ‘sprawling literature characterised by tremendous internal diversity’ (Thelen, 1999:370). New institutionalism does not constitute a coherent or unified body of thought (March and Olsen, 1984, Hall and Taylor, 1996), rather it provides an epistemological perspective that leads away from a somewhat deterministic understanding of the relationship between society and polity towards a more nuanced appreciation of the complexity, dynamism and interdependence of institutions, society and polity and an expanded idea of the nature of institutions themselves (March and Olsen, 1984, 1989, Lowndes, 2010). It is not one institutionalism, but many (Hall and Taylor, 1996, Peters, 1999, Amenta and Ramsey, 2010). As Lowndes (citing Gamble and Rhodes) observes:

…it is misleading to describe new institutionalism as ‘a theory’. New institutionalism is better understood as what Gamble (1990:405) describes as an ‘organising perspective’. It is not a causal theory in the behavioural sense; instead ‘it provides a map of the subject and signposts to its central question’ (Rhodes, 1995:49, cited in Lowndes, 2002:107).

Of the various strands of new institutionalist thought, three stand out: sociological institutionalism, rational choice institutionalism and historical institutionalism. Although there are significant differences between the three schools, it is also difficult to draw hard and fast boundaries between them because of the extent to which each freely adapts analytic approaches from the others and from related disciplines (Peters, 1999:140-149, Thelen, 2004:369-370).

Each has particular analytic strengths: sociological institutionalism offers important insights into the formation and transmission of institutional values and culture (see Figure 2.4); rational choice institutionalism helps us to understand the contribution to political life of the utility-maximising behaviours of institutional actors (See Figure 2.5); and historical institutionalism gives us a deep appreciation of the manner in which normative values and utility maximising behaviour are shaped by social, cultural and historical context.

Although one might well question whether new institutionalism is indeed still ‘new’ – Lowndes recently (2010) proclaimed that institutions were ‘back in fashion’ over two decades after March and Olsen heralded their re-discovery (March and Olsen, 1989), while John (2003:483) suggests that the ‘old’ versus ‘new’ dichotomy is passé – it is nevertheless clear that new institutionalism has thrown open the doors for renewed empirical and theoretical inquiry into the formation, evolution, role and logics of

**Figure 2.3 – Sociological institutionalism**

Sociological institutionalism arose from the sub-field of organisation theory towards the end of the 1970s and regards institutions not merely as formal rules, procedures or norms, but also in terms of their cognitive dimensions and cultural practices. Beliefs, attitudes and values provide ‘frames of meaning’ to guide human action (Hall and Taylor, 1996:946-947) and these can even take the form of organisational myths and ceremonies through which the culture of institutions can be transmitted, reproduced or transformed, with consequential effect on the institutions themselves and, ultimately the polity (Meyer and Rowan, 1991, Hall and Taylor, 1996). Essentially a ‘cultural theory’, sociological institutionalism focuses on the social constitution of ‘rational action’ within institutions (Hall and Taylor, 1996:949), as well as the diffusion of ideas, and cultural forms in seeking to explain similarities among institutional forms and policies (Amenta and Ramsey, 2010:32). Sociological institutionalist studies tend to attribute instances of policy diffusion to single theorised institutional causes in preference to the consideration of alternative explanations for policy convergence (Amenta and Ramsey, 2010:20). This research posits multiple pathways for the diffusion of compacts as well as processes of policy convergence. Whilst acknowledging the influence of institutional cultures in shaping actors’ perceptions of compacts, this research is less interested in the epistemics or institutional logics (intellectually worthy as they might be) than the broader historical and political dynamics within which compacts emerged.

**Figure 2.4 – Rational choice institutionalism**

Rational choice institutionalism takes its inspiration from rational economics, and tends to assume that institutional actors exercise a ‘strategic calculus’ and behave so as to maximise the attainment of their preferences, even if the attainment of their preferences is likely to result in an outcome that is collectively sub-optimal (collective action dilemma) (Hall and Taylor, 1996:944-945). Institutional factors neither produce behaviour nor shape individual’s preferences – as implied in ‘old’ or traditional institutionalism – rather, they provide a context in which individuals are able to select strategies for the pursuit of their preferences (Lowndes, 2010:66). Rational choice institutionalists consider that most political life occurs within institutions (such as legislatures, cabinets and bureaucracies, for example) and involve individuals making utility-maximising decisions (Peters, 1999:43-44). It is the incentives and constraints built into the institution and their effects on the behaviour of institutional actors that are of primary interest, while the past history of the institution is of little concern (Peters, 1999:46-47). Although individual utility maximisation might explain the choices made by policy entrepreneurs, historical path dependence and institutional persistence are also important factors affecting institutional acceptance of, and attachment to compacts and their underlying logic.

**Historical institutionalism**

Thelen notes the predominance of historical institutionalist approaches in comparative historical studies – such as this dissertation. One strength of the approach lies in its capacity to examine political and economic developments in historical context, and to account for the potential for developments in one realm to impinge on and shape developments in others (Thelen, 1999:390). Another is its ability to account for enduring differences in institutional regimes despite the ‘somewhat rather breathless

Historical institutionalism has developed, in part, as a response to rational choice theory. It is an approach that typically asks ‘big questions’ and highlights the importance of institutions in explaining political phenomena while rejecting functionalist explanations for their emergence (Amenta and Ramsey, 2010:15-16). Historical institutionalist explanations emphasise contextuality in seeking to explain how the institutional organisation of the polity and the economy operates to privilege some interests and demobilise others (Hall and Taylor, 1996:937, 941).

Elson’s comparative work on deliberate cross-sector policy frameworks in Canadian provinces (Elson, 2007, 2010, 2011a, and 2012) explicitly adopts an historical institutionalist research framework. Elson argues that historical institutionalism is:

... particularly suited to the process of identifying critical junctures in voluntary sector-government relations and the positive feedback loops that keep a particular policy in place over time .... historical institutionalism makes it possible to link and compare government as well as voluntary sector institutional structures to policy agendas and subsequent policy outcomes (Elson, 2011a:138).

Historical institutionalist analysis emphasises the importance of ‘path dependency’ in explaining how institutions emerge from and are sustained by the historical, social and political context in which they are embedded (Peters, 1999:63, Thelen, 1999:384, Lowndes, 2010:70). This does not imply a deterministic outlook on institutional form and behaviour, rather it acknowledges that the legacy of past political choices exerts a constraining influence on institutional actors (who might be either individual or ‘composite’ actors), while accepting the possibility for incremental or even dramatic change under certain circumstances (Thelen, 1999:377-378, 384, March and Olsen, 2006:12-13, Amenta and Ramsey, 2010:22).

Although often criticised by rational choice theorists for inattention to theory and for ‘merely telling stories’ (Thelen, 1999:372), historical institutionalism is far from being ‘atheoretical’ and can be characterised by its ‘theoretical eclecticism’. Accepting as a basic premise Rhodes’ (1995:56) contention that, ‘No theory is ever true, it is only more or less instructive’, historical institutionalism sets no boundaries on theoretical thinking and is not tied to any one method of analysis (Hall and Taylor, 1996:940, Amenta and Ramsey, 2010:22-24). Historical institutionalists frequently begin with ‘empirical
puzzles’ in which behaviour appears to deviate from what the general theory predicts, and in which institutional contexts appear to have shaped both political preferences and available choices (Thelen, 1999:373-376).

Moreover, historical institutionalism is concerned to integrate into institutional analysis the consideration of a variety of other factors – such as the diffusion of ideas – that might affect political outcomes (Hall and Taylor, 1996:938-942). Although the ‘regularities of politics over time’ are of interest to historical institutionalists, it is the emergence of ‘choice points’ through historical disequilibrium and asynchronous temporal processes that most attract their attention (Thelen, 1999:374-384).

This research seeks to explain the emergence and diffusion of formal policy frameworks for cross-sector collaboration over time and in multiple jurisdictions. It is considered that an approach founded on historical and contextual analysis best suits the research aims, taking into account the following propositions:

1. the government/NFP sector relationship is shaped by a range of institutional factors (2006),

2. accounting for the social, historical and economic antecedents of policy formulation is important in any comparative analysis of the NFP sector (1994, 1997, 1998a, b, 2000),

3. a multi-theoretic approach is indicated where the phenomenon of interest has attributes of contextual contingency, complexity, and value multiplicity (Greene, 2007:23), and

4. a strength of historical institutionalism lies in its capacity to integrate analytic perspectives from other disciplines (1999, 2004).

On this basis, it is considered that a *prima facie* case has been established for adopting historical institutionalism as the preferred organising perspective.

**Key approaches to understanding the policy process**

Sabatier *et al.* (2007) discuss seven conceptual frameworks used to elucidate the policy process, each of which satisfies four essential criteria (albeit to differing degrees):
• each must satisfy the criteria of scientific theory insofar as concepts and propositions must be relatively clear and internally consistent, identify clear causal drivers, give rise to falsifiable hypotheses and be fairly broad in scope,

• each must be the subject of recent conceptual development and empirical testing, and be viewed by currently active policy scholars as representing a viable means for understanding the policy process,

• each may contain some explicitly normative elements, but each must be a positive theory seeking to explain much of the policy process, and

• each must address broad sets of factors ‘traditionally’ deemed important to the study of policy-making, such as conflicting values and interests, information flows, institutional arrangements, and variations in the socio-economic environment (Sabatier, 2007:8).

The seven frameworks are:


3. *Punctuated-Equilibrium* was inspired by theories of evolutionary biology (see Gould and Eldredge, 1977) and posits that long periods of policy stasis or equilibrium are occasionally punctuated by periods of major policy change (Baumgartner and Jones, 1993).

4. *The Advocacy Coalition Framework (ACF)* focuses on the interaction within policy sub-systems of ‘advocacy coalitions’ made up of actors who share a set of policy beliefs (Sabatier, 1988, Sabatier and Jenkins-Smith, 1993) in an effort to ‘bring a more explicit historical and contextualised dimension to the explanation of policy change’ (Burton, 2006). The ACF holds that stakeholders seek to convert their beliefs into policy through the formation advocacy coalitions comprised of actors with similar beliefs (Weible, 2007) and seeks to explain belief change and policy change over long periods (Sarasa, 1995:208).
5. *The Policy Diffusion Framework* holds that the preferred policy responses in one polity are often systematically conditioned by prior problem definition and choices made in others (Simmons *et al.*, 2006). Based upon seminal work by Rogers (1962), and building upon the work of Mohr (1969), Walker (Walker, 1969), Gray (1973) and Grupp and Edwards (1975), Berry and Berry (1990, 1992) hypothesised a ‘unified theory of the causes of state innovation’ to explain variation in the adoption of specific policy innovations across political jurisdictions. The spread of public administration ‘doctrines’ such as NPM has been ascribed to processes of policy diffusion (Hood, 1991, Common, 1998, Common, 2010).

6. *The Funnel of Causality and other Frameworks in Large-N Comparative Studies*, describes a variety of frameworks drawn from studies that seek to explain variation in policy outcomes across a large number of jurisdictions. Usually expressed in terms of budgetary expenditures, the approach gained popularity as a means for comparing the performance of OECD countries, especially for explaining variation in social welfare programs.

7. *The Process-Streams Framework*, argues that opportunities for policy change occur when three notionally independent process streams intersect: these being the *problem* stream; the *policy* stream; and the *politics* stream. The process streams framework is also intellectually accommodating in that it explicitly recognises the existence of satisficing behaviour in the face of uncertainty, as well as the influence of path dependence, policy diffusion and the possibility for critical junctures (punctuated equilibrium).

Each of these frameworks is capable of offering insight into the policy process. Each also has its limitations in terms of how well it captures the complexity of the process, including the behaviour and motivations of policy actors, including institutional actors.

The *policy stages heuristic* framework offers an idealised model of a rational policy process, however, as Sabatier (1991, 1999, 2007), Jenkins-Smith and Sabatier (1994) and John (2003) observe, the sheer heterogeneity or the institutions under study and the complexity of the networks that connect them precludes a simple formulaic map of the policy process. *Institutional rational choice* enables us to understand the effects of the opportunities and constraints embedded in formal institutional rules and the interest-maximising behaviours of rational strategic actors, however, scholars such as Bourdieu
John (2003) and Kahneman (2003) have questioned its underlying assumptions as reductionist and unrealistic.

The process streams, punctuated equilibrium and advocacy coalition frameworks – which Hansén (2007:98) refers to as the ‘policy change’ strand of the policy analysis literature offer a more nuanced account of the policy process. These are also what John (1998, 2003) refers to as ‘synthetic’ accounts of the policy process, for the reason that they bring together a range of research on institutions, networks, socio-economic process, choices and ideas. Hansén (2007) notes that many scholars see commonalities in the three approaches and often treat them together. He further observes that process streams, ACF and punctuated equilibrium are to some extent overlapping analyses that are for the most part complementary (Hansén, 2007:116).

The policy diffusion and the funnel of causality and frameworks are more quantitative in their approaches and are well suited to comparative case studies across multiple sites or jurisdictions using large sample sizes. Although both approaches are no doubt capable of revealing broad patterns in the prevalence of policy choices and of mapping these with statistical confidence against a range of variables, it is doubtful that these approaches are capable of revealing much about the either the pathways for the transmission of ideas or the beliefs and motivations of policy actors.

The case for the process streams framework

The process streams framework set out by Kingdon (1995) offers an appropriate and serviceable heuristic for the purposes of this thesis. Kingdon’s focus on ‘agenda setting’ is particularly pertinent to the study’s core concern with the question of how formal, deliberate cross-sector policy frameworks have come into being; why they endure in some cases; and why they lose policy relevance in others. Although process streams analysis is usually used to explain how policies are made by national governments there is no compelling reason why it cannot be extended the process of policy making at various levels of government (Zaharidis, 2007).

One strength of the process streams framework is its emphasis on the roles played by individual and collective policy actors in mobilising consensus about ‘problems’ that require a policy solution; articulating and promoting possible solutions to those problems; and acting entrepreneurially to exploit windows of opportunity that open
during political propitious times to ‘couple’ problems and preferred solutions. Zaharidis points out that the process streams framework:

… subscribes to the notion that institutions make things possible, but people make things happen. It points to the importance of policy entrepreneurs and human cognition and emotion as the bases of political manipulation (Zaharidis, 2007:84).

Moreover, he adds, the process streams framework accepts that ‘institutions matter … but their importance is tempered considerably by individuals, timing, and context’ (Zaharidis, 2007:84).

Another strength of the process streams framework is its consonance with historical institutionalism, especially in terms of its emphasis on locating decision-making in a broader historical, social and political context. Like historical institutionalism, process streams analysis is multi-theoretic and integrative in its very nature. It encompasses aspects of other ‘synthetic’ accounts of the policy process, the punctuated equilibrium and advocacy coalition frameworks, and is capable of accommodating concepts of policy transfer or policy diffusion. Process streams analysis also accepts the importance of institutions and acknowledges the existence of multiple ‘institutional venues’ within which ‘policy advocates can push their proposals’ (Kingdon, 1995:229-230). Above all, it takes as its starting premise that the processes through which public policies are formed are dynamic, fluid and ‘exceedingly complex’ (Kingdon, 1995: 230).

The process streams framework allows us to make sense of cross-sector policy frameworks in that it supports the articulation of a structured policy narrative (see Kay, 2006:59-74). Although often criticised for being ‘always true’ and, therefore, difficult to falsify, Sabatier (2007) notes that process streams analysis is both widely applicable and widely applied. Zahariadis (2007:83) contends that process streams offers a fruitful means for explaining policy-making in a messy, complex world in which ambiguity is the norm and serendipity plays a major role. Zahariadis also recommends process streams as a useful lens on the policy process whether in a single case or across time, countries, issues and policy domains (2007:83).

The essence of the process streams framework

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’s book drew upon interviews with people ‘in and around the United States the federal government who deal with health and transportation policy’ (Kingdon, 1995:xi). These included ‘congressional staffers, administration appointees, civil servants, lobbyists, journalists, researchers and consultants’ and occurred over several years (Kingdon, 1995:xi).

Kingdon observed that in the volatile marketplace of ideas and solutions – which he refers 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 posits that the ascendance of policy ideas sometimes 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).

Thelen observes that institutions rest on ‘a set of ideational and material foundations that, ‘if shaken, open possibilities for change’ (Thelen, 1999:398). Kingdon’s account of agenda setting sets out a plausible mechanism for just such a shaking. According to Kingdon political, institutional and policy continuity/discontinuity depend on the interplay of three ‘process streams’: the problem stream, the policy stream, and the politics stream. Although the three streams largely operate independently of one another, and each has its own dynamics and its own rules, they can converge at critical times. When this happens, a situation arises in which: ‘[a] problem is recognised, a solution is available, the political climate makes the time right for change, and the constraints do not prohibit action’ (Kingdon, 1995:86-88). This creates a ‘policy window’ which, when opened, presents a time-limited opportunity for ‘policy entrepreneurs’ to ‘couple’ preferred solutions with existing policy problems (Kingdon, 1995:166-69;181-82).

Let us now expand on the nature of each of Kingdon’s process streams and consider their relevance to this study.

**The problem stream**

The first element of Kingdon’s model is the problem stream. At any given time governments are confronted with a long list of diverse problems across a wide range of policy domains. Some problems receive attention while other potential problems are ignored. A steady state is generally considered less problematic than a change of state in
Problems sometimes need a ‘push’ to get the attention of decision-makers. This might take the form of a ‘focussing event’ such as a crisis or a disaster.

Problems can drop from the public agenda because governments believe the problem is solved, or conversely because the problem is considered to be so intractable that further expenditure of political capital is considered pointless. Budgets can have a constraining effect: inexpensive programs come to the fore in times of severe budgetary constraint while others are ignored because of perceived prohibitive costs. Some problems fade simply because they cease to be seen as problems, or they cease to be problems (Kingdon, 1995:90-115).

**The policy stream**

The second element of Kingdon’s model, the *policy stream*, is comprised of communities of specialist researchers, policy professionals, academics or interest group analysts. Members of these policy communities concentrate on generating and testing ideas, some of which come to policy prominence and then fade while others endure. Whilst sensitive to political events, the community of policy specialists is not subject to the same forces that drive the political stream. Some policy communities are closed and tightly knit while others are more diverse and fragmented: the former exhibit a common paradigm and a *lingua franca* around a stable agenda while the latter exhibit fewer agreed-upon paradigms, and an agenda subject to abrupt shifts.¹⁶

In any policy community one might find ‘policy entrepreneurs’ who advocate for particular policy proposals or for the prominence of ideas. Their ‘defining characteristic’ is their willingness to invest their time, reputation, energy and sometimes money in the hopes of a future return in the form of the adoption of policies of which they approve, satisfaction from participation, or even career advantage.

This kind of policy advocacy can be prompted by a number of things. Often, policy entrepreneurs advocate solutions to solve agreed upon problems. Sometimes, they become advocates for particular solutions and look for problems to which their ‘pet solution’ might be attached. Others might advocate proposals that embody particular values or ideologies, and some – who Kingdon refers to as ‘policy groupies’ – simply enjoy the ‘solidarity’ benefits that flow from participation (Kingdon, 1995:116-124).

As Kingdon observes, ‘Good ideas lie fallow for lack of an advocate’ (Kingdon, 1995:182). But for the actions of policy entrepreneurs the ‘coupling’ of the previously
separate streams might not occur. Although the generation of policy alternatives occurs within loosely knit communities of specialists, policy entrepreneurs, as brokers of people and ideas, are a critical component of this process and, in the end, are more important than the originators of the ideas because of their role in recombining proposals for coupling with emergent problems (Kingdon, 1995:199-201).

**The politics stream**

The third element of Kingdon’s model is the *politics stream*, which is composed of such things as the public mood or public opinion, interest group campaigns, election results, and day-to-day partisan political exchanges. Kingdon uses the term ‘political’ in its narrower sense of electoral, partisan or pressure group politics, rather than in the broader sense of the authoritative allocation of values commonly invoked by political scientists (Kingdon, 1995:148). Developments in the politics stream can have profound effects on agendas, making possible policy options that were impossible previously, or relegating other proposals to the shelf (Kingdon, 1995:148).

Events such as the election of a new government or the emergence of a powerful interest group can create moments of political opportunity that allow policy entrepreneurs to push their favoured solutions to the centre of policy debate (Béland, 2005:10). Whereas in the policy stream, consensus occurs largely through processes of persuasion and diffusion, in the political stream consensus-building is governed by bargaining with affected interests and building coalitions of support for policy proposals (Kingdon, 1995:159-160). Oftentimes, participants in the bargaining process will stake out rigid positions, perhaps as part of an ideological framing contest (Béland, 2005:11-12) or to obtain a perceived political advantage. At other times, participants might choose to make compromises in order to ‘stay in the game’ (Kingdon, 1995:162). In government, changes in the balance of power in elected legislatures, the intervention of powerful committees, changes in the machinery of government, or even the turnover of key personnel can markedly affect the prospects of policy initiatives.

**Policy windows**

‘Policy windows’ open when the three process streams align and converge, thus providing, in Kingdon’s words, ‘an opportunity for policy advocates to push their pet solutions, or to push attention to their special problems’ (Kingdon, 1995:165). Sometimes windows open predictably (linked to pre-determined events, such as a fixed
term election), and at other times they can open quite unpredictably – in either case, social entrepreneurs need to be prepared ‘lest the opportunity pass them by’ (Kingdon, 1995:165). Kingdon also observes that some policy proposals are constantly in the policy stream ‘searching for problems to which to become attached’ (Kingdon, 1995:172-173).

The capacity of the policy agenda to process multiple agenda items is finite and subject to expansion and contraction – issues can get crowded ‘down’, or even ‘off’ the policy agenda (Kingdon, 1995:184-186). Policy windows open infrequently, and they do not stay open for long (Kingdon, 1995:166-167). Policy windows close for a number of reasons, including a failure to exploit policy opportunities due to a lack of preparedness, or because of exogenous events that fundamentally alter the political landscape, or even because of changes in key personnel. And once closed, they might not re-open for some time (Kingdon, 1995:168-170).

**Further justification for a process streams approach**


Béland (2005:6-15) sees Kingdon’s work as a means to redress a lack of attention to the role of ‘ideas’ as drivers of policy change. Kingdon’s work brings together a recognition of the constraints of path dependence and the possibilities associated with critical junctures with other strands of neoinstitutionalist theory, including normative (institutional logics), rational choice (bounded rationality) and historical (path dependency) perspectives in a compelling synthesis (Béland, 2005, Peters et al., 2005).

Kingdon recognises that policy-making is not a linear process in which events proceed neatly in logically ordered steps: rather, policy-making occurs in a ‘labyrinth’ and the ‘policy formulation world’ is rife with ‘considerable doses of messiness, accident, fortuitous coupling, and dumb luck’ (Kingdon, 1995:205-206). He tells us that an essentially ‘probabilistic’ model – such as the process streams model – is ultimately
‘more satisfying’ than a deterministic model (Kingdon, 1995:225) and suggests that the essential complexity and dynamism of policy phenomena lead us to ‘prefer fluid metaphors to mechanical ones’ (Kingdon, 1995:223). Indeed, any model of a world characterised by complexity and fluidity ought to capture that complexity (Kingdon, 1995:225).

Kingdon argues that his model: finds pattern and structure in complicated, fluid and seemingly unpredictable phenomena; accommodates the residual randomness left after one identifies as much structure as one can; accepts the historically contingent nature of agenda-setting; and accounts for the propensity of policy agents to continually anticipate and adapt to changing environmental conditions (Kingdon, 1995:224). He acknowledges that the process streams he describes might seem to some observers to be highly fluid and loosely coupled (Kingdon, 1995:xiii). Whilst accepting that the scholarly literature offers a number of ‘plausible alternative models ... each with intelligent and energetic adherents’ Kingdon concludes that these ‘don’t seem to fit real events’ as well as the process streams model (Kingdon, 1995:225). Competing theories of the policy process, while containing elements of truth, are in his view incomplete (Kingdon, 1995:205-206).

**Conclusions**

This thesis asks why compacts emerge at particular political junctures in different jurisdictions. This chapter has examined various perspectives on the relationship between government and the NFP sector and argues that two organising perspectives in particular – social origins theory and historical institutionalism – provide relevant, complementary frameworks for analyses of this relationship. Moreover, both frameworks have been applied persuasively in previous analyses of the government/NFP sector relationship in the UK (Kendall, 2003) and Canada (Elson, 2011b) (Phillips, 2003a, b).

Social origins theory – originated by Salamon and Anheier (1998b) – offers a cogent theoretical framing of the relationship between state regime types and the characteristics of the NFP sector. Historical institutionalism enables the researcher to enlarge upon their analysis by taking into account a range of contextual factors, such as historical, political and institutional legacies (Thelen, 1999). Both approaches acknowledge the constraining influence of path dependence upon institutional adaptation and upon the
decision-making of institutional actors in government, the bureaucracy and in the NFP sector itself.

As for the core research question posed by this thesis - *How and why did the policy framework for cross-sector cooperation come into being?* – it is argued that Kingdon’s process streams analysis (Kingdon, 1995) is capable of generating a plausible account of the circumstances that have allowed formal frameworks for cross-sector cooperation to achieve high agenda status in different jurisdictions. Here too, social origins theory and historical institutionalism contribute to the application of Kingdon’s framework by sustaining a comparative analysis of the regime characteristics of the jurisdictions under study as well as the historical and institutional antecedents of their embrace of formal cross sector policy frameworks.

Governments and the NFP sector have long been engaged along a shifting frontier, the location of which varies through time and across policy domains in accordance with the dominant paradigm of governance, approaches to public administration and influenced by a variety of historical and environmental factors (Finlayson, 1990, Lewis, 1999). Formal, deliberate policy frameworks – often referred to generically as ‘compacts’ have arisen in a number of jurisdictions ostensibly to resolve tensions and contradictions prevailing between government and an NFP sector that sees itself as both a pillar of civil society and as a potential partner in the formulation and delivery of public policy.

Compacts have arisen predominantly in Anglo-Saxon countries that exhibit characteristics of what Salamon and Anheier refer to as ‘liberal’ non-profit regimes. The regime types proposed by Salamon and Anheier demonstrate considerable congruence with ‘governance regimes’ theorised by Esping-Andersen and others (Esping-Anderson, 1990, Goodin *et al.*, 1999).

As observed by Halligan, it is the ‘liberal’ Anglo-Saxon countries that have most fully embraced neoliberal approaches to governance as informed by the tenets of NPM (Halligan, 2011). It has also been observed that particular tensions have emerged in the government-NFP sector relationship as a consequence of the prior adoption in these countries of NPM and the implementation of policy mixes based on the marketisation of services and the commissioning of public services through the use of competitive tendering and contracting.
It has been widely argued that the emergence of what is sometimes referred to as the ‘contract state’ (Alford and O’Neill, 1994, Hoatson et al., 1996) resulted in governments adopting a predominantly ‘instrumentalist’ view of the NFP sector as a preferred agent of service delivery (Lewis, 1999). It is also widely argued that the contracting regimes deployed by governments – particularly in the social policy space – have often had adverse effects on NFP mission and operations (Lewis, 1999). It has also been observed that governments have come under pressure to depart from the classic market paradigm in the form of investment in capacity-building with respect to NFP capability and governance (Smith and Smyth, 2010).

Compacts are one response to the putative shortcomings of contractualism. They seek to establish new terms of engagement between government (and the public sector) and the NFP sector (or at least those elements of the NFP sector engaged with government) that reinforce shared values and expectations, and accord respect and assign value to their respective sources of knowledge, expertise and legitimacy (Morison, 2000, Lyons, 2001a, Fyfe, 2005, Reuter et al., 2012). This study examines how and why existing formal policy frameworks for cross-sector cooperation have come into being. It also considers how these frameworks have performed against the expectations of their proponents (and critics) and speculates about their future in the light of political developments in the respective jurisdictions.
Chapter Three – Investigating cross-sector policy frameworks

Most contemporary formal cross-sector policy frameworks can trace their provenance to the ‘English’ Compact (1998) and the Canadian Accord (2001). Although a number of researchers have given scholarly attention to these seminal national policy frameworks, there have been few comparative analyses at the sub-national level (Elson, 2011a:137).

Even less attention has been given to precedents closer to home. A handful of scholars have examined the development of formal cross-sector policy frameworks in Australian states and territories (for example Baulderstone, 2008, Melville, 2008, Casey et al., 2010, Edgar and Lockie, 2010). Yet, the experiences of Australian sub-national jurisdictions over the past decade (and on-going) offer potentially potent lessons for jurisdictions contemplating the development of formal framework agreements.

The Australian Capital Territory, for example, was the first jurisdiction outside the United Kingdom to initiate a compact in 2001 (preceding even the Canadian Accord). Other state and territory jurisdictions also pursued similar policy frameworks over the previous decade, with Tasmania being the most recent to embrace a compact-like framework in 2012. Also near to home, New Zealand governments have sustained a protracted policy discussion about government-NFP sector relations for over a decade, culminating in the Kia Tūtahi Relationship Accord in 2011.

This study adopts as a foundation premise that those jurisdictions in which formal cross-sector policy frameworks have been proposed will exhibit certain historical, political, institutional and structural characteristics that are held in common, as well as characteristics that are relatively unique to each. A collective case study methodology was adopted as the approach best able to disclose the complex political, institutional and structural dynamics giving rise to formal cross-sector policy frameworks in each jurisdiction and for the identification of possible signposts – or ‘lessons learned’ – for successful policy implementation. Because the adoption of the policy frameworks under study occurs against a backdrop of historical antecedents, it was also considered prudent to adopt an historical approach as an ancillary methodology. This chapter sets out the justification for the methodological approach and the selection of the cases studies.
Inductive qualitative research

Researchers in the social sciences typically choose between quantitative or qualitative approaches, or some combination of the two, to address their research objectives (McNabb, 2010b:40-56). Quantitative approaches are typically concerned to identify the characteristics of a population and/or test the significance of relationships between variables, usually in order to test hypotheses (McNabb, 2010a:xix). Researchers adopting a quantitative approach can choose between three basic categories of research design: exploratory designs (sometimes referred to as ‘pilot studies’) through which the researcher seeks to gain insights and ideas about research problems; descriptive designs used to develop a snapshot of the phenomenon of interest; or causal designs which seek to identify the cause or causes of change in a variable or event (McNabb, 2010b:40-44).

Qualitative approaches aim to go beyond the measurement of the events, circumstances or phenomena under study to arrive at an understanding of the meaning invested in them by social and political actors. As with quantitative research, qualitative approaches also offer the researcher a choice of three basic research designs: explanatory design which seeks to address why phenomena occur; interpretive design which is about ‘sense-making’ and focuses on standards, norms, rules and values held, and how these interact to influence behaviour; and critical designs which seek to influence the beliefs and actions of actors in the direction of adaptive change (McNabb, 2010b:40-47). Whereas quantitative research employs deductive reasoning (in simple terms, developing theory and formulating hypotheses to be tested through observation) qualitative research tends to employ inductive reasoning (inferring patterns from observation and subsequently developing hypotheses and, ultimately, theory) (McNabb, 2010b:63).

Qualitative inductive approaches are appropriate to understanding the complexities of the ‘social world’ (Read and Marsh, 2002) and are capable of supporting the holistic analysis of phenomena ‘in context’ (Hopkin, 2002). Heyse observes, for example, that quantitative approaches to the study of decision-making – particularly those relying on large(r) case sample sizes – give ‘hardly any attention to the organisational setting they take place in’ (Heyse, 2006:30-31). Making sense of formal cross-sector policy frameworks in different jurisdictions, negotiated between different sets of actors responding to unique combinations of political and environmental factors, requires an
account of the motives and expectations of policy actors as well as an explication of the institutional values, norms, and logics underpinning decision-making.

It is, therefore, appropriate to adopt in this thesis a qualitative and inductive approach that accommodates first person accounts from a range of elite policy actors – actors offering a privileged account of the policy-making process – and from these accounts construct a plausible explanation of ‘what’ happened and ‘why’. The case study method is just such an approach, insofar as it allows the researcher to open what Heyse calls ‘the black box of decision-making’ (Heyse, 2006:31) and thereby access the meaning behind observed events.

**The case study method**

The case study is an empirical approach for the investigation of contemporary phenomena within their ‘real-life context’ (Yin, 1984:13, cited in McNabb, 2010b:237). Although deriving from a narrative tradition and typically incorporating strong descriptive elements, cases are also capable of both stimulating the formulation of hypotheses and generating data with which to validate or invalidate hypotheses (Fesler, 1962:80-81).

Yin (2009) states that the case study relies on many of the same methods as historical analysis. However, the case study has available to it two sources of evidence not usually included in the historian’s repertoire: direct observations of the events in question and the ability to interview persons directly involved in those events. Yin also posits as a unique strength of the case study its ability to deal with a wider range of sources of evidence than might be available in a conventional historical study and, for this reason, it is particularly suited to the study of contemporary phenomena within their real-life context (Yin, 2009:11, 18).

McNabb (McNabb, 2010b) contends that the great appeal of the case study approach lies in its flexibility and its capacity to offer insight into, and guide, decision-making in relation to public policy or public administration (McNabb, 2010b:236). The use of the case study method in studies of public policy and public administration has a long history and a distinguished provenance. In his 1952 book, *Public Administration and Policy Development: A Casebook*, Harold Stein was an early advocate of the case study approach to public administration research. In a review of Stein’s book, published the
same year in *The Yale Law Journal*, James W. Fesler observed that it is ‘the task of the case writer’:

… to uncover the realistic factors of individual motivations, political considerations, interest group pressures, breakdowns of procedures, guildism of ‘experts,’ bureaucratic concern with status and self-preservation, and personal congenialities and antagonisms as they help to explain the [administrative] decision, its timing, and its results (Fesler, 1952:1238).

Fesler went on to say of the case study that it:

… is typically a narrative account of what occurred over several months or years in the evolution of a situation culminating in a decision or other denouement. The culmination often lacks dramatic satisfaction, for the concern of the writer is with establishing the mood, developing his characters, and revealing their interaction. The spotlight is cast on the process and the politics of decision-making, rather than on the decision itself (Fesler, 1952:1239).

So described, the case study method shares many of the strengths of the ‘literary reportage’ genre, of which Linda Grant, winner of the 2006 *Lettre Ulysses* prize for literary reportage, said:

The value of reportage is that it requires the writer to leave the house, to observe and to listen. It is an empirical trade. The ‘truth’ turns out to be messy, complex and contradictory (Grant, 2007).

Much the same might be said of the practice of the case study method. Just as literary reportage seeks to reveal basic truths about the human condition, the narrative element of case studies ought to go beyond the mere description of events in order to arrive at a deeper understanding of, and explanation for actors’ motivations and decisions and their consequences. Bonoma, for example, defines the case study as:

… a description, directly obtained, of a management situation based on interview, archival, naturalistic observation, and other data, constructed to be sensitive to the context in which management behaviour takes place and to its temporal restraints’ (Bonoma, 1985).

Bevir *et al.* (2003), in considering the contribution of interpretive approaches to research on public policy and governance, offer the following view:

In an interpretive approach, to generalise means to diagnose and make informed conjecture. We cast conjecture in the form of narratives or stories. Policy analysis is a form of storytelling. So, for an interpretive approach to produce policy advice, we must tell stories. What stories do we tell? What is the plot of our story? Who are the leading characters? What are the informing metaphors? What proverbs do we use? (Bevir *et al.*, 2003:201)
Bevir et al. conclude that interpretive approaches add new dimensions to the knowledge and understanding of policy and governance by providing ‘thick descriptions’ comprised of ‘distinct and distinctive’ accounts of events, ‘proverbs’ and stories that have relevance and meaning for practitioners, and critical reflections that ‘can provide normative evaluative criteria for judging both the stories we tell and the outcomes of policies’ (Bevir et al., 2003:208-209).

In a not dissimilar vein Fesler, writing in 1962, likens the case study to an historical novel that sets public administration as its scene. He observes that the effective case study is ‘a blend of fact and inference, of research and <<creative writing>>’ (original punctuation):

The scholarly case writer starts with documents, moves on to interviews, and in the end brings his creative talents to bear on the re-creation of the reality of a course of administrative events in which human beings as well as rational ideas were moving parts (Fesler, 1962:71).

The case method is concerned with the researcher’s perceptions and interpretations of the signification and ‘meanings’ attributed by actors to events and information. Although case studies typically rely heavily on qualitative data, Bonoma notes that ‘[u]nlike some other qualitative methods’ good case studies are often corroborated by quantitative data sources, such as archival records, performance data or financial data in order to triangulate ‘perceptions’ and ‘significations’ within a broader context (Bonoma, 1985). Yin suggests that in real-life situations the phenomena being studied are not always readily distinguishable from their context, thus requiring multiple sources of evidence which can be triangulated and converged to address theoretical propositions (Yin, 2009:18). The process of triangulation allows the validity of study findings to be substantiated by a mix of data collection techniques and sources (McNabb, 2010b:242).

Yin (2009:19) confirms that case studies ‘have a distinctive place in evaluation research.’ One would want to use the case study method where it was considered necessary to obtain an in-depth understanding of a real life phenomenon in such a way as to encompass important contextual conditions that are highly pertinent to the phenomenon of study (Yin, 2009:20). According to Yin, the principal strengths of the method, skilfully applied, lie in its capacity to: explain the presumed causal links in real-life policy or programmatic interventions that are too complex to be revealed through surveys or experimental strategies; describe the real-life context within which the intervention occurred; illustrate certain topics within the intervention ‘in descriptive
and enlighten situations in which there is no clear or single set of outcomes as a result of the intervention (Yin, 2009:19-20).

**Collective case studies**

The case study approach is disdained by some (Yin, 2009:14-16) and is often misunderstood (Flyvbjerg, 2011). However, case studies also tell us much of what we know about the empirical world (George and Bennett, 2005, Flyvbjerg, 2011) and are ‘uniquely predisposed to taking into account and broad and diverse set of explanatory factors’ (Blatter and Haverland, 2012:5).

Good case studies draw out features of the case – or cases – that are uniform and generalisable (especially in management science and policy analysis) as well as those that have the appearance of being relatively unique (Bailey 1994:192) and generally conform to one of three basic types:

(i) *intrinsic* case studies in which case itself is of intrinsic interest to the researcher and the generalisability of findings to other cases is not of primary concern;

(ii) *instrumental* case studies where the focus cases are selected, not for their intrinsic interest, but because of their capacity to shed light on a particular phenomenon (the case is simply the locus of research); and

(iii) *collective* case studies in which a group of similar cases is studied in order better understand a particular phenomenon and assess its wider relevance (Stake, 1995:2-4).

McNabb (2010b:237) describes the collective case study as ‘one of the major research approaches taken in comparative political studies’. It should be noted that the method is also known by several names, including *multiple case* and *cross-case* study approach or *multi-site qualitative research* (McNabb, 2010b:237) – a function, perhaps of earlier failures to recognise or to codify the case study as a distinctive research method (Yin, 2009:17). Although case studies can be either practitioner-focussed or ‘esoteric scholarly studies’, those sited within the domain of public administration will, ideally, have relevance for both practitioners and academics (Bailey, 1994:189). Stake (1995:6) argues that when selecting cases for a collective case study, priority should be given to ‘balance’ and ‘variety’ because these attributes greatly enhance the potential to learn from the cases.
An historical-comparative perspective

Political history is ‘the recorded story of politics, political institutions, and the actors in the political world’ (McNabb, 2010b:246) (McNabb 2010b: 246). Because ‘politics are social phenomena’, political history is effectively ‘social history’ (McNabb, 2010b:2476) (McNabb 2010b: 247). All social and political events and associated processes have temporal and, therefore, historical dimensions (Hancké, 2010:242). An important, and recent, tradition in historical political research is the ‘critical approach’, which views political phenomena and historical events as ‘continually changing systems of social relationships and dependencies’ (McNabb, 2010b:245). Critical social science, observes McNabb, does not simply ‘narrate’ but attempts to discover pathways towards positive change (McNabb, 2010b:245). To this end, it is an aim of this dissertation to reflect on issues of praxis as well as theory.

The study of political history is not necessarily concerned with the examination of events from the distant past. History is happening now, and emergent political and policy phenomena can be fully comprehended only if their social and political antecedents are understood. The policy and political phenomena at the heart of this dissertation are, for the most part, ‘live’ issues in each of the jurisdictions subject to examination. Some jurisdictions, it is true, appear to exist in a kind of ‘policy doldrums’ either because the principal stakeholders have reached a point of ‘stalemate’ or because political or economic uncertainty has acted to distract attention away from the government-NFP sector relationship. Other jurisdictions, in contrast, appear to exhibit ‘policy dynamism’ wherein the principal stakeholders are engaged in policy contestation and co-production. In each of the cases, the phenomena subject to study have arisen within, and cannot be fully understood without express reference to, their particular historical and institutional milieus.

An historical-comparative perspective is well suited to a comparative analysis of the emergence, and form, of policy frameworks for cross-sector cooperation. Not only is it compatible with the case study method generally (and collective case studies in particular), it is capable of accommodating explorations of both administrative history and public administration. Where the former is concerned with decision-making within organisations over a period of time the latter is ‘decision-centred’ and focuses on the process by which a decision or closely grouped set of decisions are made (Fesler,
Fesler remarks of the two approaches that, ‘both seek to communicate an analytical understanding of the decisional process, the organisational and political framework, and the substantive policy problem’ (Fesler, 1962:70).

Historical-comparative analysis permits the researcher to address big questions, such as those concerning major societal change; why social and institutional arrangements take different forms in different polities; and discerning the range and combinations of factors that combine to produce particular social, political or institutional outcomes; comparing commonalities and differences across societies and polities (Neuman, 2011:466). Historical comparative analysis is particularly useful for the analysis of policy, political or social phenomena across different countries, legal jurisdictions, institutions, industry sectors or organisations (Neuman, 2011:466-469). Examples include comparisons of taxation regimes (Morgan and Prasad, 2009), rates of imprisonment (Sutton, 2004), or gender earning gaps (Mandel and Shalev, 2009).

Selection of cases

This section describes the rationale for the selection of cases in this study. Any comparative analysis of formal cross-sector policy frameworks necessarily entails the examination of national and/or sub-national government jurisdictions where such policy frameworks occur. These policy frameworks occur in a relatively small number of jurisdictions globally. Although the total number of potential cases is ultimately ‘knowable’ not all are equally amenable to study. For example, policy frameworks for government-civil society cooperation occur in a number of countries where the lack of primary or secondary literature in the English language makes their inclusion this study impracticable.

Policy frameworks for cooperation in the English-speaking world are better known, particularly the seminal agreements in the UK and Canada, for which there are comprehensive, and readily available, primary and secondary literatures. Because the UK and Canadian policy frameworks have been subject to extensive scholarly research, it was not considered necessary to undertake empirical research in these jurisdictions (logistical and resource considerations have also come into play in this decision). The experiences of formal cross-sector policy frameworks in these jurisdictions do, however, provide invaluable points of reference for this research, both historically and theoretically. An understanding of past and current developments in the UK and Canada
is, therefore, essential to the analysis of the Australian experience and for this reason, this dissertation includes a thorough review of the primary and secondary literature on the national policy frameworks in these countries (see Chapters Four and Five).

Although various Australian jurisdictions have been active in this policy space for a number of years, policy frameworks for government-NFP cooperation in Australia’s states and territories have not been extensively studied to date. Indeed, only a handful of scholars have been active in this field (Butcher, 2006, Casey and Dalton, 2006, Baulderstone, 2008, Melville, 2008, Casey et al., 2010, Edgar and Lockie, 2010, Butcher, 2011, Lyons and Dalton, 2011, Butcher et al., 2012). The same can be said of Australia’s near neighbour, New Zealand, where both the trajectory of public sector reform and the dynamics associated with the interface between government and the NFP sector have closely paralleled developments in Australia. Indeed, it is the very paucity of scholarly research on Australian and New Zealand attempts at formal cross-sector policy frameworks that cries out for comparative empirical research.

In all, nine government jurisdictions were selected for empirical study. These comprise the Australian government (also known as the Commonwealth or federal government); the six Australian state governments of New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia; the government of the Australian Capital Territory; and the New Zealand government. Although it would have been possible to select fewer cases, in the end it was considered to be highly desirable to cast a wider net to ensure consideration of the variety of contexts, forms, perspectives and mix of policy actors found in this policy space. Unlike other collective case studies where the researcher is constrained to select a limited number of cases owing to the impracticability of studying the entire population, it has been possible in this case to conduct fieldwork in each Australian jurisdiction where cross-sector policy frameworks are in evidence. With the addition of New Zealand, the selected cases offer the considerable benefit of comprehensive coverage and the opportunity to compare the experiences of both national and sub-national governments.

It should be noted that it was decided not to conduct fieldwork in the Northern Territory, one of two self-governing territories in Australia. The reasons for this include an apparent absence of significant policy effort in relation to formal frameworks for cross-sector cooperation; the relative absence of primary documents or secondary literature describing the actions by government or the NFP sector in that jurisdiction;
the failure of government and NFP sector officials to respond to preliminary written
inquiries about activity in this area; demographic and political factors unique to the
Territory that make it less useful as a comparator; and the expense of conducting
fieldwork in the Territory capital, Darwin. Although the Northern Territory was not
selected as a case for this study, an account of the known activity pertaining to
government-NFP sector cooperation – as established by the limited documentary record
– is included in this dissertation.

Because each of the selected jurisdictions exists as a separate, constitutionally defined
legal entity and the relationship between government and the NFP sector in each
exhibits particular legal, economic, administrative and systemic characteristics, each is
therefore ‘bounded’ and clearly identifiable. Each jurisdiction exhibits factors that are
common to all (for example, in each jurisdiction governments acknowledge a degree of
dependence upon third party service provision via NFP organisations), as well as factors
that are unique (such as the ambit and form of their policy frameworks for government-
NFP cooperation). The balance of commonality and difference among the selected cases
enhances the potential to advance understanding about the factors that provide the
impetus for inter-sector policy frameworks and contribute to their success or failure.

Research implementation

This section describes the research design used for this study and sets out the protocol
for contacting the selected jurisdictions and the research instruments used. The Human
Ethics Protocol for this research (Protocol: 2010/245) received approval by the Chair of
the Humanities and Social Sciences Delegated Ethics Review Committee (DERC) on 5
August 2010.

The paucity of published, peer-reviewed scholarly and empirical research in relation to
policy frameworks for cross-sector cooperation at the sub-national level has been
mentioned previously. Nevertheless, there exists within each of the jurisdictions
selected for this collective case study a sizeable body of primary documentation in the
form of policy statements, formal announcements, reports, commissioned studies,
media statements, press articles, submissions and the like from both governments and
NFP peak organisations. And while this documentation is an invaluable aid in re-
constructing the chronology of events and decisions, and it enables triangulation, it
offers limited insight into the motivation, expectations, frustration or indeed the
satisfaction of those engaged in the framing, design and implementation of the policies in question.

In this regard, an observation made by Fesler some 60 years ago rings true today. He said:

…decision-making analysis has failed to take adequate account of the degree to which our decision-making processes yield merely paper decisions rather than clear and operationally effective decisions (Fesler, 1962:74).

He went on to say:

…victory is not the end of the story if the decision is worded so ambiguously that it cannot be executed, or if no one knows who is to execute it, or if the overseer of execution lacks sufficient power (Fesler, 1962:74).

Compacts and similar policy frameworks are often derided by their detractors – and sometimes even by their one-time proponents – as mere pieces of paper without force or effect. As will be discussed later in this dissertation, a number of informants interviewed for this study admitted harbouring feelings of cynicism about the preparedness of governments and public sector entities to honour the letter and spirit of cross-sector agreements to which they are signatories, or to deal effectively with the policy and operational complexities they reveal. And, indeed, an important object of this study is to take account of the degree to which the decision-making process leading to a compact or similar framework is capable of being something more than a ‘paper decision’ – an aspirational statement with symbolic as opposed to practical effects.

**Field methodology**

A core concern of this dissertation is not just whether policy frameworks for cross-sector cooperation come into existence, but whether they are operationalised in any meaningful way. Given the possibility that even the most comprehensive review of the available primary documentation might not alone yield a substantive understanding of the social, historical, institutional and political dynamics of the NFP policy space, and given the paucity of the secondary literature, it was determined that the research would need to be augmented with empirical work in each of the case jurisdictions.

A semi-structured interview format was selected as the most appropriate for this study. The interviews were intended to generate narrative accounts of events, impressions, the motivations of actors, as well as personal opinion or reflection on issues, retrospection
and/or future directions. In this regard, the indicative schedule of questions provided to interviewees served as a set of themes to be explored in an informal ‘guided conversation’ with respondents. The questions were framed so as to elicit or initiate discussion about the core themes without constraining or limiting either the capacity of the interviewee to enlarge upon matters they deemed important or noteworthy, or the capacity of the interviewer to address new topics or pursue matters arising in the context of the interview. The semi-structured interview format was considered to be more appropriate to the research purpose – focussed as it was upon ‘explanation-building’ – than either structured interviews in which a set of specific questions is replicated at each interview with little scope for flexibility or variation, or unstructured interviews, which might have frustrated interviewees and the interviewer alike through a lack of thematic order and contextuality.

According to Soss (2006), the semi-structured or unstructured ‘in-depth’ interview, like a conversation, ‘must be navigated as it unfolds’ (Soss, 2006:135). This mode of questioning provides the freedom to probe or follow-up questions in ways that are not permitted by ‘fixed-format’ interviews that ‘forbid researchers from digging in areas that emerge as promising during the course of the interview’. Accordingly, the interview can sometimes seem ‘like an interrogation, an amiable chat between friends, or an instructional session in which the interviewees hold privileged knowledge and researchers play the role of the untutored student’ (Soss, 2006:135). Even so, Soss points out that while semi/unstructured interviews are more ‘conversational’ than the fixed-format variety, they are quite unlike everyday conversations in so far as their purpose is to encourage the interviewee to elaborate in order to obtain a more nuanced understanding of the phenomena subject to study – what is called ‘thick description’ (Soss, 2006:136).

Soss describes in-depth interviewing, centred on discursive and dialectical conversations with interviewees, as a ‘dynamic method’ that ‘offers flexibility in the interview itself and shifting standpoints over time’ (Soss, 2006:137).

… it is an evolving dialogue between fieldwork and framework, mediated by concrete activities of transcription, memo writing, purposive reading of literatures, and the like (Soss, 2006:137)

In-depth interviewing ‘entails simultaneous data collection and analysis’, but is ‘incomplete’ without more systematic analysis after leaving the field (Soss 2006:137).
This involves the process of transcription which offers the opportunity to note and reflect on the interviewees’ choice of language and their organisation of the narrative. Transcription also provides occasions for insight and conjecture; to detect problems with interview technique; to reconsider the phrasing of questions; and to reassess the mix of topics covered in the interview (Soss, 2006:136).

**Evidence gathering – interviews**

In September 2010 a letter was sent to the chief executive officers of the following classes of organisation inviting them to nominate persons with relevant knowledge and responsibility who would be able to represent their organisation in an interview:

- central agencies (such as the Department of the Prime Minister and Cabinet or Department of Premier and Cabinet)
- public sector agencies having a policy ‘lead’ in relation to government-NFP sector cooperation and/or a significant funding relationship with the NFP sector (such as Commonwealth, State/Territory and New Zealand departments of human services and/or communities and offices for the NFP sector), and
- ‘peak’ non-government organisations responsible for advocacy, policy research and analysis, and the aggregation and representation of NFP sector views to government (such as the national and state/territory Councils of Social Service and their counterparts in New Zealand).

The letter attached an overview of the scope and purpose of the research, a request for written consent setting out assurances in relation to the confidentiality of interviewees, and a set of indicative questions to be used in a semi-structured interview with the organisation’s nominee(s). This correspondence is reproduced at Appendix 1. Follow-up with organisations and nominated contact persons occurred both by email and telephone.

The intention of this approach was to allow chief executives to identify those persons within the organisation who are most familiar with the subject matter (government-NFP sector cooperation) and who have explicit authorisation (by virtue of their nomination by the chief executive and their position in the organisation) to speak on behalf of their organisation. This approach assisted in overcoming the bureaucratic opacity of many public sector organisations by leveraging the knowledge of the chief executive to
identify the most appropriate – and most knowledgeable – point of contact. The same can be said of the peak organisations approached for an interview, although in many cases the organisation’s chief executive offered themselves for interview.

Interviews began in late 2010 and concluded in late 2011. For the most part, the organisations approached responded with alacrity to the request for an interview. In most cases, interviews were conducted with a single individual from each organisation. In a number of cases, ‘round-table’ interviews were conducted with two or more individuals, sometimes from the same organisation and sometimes representing different organisations. With the exception of two telephone interviews, all interviews were conducted face-to-face at a location chosen by the interviewee. Field notes were taken during each interview and an MP3 voice recording was made.

Interviewees were provided with an overview of the research together with a list of indicative questions to be addressed prior to each interview. Interviewees were assured that their participation was completely voluntary and they were asked to provide written consent both to the interview and to the making of a voice recording for use as an aide memoire in preparing a written record of the interview. Most interviews required between 60 to 90 minutes. Each interviewee was afterwards provided with a written record of their interview for the purposes of confirmation, and if necessary, correction. The records of interview did not take the form of verbatim transcripts – rather, they sought to distil the content of the interview according to key themes.

**Empirical analysis**

In all, 43 persons participated in 34 interviews, yielding over 40 hours of discussion and 220 pages of interview text (amounting to over 99,000 words). The interviews elicited information about:

- the rationale for and policy drivers underpinning formal cross-sector policy frameworks
- the political and process dimensions of the framework and its implementation
- the respective roles, priorities and perceptions of the parties to the framework
- the expectations and experiences of those with a stake in the implementation of the policy
• the process(es) through which frameworks for cooperation were developed and ratified
• the range of resources allocated and administrative arrangements established for implementation, and
• observed effects of the framework on the relationship between government and the NFP sector.

The detailed observations and findings from this study are presented in Chapters Six, Seven and Eight.

It should be emphasised that this study does not rely exclusively on the content of these interviews. Whilst important in gaining a deeper insight into the motivations, actions, decisions and expectations of key institutional actors engaged in bringing about the policy frameworks with which this dissertation is concerned, it must be borne in mind that the record is replete with voluminous primary documentation in the form of formal publications, records of consultations, discussions and decisions, media statements and articles from both governmental and sector perspectives. This study relies heavily on primary documents to establish the sequence of events as well as to establish the ‘official’ story behind the policy frameworks in question. The interviews offer an essential corroboration of the official chronology of events, but more importantly, they lift the veil on these official accounts and offer a deep insight into the meaning of these events for the policy actors themselves. By triangulating of the accounts of elite policy actors – most of whom participated in the formulation of the policy frameworks in question – with the primary and the secondary documentation (included in this latter category are commissioned reports, submissions, and academic articles) it is possible to arrive at a coherent, and defensible, narrative of these events.

The primary analytic technique upon which this dissertation relies is ‘explanation building’, through which critical insights will be offered into the political and policy processes underpinning the formulation and implementation of compacts. It is hoped that, if correct, these insights can lead to recommendations for future policy actions (Yin, 2009:141). For a multiple case study such as this one, the goal will be to build a general explanation that fits each case. Because the cases will vary in their details, it might be expected that the general explanation for a given site will be satisfactory for the others. However, it might be possible through the application of an iterative process
of explanation-building to identify common themes that will provide the basis for an overall explanation (Yin, 2009:142-143). According to Yin, building an explanation ‘is similar to refining a set of ideas, in which an important aspect is again to entertain other plausible or rival explanations’ (Yin, 2009:145, original emphasis).

**Conclusions**

This chapter has presented a rationale for taking a comparative case study approach informed by an historical comparative perspective. The long tradition of using the comparative case study approach to build explanations about context-dependent phenomena such as public policy, public administration practice and the real-life antecedents and effects of policy implementation has been noted. Also noted is Yin’s observation that while some researchers disdain case studies, the potential shortcomings of the method can be overcome. This dissertation examines a policy phenomenon – compacts between governments and/or public sector entities and the NFP sector (or parts thereof) – that has arisen in a social and political environment characterised by complexity and contested meanings. It has been concluded that the case study method offers the potential to reveal the depth of that complexity, whereas other more ‘quantitative’ approaches might constrain our capacity to understand the ‘meanings’ attributed to events and their consequences by policy actors.
PART TWO – NORTH: COMPACTS IN THE UNITED KINGDOM AND CANADA
Chapter Four – The emergence of compacts

Although compacts have existed for over 20 years, and have been implemented in some form in a number of national and sub-national jurisdictions, they are often poorly, or imperfectly understood – even within government and the NFP sector. This chapter establishes the essential nature of cross-sector policy frameworks/compacts. It describes their rationale; the purposes they serve; their legal status; the range of matters they seek to address; the parties to the framework document; processes for formalisation; and the thorny question of what is in and what is out. In so doing, it is hoped to establish in the reader’s mind a baseline understanding of the nature of the policy frameworks that are the focus of this dissertation.

This chapter also summarises the history of two seminal compacts: the so-called ‘English’ compact and the Canadian ‘Accord’. Each of these framework documents has already been the subject of extensive scholarly investigation: As concerns the English compact, British scholars such as Kendall (2000, 2003, 2009, 2010), Alcock (2010b, 2011), Taylor (2012b), Zimmeck (2011, 2011), and Carmel and Harlock (2009) – among others – have offered cogent accounts of its origins, impacts and evolution over time. Similarly, Canadian scholars such as Elson (2006, 2007, 2009, 2011a, 2012), Phillips (2003b, a, 2009) and Brock (2000, 2002, 2004b, a, 2008) have not only closely examined the impact of Canada’s Accord and the associated Voluntary Sector Initiative (VSI), but they have done so in comparative terms with respect to the English compact that preceded it.

Hence, it is to the aforementioned authors that any reader seeking a deeper understanding of the English or Canadian compacts might be commended. It is also important to draw to the reader’s attention that the present chapter is an abbreviated version of a much more comprehensive account of each of these agreements. It was decided to offer a less detailed account of the English and Canadian policy frameworks because each has been so comprehensively addressed by others and to contain the overall length of the dissertation. However, this is in no way intended to suggest that the English and Canadian policy frameworks are not important – or indeed essential – to this analysis.

The English compact, in particular, is absolutely foundational and its imprint can be read in every formal cross-sector that has followed in the Anglo Saxon world and even
beyond (Bullain and Toftisova, 2005, Johansson and Johansson, 2012, Reuter et al., 2012). The Canadian Accord was itself informed by the English compact, and by virtue of being the first national compact to follow the English example, also shares the special honour of being considered a pioneering initiative. The Accord also offers a salutary tale about the ways in which framework documents, if they are not institutionally embedded, might be susceptible policy or political changes. Even the English compact – still in place 15 years after its inception in 1998 – has undergone changes in its contents, institutional arrangements and its emphases that reflect broader changes in the political environment within which it is situated.

The rationale for compacts
Historically, the NFP sector in Britain, Canada, Australia and New Zealand existed in a complementary, even symbiotic relationship to the state (Nowland-Foreman, 1997, Lewis, 1999, Lyons, 2001b, Lewis, 2005, Elson, 2007, Tennant et al., 2008). The steady growth of contracted service provision through the 1990s wrought profound changes in the relationship between government and the NFP sector. For those NFP service providers that elected to participate in the new social services markets, contracting redefined their relationship with government from a subsidiary role (e.g. in which they filled in the gaps left by standardised forms of state service delivery) to a subservient role in which they effectively became ‘agents’ of government and subject to the discipline of the contract.

The first compact was put into place by the Blair ‘New Labour’ government in the UK in 1998. It was a signature policy initiative of Blair’s ‘Third Way’ and was portrayed as a constructive response to a range of externalities associated with neo-liberal approaches to public policy; in particular, the delivery of statutory public services by non-state providers under the terms of POSCs (Casey et al., 2008b). As this thesis will demonstrate, the foregoing is a recurring theme with all succeeding cross-sector policy frameworks.

 Purposes served by compacts
The broad purpose of a compact is to ‘normalise’ or ‘regularise’ the government-NFP sector relationship and, in doing so, they serve the broad strategic purposes of both government and the NFP sector. For government, the benefits of a compact might be more cordial, predictable and constructive relations with the NFP sector via
intermediary organisations acting as partners in a shared endeavour. For the sector, a compact might offer a formal and non-confrontational avenue for addressing structural and systemic issues affecting the efficient operations and capacity of NFP organisations.

Two ineluctable facts drive the initiation of compacts: government is increasingly dependent upon non-government agents for the performance of a wide range of service delivery and policy functions; and parts of the NFP sector are dependent upon government for a major share of their income. At its worst, the relationship between government and the NFP sector, is analogous to the psychological concept of codependency in a relationship: in this case government exerts asymmetric power and control within the relationship and the NFP sector responds with compliance and by assigning a lower priority to its own needs. Proponents within government and the NFP sector have looked to compacts to ‘heal’ the relationship – effectively replacing codependent behaviours with new behaviours based upon trust and mutual respect.

Critics of compacts sometimes point to their ‘aspirational’ nature and their tendency to express their purposes at a high level of generality. However, compacts seldom exist in isolation from accompanying initiatives aimed at giving practical effect to desired values, principles and behaviours. These might include formal policy guidance, funding rules, consultation protocols, action plans and sector development initiatives. Joint governance arrangements might also be put into place for the purposes of providing oversight for implementation and communication strategies devised to offer assurance to stakeholders about action flowing from the framework document.

**Legal status**

Compacts often take the form of a bilateral ‘agreement’ between government and intermediary organisations representing the collective interests of the NFP sector. In some cases, however, the formal policy framework takes the form of a unilateral policy statement by government, albeit one that might have been extensively co-produced with and endorsed by apex organisations in the NFP sector. In either case, the framework documents considered by this study generally have no statutory basis or legal force (an exception is the Welsh Voluntary Sector Scheme, which has a statutory basis in the Government of Wales Act 2006 and is discussed in Chapter Five there seems to be a broad acceptance that NPM has had its purest expression in Anglo-Saxon jurisdictions (Halligan, 2011).
In some respects compacts are more akin to (and indeed sometimes take the form of) a memorandum of understanding (MoU) in which the shared intent and understandings of the parties are expressed but without the binding force of a contract. It is sometimes argued, therefore, that no matter how laudable their intentions, compacts do not offer sufficient means to bring about their desired ends. This absence of enforceability troubles many in the NFP sector where calls for the inclusion in compacts of binding dispute mechanisms are often heard.

Government’s NFP sector partners tend to expect that framework agreements should be binding upon government. At the same time they sometimes acknowledge the impracticability of binding the sector itself. This is the conundrum of framework agreements with a sector whose member organisations exist in part to compensate for democratic deficits in society but have no capacity (except at the organisational level) to formally or democratically delegate authority to their key interlocutors with government.

Legal and constitutional scholar, John Morison, has said of compacts:

> To the lawyer approaching them for the first time, the compacts may appear as genuinely baffling documents. They seem to be made up mainly of warm words, platitudes, and generalities (Morison, 2000:113).

Although Morison acknowledges that there is ‘nothing to make either party adhere to the very general aspirations that the documents set out’ (Morison, 2000:119), he believes the key to their significance lies in the ‘language of recognition’ in which compacts are framed: language that embodies an empowerment and legitimation of the NFP sector as a collective actor (Morison, 2000:113-114, White, 2006:67). Morison contends that such recognition marks a ‘a first stage in a much wider process involving bigger changes in the state and a new configuration of the relationship of government and civil society’ (Morison, 2000:119). Similarly, White regards compacts as ‘a strategy for rebuilding the capacity of the welfare state after the neoliberal attack of the 1980s and 1990s,’ and suggests that they embody partnership discourses that, in a number of jurisdictions, have worked to construct a coherent identity for the NFP sector that did not exist previously (White, 2006:46-47).

**Matters addressed by compacts**

Among the range of matters that might be addressed in a compact are the following:
• the respective roles of the parties to the agreement

• mechanisms and processes for implementation of the agreement

• objectives, strategies and actions to be taken to further the aims of the compact

• strategies for the dissemination and promotion of the compact, including education strategies targeting the public and NFP sector employees

• a timetable for implementation and processes for periodic review and evaluation, and

• processes for the resolution of any contentious issues that might arise (Liiv, 2001, Bullain and Toftisova, 2005, Toftisova, 2005).

White (2006) observes numerous similarities in the contents of ‘partnership agreements’ in the United Kingdom, Canada, France and the Canadian province of Québec:

• each contains a statement of shared ideals, values and principles followed by a set of reciprocal commitments

• all recognise the independence of the sector, including its diversity, its right to dissent, the importance of volunteering, and the sector’s unique contributions to society (as distinct from the market or the state)

• all include a commitment on the part of NFP sector organisations to accountability and good governance, and usually, a commitment to participate (in accordance with their means) in consultative processes with government

• most include a commitment on the part of government to consult with the NFP sector in relation to policy formulation, program design and implementation, and to consider the impact of other policies and programs on the NFP sector, and

• most also contain commitments to review funding practices, recognise the costs associated with volunteering and sector capacity-building, and to promote public awareness of the contributions of the NFP sector (White, 2006:50-51).

Although there are few material differences in the ‘texts’ of compacts across different jurisdictions, they do differ significantly in terms of their scope; institutional arrangements; degree of institutional and policy embeddedness; the level of resources attached to their implementation; and the extent of commitments to monitor performance and evaluate impact.
Because the scholarly literature tends to focus on compacts that have been initiated by national governments, there is often an implicit presumption that these agreements will tend to cascade, or transfer to subsidiary levels of government, either by coercive or other, more organic processes. Certainly, in the United Kingdom and Canada national-level agreements preceded those occurring sub-nationally (more will be said about this in Chapters Four and Five). In contrast, the Australian National Compact was preceded by agreements between state and territory governments and their respective NFP sectors. In truth, only the English Compact mandated the adoption of compacts by lower levels of government – a requirement since revoked by the Cameron government.

**Parties to the framework document**

Many of the framework documents examined in this thesis are jointly signed by representatives of the government (usually by the head of the government and relevant ministers) and by NFP sector representatives (sometimes the CEO of a relevant peak organisation, or the CEOs of a coalition of organisations).\(^{19}\)

Although outwardly a straightforward matter, decisions about who signs a framework document on behalf of government depend in large part on the nature, intent and application of the policy framework. When signed by an elected representative, such as a head of government or a minister, framework documents might be said to represent the policy positions of the government of the day. This has implications for the agenda status accorded to the policy framework in the event of change in leadership, the ministry or the governing party.

Some framework documents – particularly those that take the form of an MoU – are signed on behalf of government by a chief executive of a government entity. It can be argued that this implies a greater potential for stability and continuity. The framework becomes an administrative as opposed to a political document – one that can be adapted and amended in response to machinery of government changes or changes in the operational or regulatory environment without recourse to the political realm.

Also problematic is the question of who has the authority to engage with government on behalf of the NFP sector. This can be problematic when dealing with a social institution as amorphous, variegated and fragmented as the NFP sector. Whereas government is often portrayed as having a unitary structure in which departments and agencies are organised hierarchically within a chain of command, the NFP sector is, by contrast, a
fragmented institutional and political space comprised of organisations that highly prize their autonomy.

Various intermediary organisations exist to represent the views and interests of member organisations within particular sub-sectors or industry groupings, and from time-to-time coalitions of organisations might form around particular issues. In general, however, no one organisation or coalition of organisations can credibly claim to represent the views of the NFP sector as a whole, let alone claim delegated authority to negotiate or make binding commitments on the sector’s behalf. Although governments might have cordial relationships with some NFP organisations or sub-sectors these might not be regarded as capable of representing the interests of the sector as a whole. Government might need to look beyond cordiality to identify organisations and groupings that command legitimacy, credibility and trust within the sector. Although altruism is often held to be a hallmark of the NFP sector, gaming behaviours are not unknown and the policy agenda is at risk of capture by elite interests. Government therefore needs to appraise the capacity of its compact partners to provide opportunities for less well-connected and under-represented organisations to participate in the process.

**Processes for formalisation**

As has already been observed, compacts are not legal documents and are therefore not legally enforceable. Nevertheless, the parties to compacts and similar framework documents often find it desirable to publicly endorse or affirm their support for the framework. Often this involves a public ceremony, media events and an awareness campaign. However such endorsement has more moral and symbolic than formal or substantive authority. Understandably, governments look to such events as a source of political capital, as do their NFP sector interlocutors. But political capital quickly loses value if the investment fails to generate returns.

Value accrues to compacts when they demonstrate a capacity to generate changes in behaviour. This might be more easily said than done. In government, where one might suppose the authority exists to mandate adherence to across-portfolio policy frameworks, it can be difficult to compel line agencies to adhere to compacts. This is especially so when the policy-lead for the compact is assigned to a line agency. Even in the NFP sector where intermediary organisations are effectively granted a ‘social
license” to negotiate a compact on behalf of the broader sector, the absence of formal representative structures means that at best their endorsement of any resultant framework *commends*, rather than *compels* adherence.

**Who is ‘in’ and who is ‘out’**

Questions often arise about which agencies and industry sub-sectors are covered by compacts. Compacts in some jurisdictions purport to be both ‘whole of government’ and ‘whole of sector’ in scope. In practice, however, compacts tend to privilege those organisations and industry groupings on which government depends for service delivery. To the extent that compacts are promoted as a means to remedy problems in the purchaser-provider relationship, there is a corresponding tendency to focus attention on policy domains such as health and/or human services in which there is a greater concentration of contracted service provision. As a consequence, NFP sub-sectors active in other policy domains such as the arts, sport and recreation or the environment might not perceive any direct benefit from a compact.

In addition, sustained and substantive engagement with government favours NFP organisations that are professionalised, well-resourced and well-connected – qualities that confer a superior capability to pursue their own interests. Conversely, smaller, less well-endowed and less influential organisations might perceive their interests as being substantially different from those of ‘elite’ organisations (Dalton *et al.*, 2008). Despite occasional calls by government commissioners and purchasers of services for NFP sector service providers to collaborate in the interests of efficiency (Isbell, 2012), their own contracting practices often act to militate against broad sector engagement by reinforcing both the dominance of larger providers and policy domain boundaries (Casey, 2004:252).

**The first national compacts**

The 1998 ‘Compact on Relations Between the Government and the Voluntary and Community Sector in England’ (the English Compact) was a product of the first Blair Labour government (1997-2001). Often claimed to be the ‘world’s first’ compact (Casey *et al.*, 2010, Zimmeck *et al.*, 2011:12, fn5), the English Compact has inspired many subsequent cross-sector frameworks (Reuter *et al.*, 2012). It has also proved to be the most durable so far (Zimmeck *et al.*, 2011, Zimmeck and Rochester, 2011, Taylor, 2012b).
The English Compact was followed in close succession by the 2001 ‘Accord Between the Government of Canada and the Voluntary Sector’ (the Accord). The Accord (2001) was notable for being the first national cross-sector policy framework outside the UK based upon the English Compact (Brock, 2000). However, unlike the English Compact, the Accord did not endure. Nevertheless, the story of the Accord is a source of salutary reflection on the perils of cross-sector policy frameworks.

In some respects, an examination of English Compact and the Accord is a study in contrasts. For example, in the UK, the British Labour Party led by Tony Blair proposed a compact while in opposition. In Canada, a second term Liberal government led by Jean Chrétien proposed a compact as part of its re-election platform. In both countries, commitments to improved processes for government-NFP sector engagement had as much to do with political ‘re-branding’ as with good public policy. In the UK Labour’s embrace of a ‘Third Way’ policy discourse marked a break with ‘old Labour’s’ statist traditions (Kendall, 2003). In Canada, the Chrétien government’s overtures to the NFP sector represented a search for political redemption after a first term marked by an aggressive expenditure reduction program (Brock, 2000, 2004a).

However, the underlying circumstances of each framework also bore similarities. In both countries, formal reviews initiated by the NFP sector were instrumental in drawing attention to the structural and systemic deficiencies inherent in the government-sector relationship. In the UK, for example, the ‘Deakin Commission’ first proposed a ‘concordat’ between central government and the NFP sector (Deakin, 1996). In Canada the ‘Broadbent Panel’ recommended that the Canadian federal and provincial governments negotiate compacts with the NFP sector along the lines of those then in place in the UK (PAGVS, 1999). The central government in each country consulted extensively with the NFP sector to identify reform priorities and pathways for constructive engagement; formal structures were established for the purpose of guiding implementation, developing policy and providing practical assistance to the NFP sector; and a range of resources were made available to strengthen sector capacity.

The Blair government came to power having also made commitments in relation to devolving self-government to the constituent jurisdictions of Scotland, Wales and Northern Ireland (Birrell, 2009, Lodge et al., 2010). In accordance with that commitment, separate compacts crafted in Whitehall were bequeathed to the constituent countries of Scotland, Wales and Northern Ireland as a prelude to devolution (Good,
2001, Kendall, 2003, Lyons, 2003, Acheson et al., 2007, Alcock, 2009). These have not been much studied to date (Zimmeck et al., 2011:12, fn5) and will be examined in detail in Chapter Five.

In Canada no mechanism exists through which the federal government might require provincial or territory governments to adopt cross-sector policy frameworks. In that country, sub-national frameworks emerged independently of the Accord (Carter and Speevak Sladowski, 2008). Cross-sector policy frameworks in Canada’s provinces have been extensively studied by Elson (2010, 2011a, 2012) and will not be addressed in this dissertation.

**The English Compact in context**

At the turn of the 20th century, the financing and administration of social provision was largely a local matter and rested with either voluntary organisations or local authorities. Central government provided a regulatory framework and set the rules within which society could ‘run itself’ (Lewis, 1999). Over time, as the apparatus of the modern welfare state was laid down, a mixed economy of social provision emerged in which voluntary action played a supplementary role to that of the state.

By the 1970s, as critiques of the welfare state began to take hold, more explicit encouragement was given to ‘pluralist provision’ (Lewis, 1999). The Conservative governments of Margaret Thatcher (1979-1990) and John Major (1990-1997) sought to extricate the state from the direct provision of public services in favour of a mixed economy of social welfare in which the sector would once again become a primary social provider whilst the state retained control of the fiscal and policy levers (citing Hood, 1991, Lewis, 1999:258-261, and McLaughlin, 2002, Kendall, 2003:54, McLaughlin and Osborne, 2003:8, Plowden, 2003).

The English Compact, launched in 1998 by the Blair Labour government, sought to bring the NFP sector in from the cold. Prime Minister, Tony Blair proclaimed that the Compact as ‘a document of both practical and symbolic importance’ that would provide a framework to guide the relationship ‘at every level’ (Home Office, 1998). Blair added that the Compact (see Appendix 2, Figure A2.1) would ‘make a crucial contribution to our shared aim of a just and inclusive society’ (Home Office, 1998). The government recognised the necessity of establishing an appropriate institutional architecture to sustain the policy momentum (McLaughlin and Osborne, 2003:11, Plowden, 2003,
Zimmeck et al., 2011, Taylor, 2012b). Working groups were established to develop five Codes of Good Practice for the purpose of providing detailed guidance on a range of practical matters (see Appendix 2, Figure A2.2) and over the course of the decade key elements of the institutional architecture were put into place.²³

British Labour’s emphasis on cross-sector and cross-jurisdictional coordination was a clear departure from both the neoliberal market-centred policy settings of previous Conservative governments and from the statist traditions of Old Labour (Kendall, 2000:542, Kendall, 2003:54-55, Kendall, 2010:244). As such the Compact and the institutions created to give effect to it represented a ‘broadening and deepening of the policy space’ (Kendall, 2003:12-13).

It is important to recognise that The ‘English’ Compact was precisely that – its remit extended only to England and to those NFP sector entities with which central government had a direct relationship.²⁴ It is estimated that relationships between English local government bodies and the NFP sector account for the vast majority of government-sector interactions (Plowden, 2003, Zimmeck and Rochester, 2011). For this reason, the 1998 English Compact actively encouraged the development of compacts at the local government level (Home Office, 1998). Indeed, the extension of the Compact to the local level is cited by some as one of its great successes, notwithstanding considerable variability in their content and implementation (Zimmeck and Rochester, 2011, Taylor, 2012b: see Appendix 2, Figure A2.3).

The English Compact – the problem stream

Through the 1980 and 1990s the NFP sector endured a disjointed, abrasive and adversarial relationship with Conservative governments (Kendall, 2003:54). Many in the sector felt that the government did not understand either its interests or its needs (Plowden, 2003). Although the government expected the NFP sector to take on a larger share of statutory service provision, it was unwilling to ‘support and nourish’ the sector in order to assist it to take on its augmented role (Hudson, 1998:456, 462). According to Kendall ‘neither in words nor actions did the Conservative administrations of 1979-97 offer sustained commitment to the voluntary sector’ (Kendall, 2003:54).²⁵

The malaise afflicting the government-sector relationship can be traced to the Conservative government led by Prime Minister Margaret Thatcher (1979-1990). Thatcher, who presided over a re-conceptualisation of the role of the state (Ware and

Thatcher’s reforms marked a ‘sea change’ in the character of the voluntary sector-state relationship: the state would continue to finance service provision whilst encouraging greater diversity, choice and efficiency by enlisting non-state service providers in the NFP and for-profit sectors (Lewis, 1999). Thus the introduction of quasi-markets and a growing use of cross-sector partnerships redefined the respective roles of the state and the sector in largely instrumentalist terms (Taylor, 2012b).

Policies intended to reduce the role of the state presaged the emergence of a ‘contract culture’ that would have a significant impact on public administration and on the NFP sector (6 and Kendall, 1997, Lewis, 1999, Lyons, 2003:12, Plowden, 2003, Taylor, 2012b). Government retained control of the policy-making process while the NFP sector was relegated to the role of ‘service agent’ with minimal input into policy-making (McLaughlin and Osborne, 2003:8-9).

The opening up of new markets for the delivery of statutory services increased both the profile and the size of the NFP sector. However, resource dependence on government rendered the NFP sector vulnerable to capricious bureaucracy, inappropriate regulation, goal distortion and loss of autonomy (Lewis, 1999, Kendall, 2003, Taylor, 2012b). NFP organisations regularly complained about uncertainties inherent in government funding practices, failures to consult on policy changes, and pressures to refrain from criticising government policies (Plowden, 2003:417).

The Conservative government’s attachment to market-based solutions to public policy problems continued through the 1990s (Morison, 2000:103). Thatcher resigned in 1990, and although her successor, John Major (1990-1997), offered a sharp contrast to her abrasive and opinionated style, he nevertheless advanced the substance of ‘Thatcherism’, but more gently (Reitan, 2003:237:117-118). Although tensions persisted in the government’s relationship with the NFP sector (Morison, 2000:103) there was a growing interest in accommodating sources of power or legitimacy beyond the formal state in order to overcome the democratic insufficiencies introduced by a ‘rather distorted idea of market efficiency’ (Morison, 2000:101-103).
The English Compact – the policy stream

The idea of a compact was, in 1998, ‘completely without precedent’ and represented an ‘unparalleled step change in the positioning of the voluntary sector in public policy’ (Kendall, 2003:46). Although the notion of ‘partnership’ had formed part of the policy lexicon of the previous Conservative government, policy towards the sector was ‘low-key, piecemeal and ad hoc’, whereas the opportunity for systematic institutional redesign implied by the Compact offered greater opportunity to embrace more meaningful patterns of partnership (Kendall, 2003:46).

Despite demands from intermediary bodies throughout the 1990s, Conservative governments had been unwilling to review the nature of the NFP sector’s relationship with the state (Kendall, 2000:550, Kendall, 2003:54-55, Taylor, 2012b). Nevertheless, from the mid-1990s there was an awakening of interest in voluntary activity within various policy communities together a nascent awareness of the potential for a formal agreement between the NFP sector and government (Plowden, 2003:417).

In opposition the Labour Party, under the leadership of Tony Blair, was in search of a ‘post-Thatcherite’ political ideology that would differentiate it from the incumbent Conservative government and from Labour’s past ideological attachment to the state (Kendall, 2003:54-56, Taylor, 2012b). The Party was re-branded as ‘New’ Labour and adopted a new policy mantra that purported to represent an alternative to either market-based or state-centric approaches – the ‘Third Way’ (Morison, 2000:104-105). Thus, by the time of Labour’s landslide election win in May 1997 the intellectual foundations for the Compact had already been laid in Labour policy.

The ‘Third Way’ embraced the notion of an active civil society working in partnership with government to renew civic culture and work towards the social and material refurbishment of society (Morison, 2000:104-105). It assigned a special place to the voluntary sector, as evidenced in remarks made by Tony Blair in 1996:

... we want to restore a proper respect for the independence of the voluntary sector. I do not favour simply a contract relationship with the voluntary sector, I favour something more profound: working together to pursue common objectives in the public interest (Labour Party, 1996, cited in Morison, 2000:108)\textsuperscript{28}

These ideas took shape against the backdrop of vigorous debate occurring within a number of policy communities about how best to resolve the tensions and contradictions arising from the application of neoliberal market logics to the delivery of social policy.
Between 1993 and 1996 three major policy reviews were undertaken examining the relationship between government and the voluntary sector/civil society (Lewis, 1999, Kendall, 2003). The first of these was the CENTRIS report (Knight, 1993), commissioned initially by the Home Office and co-funded by a coalition of charitable trusts (Lewis, 1999, Kendall, 2003). Although the Home office sought to distance itself from the report and none of its recommendations were adopted (Lewis, 1999) the CENTRIS report was nevertheless at the leading edge of an intellectual focus on the interface between government and the sector (Kendall, 2003:51-52).

A second review undertaken by a relatively new ‘think tank’ with close ties to New Labour resulted in the report ‘The other invisible hand: Remaking charity for the 21st century’ (Mulgan and Landry, 1995) – the so-called ‘Demos Report’. The report was co-authored by a co-founder and director of Demos, Geoff Mulgan (who later went on to become Tony Blair’s Director of Policy). Although none of the report’s recommendations were adopted in the short term, its reflections on the need for a ‘new settlement’ in the form of a modernised legal and fiscal framework for voluntary action significantly broadened the policy discourse in the NFP space (Mulgan and Landry, 1995).

The third, and ultimately the most influential review, was the Commission on the Future of the Voluntary Sector (the Deakin Commission). Set up by the National Council for Voluntary Organisations (NCVO) and chaired by respected social policy academic Nicholas Deakin, the Commission would seek to ‘provide a clear vision for the role of the voluntary sector in England over the next decade’ and consider how best to promote ‘constructive relationships with public and private sectors’ (Deakin, 1996).

A key message contained in the Deakin report was that ‘voluntary organisations are not just contractors, but are embedded in civil society with goals of their own’ (Lewis, 1999:264). Deakin recommended the establishment in Whitehall of a ‘strengthened, single source of coherent thought and expertise … about voluntary sector issues and activities’ for the purpose of ‘raising the voltage on voluntary sector interests within government at all levels’ (Deakin, 1996:93). Significantly, Deakin also recommended the drawing up of a renegotiable ‘concordat between central government and representatives of the sector … as a code of good practice, for future relations’ to be endorsed by the Ministerial Group on Volunteering and the Voluntary Sector (Deakin, 1996:93, 133, 135).
The Conservative government rejected this proposal in its formal response to Deakin’s report:

The government does not believe that, given the diverse nature of voluntary organisations and activity, a formal concordat is a sensible or usefully achievable objective (Department of National Heritage, 1996, cited in Kendall, 2003:53).

At any other time this might have been the end of the matter. However, the Deakin report was framed not only in the context of the sector’s relationship with the incumbent Conservative government but also in the knowledge that an election was looming and that Labour might well form government (Kendall, 2003:53). At it happened, Labour did not demur and in its pre-election policy statement ‘Building the Future Together: Labour's Policies for Partnership Between Government and the Voluntary Sector’ published in March 1997, Labour made a commitment to ‘establish a compact with the Voluntary Sector as a simple statement of the broad principles which will underpin the way every department and Agency of Government will work with Voluntary Organisations’ (Labour Party, 1997, cited in Plowden, 2003:419-420).

The breaking of new policy ground in the UK did not go unnoticed by Australian third sector scholars. Lyons, for one, observed:

There is no doubt that the United Kingdom is currently the most innovative relationship between government and the social economy of any country and that, to a large extent, this is a consequence of the Compact, a Compact between the whole of government and a large part of the social economy (Lyons, 2002:6).

**The English Compact – the politics stream**

The author of ‘Building the Future Together’, Labour MP Alun Michael, played a ‘catalytic’ role in developing Labour’s voluntary sector policy in opposition (Kendall, 2003:61). Michael continued to drive NFP sector policy after Labour’s election victory when he was appointed Minister of State with lead responsibilities for policy concerning the voluntary sector (he would later be appointed Secretary of State for Wales and in 1999 became the inaugural First Secretary for Wales). In government, Michael enjoyed an ‘unprecedented degree of “prime ministerial backing”’ and was able to marshal significant levels of financial and political resources (Kendall, 2003:61).

It was no accident that Michael’s framing of Labour’s commitment to a Compact matched Deakin’s recommendation in all but name. Not only did Michael’s own
background in community work play a part in shaping his perspectives on the
government-sector relationship, but between 1994 and 1997 he led a consultation
process as part of Labour’s review of relations with the voluntary sector and these
overlapped consultations conducted by the Deakin Commission (1995-1996) (Kendall,
2003:61-62, Plowden, 2003:418). Moreover, the two met frequently during the life of
the Deakin Commission and were engaged in what Kendall refers to as ‘deliberate
syncopation’ within a ‘unique combination of propitious political conditions’ (Kendall,

Deakin and Michael were able to propel the idea of a compact to the centre stage of
public policy owing to convergent developments in the policy and political spaces. On
the policy front was the (then) relatively new notion of an identifiable NFP sector that
was neither state nor market with which government might partner in order to deliver
The recognition – some say the ‘invention’ (6 and Leat, 1997) – of a discrete ‘sector’
enabled a once ‘small community of low visibility voluntary sector intermediary bodies’
to be brought to the ‘periphery of power’ (Kendall, 2003:63) where they proved capable
of mobilising policy momentum in favour of a new settlement with government.

On the politics side was an 18-year-old Conservative administration facing an election
in a contest with a resurgent Labour Party – a party successfully mounting a revisionist
political strategy aimed at persuading the electorate that it had something genuinely new
to offer (Kendall, 2003:63). Furthermore, a large proportion of the NFP sector had
never accepted the role cast for it by the ‘minimalist state’ (Hudson, 1998:463). Kendall
(2000, 2003) emphasises the significance of rhetoric and persuasion in the NFP policy
space, and both were deployed with considerable effect by advocates for a new
settlement between government an the NFP sector. In the lead-up to the 1997 UK
general election the problem, policy and politics streams converged in such a way as to
create a policy and political environment that was, in Kendall’s words, ‘permeable to
new thinking’ (Kendall, 2003:63-64).

Implementation, issues and impact

Evidence that the Compact ignited action and debate in the NFP policy space can be
found in the steady stream of policy documents emanating from the Home Office, HM
Treasury and the Cabinet Office over its first seven years (Alcock, 2010b:271).
However, as Lewis observes, a number of factors worked against the full realisation of a partnership culture:

The partnership culture promoted since the introduction of the Compact has aimed at a more equal statutory/voluntary relationship. But it is difficult to promote a new form of governance founded on partnership when the voluntary sector is so fragmented, when the funding streams for voluntary organisations are very complicated and take an enormous amount of staff time to handle, and when the government’s agenda is dictated by the electoral cycle. Above all, there is no political will to re-think the market-driven mixed economy of welfare that mitigates against the kind of local, partnership-based decision-making that is found in some continental European countries (Lewis, 2005:128).

Lewis concludes that: “‘mainstreaming’ voluntary organisations such that they become equal partners, shaping the policy agenda as well as implementation, is not a likely prospect in the British welfare state’ (Lewis, 2005:128).

Over the life of the compact tensions have arisen between Compact ‘enthusiasts’ and Compact ‘sceptics’ (Kendall, 2003:72). These tensions have been compounded at times by ‘consultation fatigue’ in the sector and by over-optimism on the part of a government that was too quick to assume that the views of ‘lead’ or ‘intermediary’ organisations were ‘representative’ of the sector as a whole when, in reality, there was a lack of policy engagement outside this immediate core network (Kendall, 2003:72, 82-84).

There were early signs that the Compact might occasionally fall short of expectations. A ‘Cross Cutting Review’ conducted by HM Treasury in 2002 identified a number of failings with respect to Compact implementation and performance (Kendall, 2003:70-71). The review questioned whether the ideal of ‘co-governance’ was still being pursued by the Labour government as a policy objective or whether ‘service agency’ had regained a foothold in government policy towards the sector (McLaughlin and Osborne, 2003:15). Then, in 2008 the House of Commons Public Administration Select Committee observed that ‘The Compact, agreed in 1998, is now in need of a revision to ensure continued relevance and impact’ (House of Commons Public Administration Select Committee, 2008a:11) (see Appendix 2, Figure A2.4).

The Compact was never intended to be a static document (see Appendix 2, Figure A2.5) and in December 2009 it was ‘refreshed’ by the Brown Labour government following ‘extensive debate and consultation’ (Holt, 2009, Insight, 2010). In part, this was a response to shortcomings identified in previous reviews and, according to Kendall, it
was in part a matter of political necessity to restore the political credibility of the Compact in the face ‘practical errors and unrealistic misjudgements over timing and resource allocation’ (2010:249).

The refreshed Compact was publicly endorsed by third sector leaders (Commission for the Compact, 2009, Insight, 2010:1,4). However, following the formation in May 2010 of a Conservative-Liberal Democrat coalition government, the Commission for the Compact foreshadowed the likelihood of ‘changes both to the Compact agreement and to its supporting architecture’ to reflect the incoming government’s ‘Big Society’ agenda as well as ‘other policy developments and recent legislation’ (Commission for the Compact, 2010:20-21).

Although the Conservatives had for much of its time in opposition exhibited political and policy ambivalence towards the Compact, the process of ‘political decontestation’ alluded to by Kendall (2010) enabled the Party, under David Cameron’s leadership, to embrace it, thereby effecting a ‘U-turn from its position when in power’ (Kendall, 2009:19 fn6, 2010). This allowed the Conservative Party to incorporate into its policy program re-branded elements of Blair’s ‘Third Way’. By actively endorsing the principles of the Compact; emphatically adopting the ‘three sector model’; and retaining an Office for Civil Society (formerly the Office for the Third Sector) within the Cabinet Office, the Conservative-led government has signalled the importance of the NFP sector to its policy agenda (Kendall, 2010:255).

In September 2010 the Coalition-led government announced its intention to ‘renew’ the Compact. When published in December 2010 the new Minister for Civil Society, Nick Hurd, announced:

> The renewed Compact is more relevant to current priorities, it’s shorter, clearer and is backed by full Parliamentary accountability. Charities, voluntary groups and social enterprises have a critical role to play in public service reform, community empowerment and social action - the three streams of the Big Society (HM Cabinet Office, 2010a).

The renewed Compact would be ‘backed by a set of accountability and transparency measures’, including a study into the operation of the Compact across government conducted by the National Audit Office and reported to Parliament (See Appendix 2, Figure A2.8). According to Hurd this would provide an ‘unprecedented level of scrutiny ... to enhance adherence to the Compact and provide a strong platform for the Cabinet
Office and Compact Voice to work together to embed the agreement in day to day relations between government and civil society’ (HM Cabinet Office, 2010a).

The Minister went on to say:

It is more important than ever that the public sector and civil society act with respect for each other as we tackle social challenges together (HM Cabinet Office, 2010a).

It was also announced that the Commission for the Compact, established in April 2007 by the Blair government, would be abolished as a result of a government review of non-departmental public bodies and responsibility for promoting the Compact would shared by the Cabinet Office and Compact Voice – established in 2007 to act as the ‘voice’ of the voluntary sector on the Compact (HM Cabinet Office, 2010a). Said the Chair of Compact Voice\(^3\), Simon Blake:

The sector has wanted a Compact with teeth for a long time. This new Compact with greater accountability provides just that. With major changes in relationships and funding across the country, more than ever both parties need to know, and stick by, the 'rules of the game'. I call on the voluntary and community sector, and government to get behind and use this Compact now as a compass for effective partnership (HM Cabinet Office, 2010a).

The renewed Compact bears the sub-title ‘The Coalition Government and civil society organisations working effectively in partnership for the benefit of communities and citizens in England’ (italics added) and in his foreword, Cameron portrays the Compact as the principal means for enlisting the sector in the task of ‘building the Big Society’ (HM Government, 2010). However, it is difficult at this juncture to reliably assess the implications for the Compact of the Big Society agenda (see Appendix 2, Figure A2.6).

In his own foreword, Simon Blake, Chair of Compact Voice, cautiously acknowledged the essential transience of political events. Observing that the Compact is now in its twelfth year – ‘an achievement given the pace of policy change, and one which demonstrates its value and impact’ – he nevertheless reminded us that at its best, the Compact ‘is a platform which the two sectors can build on to form a powerful relationship which goes far beyond one document’ and, in so saying, he leaves open the possibility of a return to the principles of co-governance that once inspired the original 1998 Compact (HM Government, 2010:5).

What does seem clear is the government’s expectation that the Compact will be an important lever for reforms aimed at achieving a ‘power shift’ away from central
government towards an even greater reliance on charities, social enterprises, mutuals and cooperatives in public service delivery. By ‘modernising’ the commissioning of public services, the government hopes to drive ‘transformative improvements in public service quality and efficiency’ and thereby ‘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).

The government’s intentions, set out in a 2010 Green Paper, are to ‘encourage a flourishing civil society, increasing community involvement in activities which were previously the almost exclusive domain of the state’ and in so doing enhance ‘the responsiveness of local authorities and other local commissioning bodies to the community’s needs and priorities; reaching some of the most disadvantaged groups in society; and supporting local economic growth (HM Cabinet Office, 2010b:5).

**Implications**

During its first decade various commentators situated the Compact in the vanguard of a purported shift from a ‘contract culture’ to new ‘paradigm of partnership’ (Acheson *et al.*, 2006:23). Others have been less sanguine about the prospects for a genuine partnership of equals between government and the sector (Alcock, 2010a, Macmillan, 2010:5-6). Carmel and Harlock (2009) for example, regard the Compact as part of a broader strategy for extending a ‘governable terrain’ to agencies previously outside state governance, while Milbourne and Cushman (2013:487) point to New Labour’s ‘courage’ in substantially increasing government’s investment in Britain’s NFP sector (while at the same time criticising New Labour for its ‘timidity’ in trusting NFP organisations to use resources wisely).

Carmel and Harlock (2009:156) contend that the emergence under New Labour of a ‘third sector’ discourse was ‘designed to demarcate and impose an institutional and normative order as a whole onto an otherwise privately organised and variably regulated group of organisations’. This, in their view amounted to a form of colonisation of the NFP sector as ‘technocratic and generic service providers’ thereby rendering ‘their specific social origins, ethos and goals absent, as if these are politically and socially irrelevant to their activities and role in relation to the state creation of markets for public service delivery’ (Carmel and Harlock, 2009:156).
Kendall rejects parts of Carmel and Harlock’s analysis, arguing that the Compact served a broader ideological purpose to politically ‘decontest’ the role of the third sector within a demarcated policy space capable of accommodating a range of politically ‘feasible’ formulations of the state-sector relationship (Kendall, 2010:246-249). Within this policy space a spectrum of policy responses is possible ranging from a more prescriptive regulatory regime that countenances a significant steering role for the state at one end (Labour), to a less prescriptive regime which envisages greater devolution of responsibility to non-state actors at the other (Conservative) (Kendall, 2010).

Elsewhere, Kendall has argued that criticising the ‘aspirational’ nature of the Compact ‘misses the basic point’ by neglecting the ‘symbolic importance’ of the ideological differentiation between New Labour’s ‘modernisation’ agenda and the ‘narrow neoliberal’, ‘market fundamentalist tenets’ of the Conservative Party (Kendall, 2003:7-8).

Despite its ‘limitations and failures’ the Compact had enormous ‘mobilisation value’ as a vehicle for ‘politically decontesting’ the centrality of the NFP sector ion a healthy democratic society (Kendall, 2010:246). Owing to its ‘deliberately permissive’ language, the Compact created a ‘big tent’ capable of accommodating ‘otherwise oppositional constituencies’ and appealing to nascent constituencies beyond the traditional boundaries of the policy space (Kendall, 2010:245-246).

Any return to some form of ‘plenipotentiary statism’, or to neoliberal ‘market fundamentalism’, or to the ‘fatalistic’ policy passivity that pre-dated the welfare state are effectively ruled-out as ‘politically infeasible’ (Kendall, 2010:243-249). In this Kendall seems to echo the view expressed by former Blair government advisor, Tom Bentley that:

Blair and Brown have decisively moved the ‘operating framework’ of British Politics away from the axis of issues and methods on which Conservative dominance was based during the second half of the last century (Bentley, 2007:112).

The essentially ‘liberal’ underpinnings of this policy framing had the effect of persuading the Conservative Party to commit to the ideas embodied in the Compact – even to the point of proclaiming itself better placed to promote a healthy third sector (Kendall, 2009:14, Kendall, 2010:246) (see Appendix 2, Figure A2.7). As with Blair’s New Labour this is at least partly about ideological differentiation between Cameron’s Conservative Party and the Conservative Party of his predecessors (Kendall, 2009:8).
The coalition government has differentiated itself from its predecessors by: replacing the ‘Labour’ term ‘third sector’ with the term ‘civil society’; signalling a general hostility to ‘Big Government’ through an espousal of ‘Big Society’; ‘demonising’ the previous government’s efforts to foster infrastructure as ‘grotesquely over-bureaucratic and smacking of dysfunctional “command and control”’; signalling a greater comfort with market-based approaches by creating a greater space for the involvement of commercial operators on the supply-side (Kendall, 2010:255-256).37 Even this does not satisfy the right wing of Britain’s Conservative movement, which has criticised the Cameron government for simply continuing what it regards as ‘bankrupt politics of the Third Way’ (Harris-Quinney, 2012).38

Kendall portrays the ideological re-positioning of the Coalition government as ‘an attempt to situate the centre of gravity for pro-third sector arguments unambiguously at the low-regulation part of the policy space’ (Kendall, 2010:255). He also speculates that the new government might go ‘further and quicker’ than the Labour administration in embracing quasi-market approaches:

A range of floated policies, involving greater space for commercial operators on the supply side, and the potential embrace of voucher schemes on the demand side, all signify a greater degree of comfort with market-style ideas in a third sector context … (Kendall, 2010:256).

Apparent confirmation of Kendall’s prediction can be found in the Open Public Service manifesto in which the Cameron government sets out an ambitious reform agenda:

This means replacing top-down monopolies with open networks in which diverse and innovative providers compete to provide the best and most efficient services for the public. It means re-thinking the role of government – so that governments at all levels become increasingly funders, regulators and commissioners, whose task it is to secure quality and guarantee fair access for all, instead of attempting to run the public services from a desk in Whitehall, city hall or county hall. (HM Government, 2012:3).

However, Alcock (2012) cautions against leaping to conclusions about the depth of policy discontinuity in the UK. Whilst the Conservative-led coalition government has assiduously re-branded programs and policies to eliminate the taint of the previous Labour government, many of its policy approaches are similar to those of New Labour. Measures for which policy analogues existed under Labour include strategies to make it easier for NFP organisations to work with the state; making it easier to run NFP organisations and directing new resources to the sector; establishing new sources of NFP sector finance (Big Society Capital); reforms of public sector commissioning and
establishing a ‘right to provide’ for public sector workers; supporting small organisations to promote civic engagement; and encouraging volunteering and philanthropy (Alcock, 2012:233). Alcock argues that despite differences in ‘tone and emphasis’, and taking into account a far more straitened fiscal context, there has been less change than is generally supposed (Alcock, 2012:233).

The Canadian Accord in context

Like the English Compact, the policy environment of the 1980s and 1990s helped pave the way for the Canadian Accord. During this time NFP organisations were increasingly called upon to fill the gaps left by a retreating statutory sector, or enlisted as a third party provider of statutory public services (Brock, 2000). Fiscal pressures arising from government austerity measures, together with a crisis in public confidence as a result of widely publicised scandals involving NFP organisations, forced a fragmented and beleaguered NFP sector to take stock (Brock, 2000:3-4, Elson, 2007:53-54, Graham, 2009, Voluntary Sector Initiative, 2012).

In 1995 an informal coalition of 13 national umbrella organisations formed the Voluntary Sector Roundtable (VSR) as a vehicle for collaboration on issues of common concern to the NFP sector (Phillips, 2009:12). Although the Canadian NFP sector had a long history of working collaboratively within particular policy domains, this was the first time an across-sector group had been formed to address broadly shared issues (Voluntary Sector Initiative, 2012).

The formation of the VSR marked the beginning of a long deliberative process both within the sector and between the sector and government. The VSR was also an important precursor to the Voluntary Sector Initiative (VSI), launched in June 2000 by the Government of Canada. Foreshadowed in the 1999 Speech from the Throne, the VSI was accompanied by a commitment to develop an Accord ‘to provide visible and concrete recognition’ of the importance of a more collaborative relationship between government and the NFP sector.

As with the English Compact, the Canadian Accord was largely aspirational: it provided an ‘enabling framework’ for the relationship between the voluntary sector and the Government of Canada and set out the values and principles that would govern that relationship (Canada, 2001:4). Whilst acknowledging the importance of relationships
with other levels of government, private sector entities and labour unions, these relationships were unaffected by the Accord (Canada, 2001).

Then Prime Minister Jean Chrétien spoke of the ‘special value’ of a voluntary sector that is essential to the nation’s well-being (Canada, 2001). The language of the Accord was measured and positive, and the document was portrayed as the starting point of a journey, rather than the end result of a process. In addition to describing the context within which it was developed; identifying the parties to the agreement; setting out its scope and rationale; and outlining the processes through which it was developed, the Accord also enunciated the following matters:

- **Purpose** – to strengthen the ability of the voluntary sector and the Government of Canada to better serve Canadians (Figure 4.1);
- **Values** – such as a commitment to democracy, active citizenship, equality, diversity, inclusion and social justice;
- **Principles** – relating to independence, interdependence, dialogue, cooperation and collaboration and accountability;
- **Commitments to Action** – including shared commitments such as ‘act in a manner consistent with the values and principles in this Accord’ and ‘Work together as appropriate to achieve shared goals and objectives’ as well as respective commitments for government and the NFP sector; and
- **Taking the Accord forward** – commitments to implement a range of measures including, *inter alia*, appropriate organisational structures to give effect to the provisions of the Accord, processes for monitoring and codes or standards of good practice (Canada, 2001).

Taken at face value the Accord might have appeared to be peripheral to the core concerns of many Canadian NFP organisations whose primary funding and policy relationship was with provincial or territorial governments. However, two factors commended a central role for the federal government in policy debates about the relationship between government and the NFP sector: the first had to do with its regulatory monopoly over the taxation treatment of registered charities and federally incorporated non-profit organisations (Elson, 2011a:136); and the second concerned its
capacity to use financial levers to encourage the adoption by provinces and territories of innovative policies and practices (Thériault, 2009:66).

**Figure 4.1 – Purpose of the Canadian Accord**

The purpose of the Accord is to strengthen the ability of both the voluntary sector and the Government of Canada to better serve Canadians.

The strength of this Accord derives from the joint work that produced it. While the Accord is not a legal document, it is designed to guide the evolution of the relationship by identifying the common values, principles and commitments that will shape future practices. It focuses on what unites the two sectors, honours the contributions of both, and respects their unique strengths and different ways of working.

The Accord represents a public commitment to more open, transparent, consistent and collaborative ways of working together. When working together, the Government of Canada and the voluntary sector seek to fulfill the commitments set out in the Accord and in so doing enhance the quality of life of all Canadians.

(Canada, 2001)

It is important to bear in mind that the Canadian federal government had no power to compel the adoption of compacts by sub-national governments. It could not, for example, require local government authorities to enter into ‘accords’ with the NFP sector as occurred in the UK. Formal bilateral ‘collaboration agreements’ have been implemented in four provinces, and two provinces have made unilateral declarative policy statements concerning the relationship between the sector and government (Elson, 2010, 2011a, 2012). However, these have been developed independently of the earlier federal initiative and of one another (Carter and Speevak Sladowski, 2008:9).

Nevertheless, the Accord indirectly contributed to the later emergence of sub-national framework documents by transforming the policy discourse – at least in English-speaking Canada (Phillips, 13 July 2012). The transformation is not complete: for, as Mulholland et al. observe, the capacity and sustainability of Canadian NFP organisations is still impeded by a lack of institutional and policy coherence at the ‘federal and provincial-territorial (FPT) levels’:

> With no designated ministers or departments assigned clear leadership for non-profit sector issues, and no process or forum for FPT governments to collaboratively engage on sector issues, charities and non-profits are left shuttling from minister to minister, and government to government, in an effort to bring some measure of coherence and shared purpose to the policy and regulatory regimes in which they operate (Mulholland et al., 2011:2).

Here it should be noted that the situation in the French-speaking province of Québec is quite different. There, inherited political and institutional frameworks founded on a
history of militant social activism and emphasising a quasi-corporatist *l’économie sociale* (social economy), have moderated the influences of neoliberal policy agendas and NPM-inspired approaches to public sector management (Laforest, 2006, White, 2006, Elson, 2011a, Laforest and Acheson, 2012).

**The Canadian Accord – the problem stream**

By the end of the 1990s Canada’s NFP sector was becoming increasingly embedded in the policy process, thereby revealing a variety of new tensions and frustrations (Brock, 2000). This development was in many ways driven by forces similar to those observed in the UK: fiscal restraint, a neoliberal-inspired re-definition of the role of the state, the retrenchment of government programs, and the emergence of third party contracting for statutory public services (Brock, 2000, Elson, 2007).

The challenges confronting Canada’s NFP sector in the 1980s and 1990s were many. Stimulated by the emergence of ‘social citizenship’ discourses and fuelled by the provision of government funding, the number of charitable and voluntary sector organisations in Canada more than doubled between 1967 and 2000 (Elson, 2007:48, Phillips, 2009). Meanwhile Canadian federal and provincial governments, faced with a worsening fiscal environment, looked to the sector as an alternative site for the delivery of statutory social services (Elson, 2007:49-53). Taking a lead from reforms implemented by the Thatcher government in the UK and the Reagan administration in the US, Canadian governments increasingly favoured the purchase of prescribed services from NFP organisations while at the same time reducing the availability of grant funding (Butcher, 1986). This had significant destabilising effects upon Canada’s NFP sector (Phillips, 2009:10-11).

There was in Canada no national umbrella organisation (e.g. comparable to the NCVO in the UK) able to speak on behalf of the sector and having the ‘clout’ necessary to initiate a review along the lines of the Deakin Commission (Elson, 2007:15-16). Nevertheless, in 1995 the Coalition of National Voluntary Organizations (NVO) – a loose affiliation of national community services organisations formed to represent the views of the voluntary sector to government – joined with the Canadian Centre on Philanthropy and Volunteering Canada as well as peak organisations from other sectors to form the Voluntary Sector Roundtable (VSR) to identify the cross-cutting themes and
shared interests of a diverse and fragmented NFP sector (Brock, 2000:15-17, Lyons, 2003:15, Phillips, 2009:10). The VSR would later be described as:

… a creature born of the knowledge within the sector that organizations are facing increasing demands for accountability, as well as services: that more is being expected from them precisely at the time when their available resources have been reduced (PAGVS, 1999:1).

In 1997, with support and encouragement from the J.W. McConnell Family Foundation, the VSR established the Panel on Accountability and Governance in the Voluntary Sector (PAGVS) ‘to strengthen the voluntary sector by helping the sector articulate its challenges relating to governance and accountability, and developing some approaches to meeting them’ (PAGVS, 1999). Chaired by respected former Leader of the federal New Democratic Party, Ed Broadbent, the panel of six eminent Canadians would review and make recommendations concerning effective governance and accountability in the voluntary sector (PAGVS, 1999:1). The ‘Broadbent Panel’, as it came to be known, consulted widely with NFP organisations across the country and sought the advice of a wide range of officials and experts. Importantly, the Panel noted, approvingly, the introduction of compacts by the new Labour administration in the UK (PAGVS, 1999:16-17).

In its final report, the Panel summed up the situation facing the voluntary sector in the following terms:

In recent years, the voluntary sector’s infrastructure has been significantly weakened for a number of reasons. As a result of government cuts to funding, often combined with downloading onto the sector of services once provided by governments, there is intense competition for funds, not only within the sector but often with governments directly. The pressure to deliver more and more sophisticated services has stretched the financial and human resources of many organizations (PAGVS, 1999:14).

**The Canadian Accord – the policy stream**

The Broadbent Panel’s final report contained over 40 recommendations addressing issues of governance, accountability and capacity, and were ‘directed to a variety of audiences, including voluntary organizations, the sector as a whole, foundations, corporations, and federal and provincial governments’ (PAGVS, 1999:ii). These included a recommendation for:

…both the federal and provincial governments enter into discussions with the sector to establish mechanisms, such as compacts or other on-going forums, for promoting understanding and agreement on appropriate
conduct and the future of the relationships between the sector and
governments’ (PAGVS, 1999:17).

For the federal government, at the time contemplating a third term in office, the idea of
a compact had considerable political appeal in that it was potent with symbolism,
relatively inexpensive and did not require passage by Parliament (Phillips, 2003b:30,

In June 1998 the government set up a Voluntary Sector Task Force (VSTF) ‘with a
mandate to coordinate the preparation of advice to Cabinet on the relationship of the
government with the voluntary sector’ (VSTF, 2003). Situated within the Privy Council
Office, the VSTF was comprised of high-ranking officials from a number of
departments and its job was to give effect to the commitments made by the Liberal
Party in the 1997 general election (Lyons, 2003:15). The Party’s broad undertakings
were set out in its policy manifesto ‘Securing Our Future’ (also known as the ‘Red
Book’) under the heading ‘Engaging the Voluntary Sector’. Although a compact or
accord was not directly canvassed in the policy platform, the Liberal Party
acknowledged that:

> Alongside the public and private sectors, the voluntary sector constitutes
the third pillar of Canadian society and its economy. Despite its
importance, policy- makers are not sufficiently aware of the actual size
and nature of the sector, how it functions, the value it adds, and the
challenges it faces.

> Consequently, opportunities to develop fruitful and effective partnerships
with the sector are often overlooked (Liberal Party of Canada, 1997:67).

These measures were concurrent with the deliberations of the Broadbent Panel, and
(together with the government’s preparedness to contribute towards the costs of printing
and disseminating the Broadbent Panel’s discussion paper) suggested a convergence of
the government’s and the NFP sector’ views around a need to place their relationship on
a better footing as well as the federal government’s willingness to take relations with

According to Laforest (2011:74-75), the VSTF was instrumental in opening channels of
communication between the NFP sector leadership and senior government officials. The
Broadbent Panel, recognising the political opportunity presented by the commitments
made by the Liberal Party in the ‘Red Book’, shared its draft recommendations with the
VSTF as it was preparing its final report to Cabinet (Laforest, 2011:74). This was more
than a mere matter of fortuitous timing: the capability of the Broadbent Panel to
influence the direction and content of policy was built upon a foundation of political and institutional alliances assiduously built up by the VSR (Laforest, 2011:71-72).

**The Canadian Accord – the politics stream**

Canadian NFP organisations – like their counterparts in Australia – have a larger direct interface with sub-national governments (the provinces and territories) than with the federal government. Nevertheless, it was to the federal government that the Canadian NFP sector first turned in their efforts to forge a new settlement with government. That the sector looked principally to the federal government to take the lead – despite earlier, largely unfulfilled overtures towards NFP sector-government cooperative frameworks at the provincial level – owed as much to the connection between issues of NFP sector capacity and the taxation treatment of charitable giving as it did to issues of subsidiarity (PAGVS, 1999:14-15). It might also have been hoped by the NFP sector that a closer relationship with the federal government would help to leverage improved relations with provincial and territorial governments.

When first elected in 1993 the Liberal government led by Jean Chrétien inherited a high national debt and a large annual deficit. The government’s immediate priority was to take advantage of its parliamentary majority to bring down the deficit and eliminate debt. Early in its second term the government, re-elected with a reduced majority in 1997, delivered the first federal Budget surplus for 25 years by scaling back or eliminating government programs and reducing transfers to provinces (Canadian Encyclopedia, 2012).

It has been suggested that the Chrétien government’s embrace of the Accord was, in part, an attempt to signal a return to its centre-left traditions of investment in social policy before returning to the polls in the northern autumn of 2000 (Phillips, 2003a:25). The VSI and the Accord presented an ideal opportunity for the government to affirm its support for the voluntary sector in a manner that was highly symbolic, relatively inexpensive and did not require passage by Parliament (Phillips, 2003a:30-31, Phillips, 2003b:30). Whatever its motivations, the Liberal government was returned for a third consecutive term with an increased majority.

**Implementation, issues and impact**

In March 1999 the Voluntary Sector Task Force joined forces with the Voluntary Sector Roundtable to establish three ‘joint tables’ to address, respectively, the relationship
between government and the voluntary sector; strengthening voluntary sector capacity; and improving the regulatory framework (Lyons, 2003:15). Each Joint Table was co-chaired by a representative from the voluntary sector and a deputy head of a government department.

The Joint Tables were self-described by the co-chairs as a unique process in which participants were challenged to think creatively and without constraint ‘in terms of identifying the key policy issues and potential solutions’ (Report of the Joint Tables, 1999). Their report, presented in August 1999, included among its 26 recommendations a proposal to establish ‘an accord between the government and [the] sector to guide the evolving relationship’ as well as a range of initiatives to address capacity-building, funding arrangements and regulatory issues (Report of the Joint Tables, 1999:10, Good, 2001:47, Lyons, 2003:15-16). The Report asserted that:

An official accord or agreement that articulates a shared vision and agreed-upon principles would help to shape and guide the relationship. The accord should be ‘evergreen,’ that is, capable of evolving as the relationship matures, and be flexible enough to embrace other stakeholders, both within the sector and beyond. The parties also need to agree on a means to signal their commitment to abide by the accord (Report of the Joint Tables, 1999:25)

The Canadian government accepted the Joint Tables’ recommendations and in June 2000 committed CA$94.6 million over five years to a Voluntary Sector Initiative (VSI) with the following broad objectives:

- To improve the relationship between the Sector and the federal government;
- To build Sector capacity in areas of finance, human resources, policy and knowledge and information management; and
- To improve the regulatory and legal framework under which the Sector operates.

(Canada, 2009:iii)

A centrepiece of the VSI was a commitment to develop an Accord intended to ‘provide visible and concrete recognition of the importance of the new relationship’ (VSTF, 2000, Phillips, 2003a:32). The Accord would:

... state, for the first time, a clear and compelling vision for a new, more collaborative relationship in the service of Canadians. It will articulate principles to shape and guide the relationship in the years ahead, and will clearly set out the mutual obligations and benefits of the government and
the voluntary sector in all areas of joint endeavour. It will signal intentions and have a moral rather than legal basis (VSTF, 2000:2).

A statement issued by the VSTF in June 2000 announced the formation of a fourteen member Joint Accord Table (JAT) – comprising an equal number of government officials and NFP sector representatives – tasked with the development of a consultation document, a consultation strategy and an implementation plan. The latter would ‘identify how to give effect to the terms of the Accord and … set out a process for monitoring and reporting on its implementation’ (VSTF, 2000). The statement also committed to the development of a voluntary sector ‘lens’ for the purpose of encouraging departments to examine ‘every policy and program development from the point of view of the objectives of the Accord’ (VSTF, 2000).

Initially the VSI and the Accord appeared to be pursued with some vigour: the VSI in particular generated abundant information resources for the sector. The five years immediately following the signing of the Accord was a period of intensive research, policy development and regulatory reform (Phillips, 2003a:31, Hall et al., 2005:24, Carter and Speevak Sladowski, 2008:34-35). Despite such auspicious beginnings the VSI ‘quickly moved from being policy oriented to being operational’ (Phillips, 2009:22-23).

Carter draws attention to the fact that the bulk of the practical work undertaken during the period from 2000 to 2005 occurred under the auspices of the VSI and is only indirectly attributable to the Accord itself (Carter and Speevak Sladowski, 2008:35). There is only anecdotal evidence that the Accord itself led to 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 machinery of government changes 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 (Phillips, 2003b:45, Elson, 2007:56, Brock, 2008:21, Lindquist, 2008:157).

Although the Accord remains technically in effect it is widely regarded by the sector as a ‘dead letter’ (see Appendix 2, Figure A2.9). On the one hand, this could be
characterised – charitably – as a sign of ‘mainstreaming’ or a ‘normalisation’ of the precepts, values and behaviours embodied in the Accord (see Appendix 2, Figure A2.10). On the other hand, as suggested by Lindquist, it could be said that the same policy dynamics that put the sector ‘on the federal radar screen’ (Phillips, 2003b:25) ultimately crowded out both the Accord and the VSI and resulted in their relegation further down the policy agenda (Lindquist, 2008:163).

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. The Voluntary Sector Accord and the codes of practice were negotiated and foundational research was sponsored and completed to provide a good sense of the size, diversity, financial dimensions and economic impact of the sector across the country (Lindquist, 2008:157).

According to Brock, the VSI represented a ‘coming of age’ for the Canadian NFP sector which, she suggests, now has ‘a stronger and more unified voice ... and is a more formidable ally and antagonist to government’ (Brock, 2008:21). That the VSI helped to forge connections between actors in ‘most parts of the sector in most parts of the country’ is cited as one of its ‘most enduring legacies’ (Carter and Speevak Sladowski, 2008:35).

Implications

The VSI and the Accord were brought about by a ‘serendipitous’ confluence of policy entrepreneurialism, political opportunism and political exigency (Phillips, 2003a, Lindquist, 2008:163). According to Lindquist:

Adroit agenda setting, combined with fortuitous timing with respect to national politics and the emergence of a coherent international exemplar [the English Compact], led to a significant process and commitment from government (Lindquist, 2008:152).

Were the Accord and the VSI successful policy initiatives or did they fail? The fact that Canadian third sector scholars and NFP sector actors consider the Accord to be a dead letter suggests the latter. Lindquist, however, points to the inherent difficulty of evaluating the Accord and the VSI when the standard against which success is judged
embodies binding agreements, substantial institutions inside and outside government to buttress those agreements, and a sector characterised by a strong associational structure (Lindquist, 2008:157).

Lindquist is clearly referring to the English Compact in this succinct enunciation of the core institutional and structural differences between Canada and the UK in this policy space. There is little doubt that the Canadians looked upon the English Compact as a model when crafting the Accord. Neither should it be doubted that the underlying political and institutional conditions upon which the Compact rests were quite different to those of the Accord (Phillips, 2003a:29).

**Comparisons with the English Compact**

Phillips (2003a) suggests that a closer examination of the differences between the UK and Canadian situations is instructive. Firstly, unlike the UK where Blair’s New Labour embraced a communitarian ‘Third Way’ that emphasised the creation of a strong civil society, in Canada the project of relationship-building between the government and the NFP sector was not closely tied to the political ideology of the governing Liberal Party. Of the Chrétien government’s initial attitude towards the prospect of a new relational framework Phillips observed:

> It cannot be said that the federal government shared the sector’s analysis or deep concern about the problematic nature of the relationship, nor the solutions as to how to improve it, although it was now publicly committed to the vague notion of helping the sector to realise its potential as the ‘third pillar’ of Canadian society.  

(Phillips 2003: 25)

Phillips (2009:18-20) contends that there is no real history in Canada of coherent third sector discourses: there is no Canadian corollary to Blair’s ‘Third Way’ or Cameron’s ‘compassionate conservatism’. She argues that the involvement of the NFP sector in the political system is ‘tolerated’, but is neither theorised or advocated by any political party as ‘part of a healthy functioning democracy’ (Phillips, 2009:20). As a consequence the Accord did not enjoy the same enthusiastic and sustained support given to the Compact by Prime Minister Blair and his successors (Phillips, 2003a:27).

This absence of a coherent political narrative for NFP sector engagement enabled the Chrétien government to effectively delegate the task of constructing a better relationship between government and the NFP sector to the public service – a role for which the latter is ill-equipped, according to Phillips, owing to its inherent risk-aversion and overriding preoccupation with accountability (Phillips, 2009:23).
she suggests, is good at ‘turning values into instrumentalities’, but it is ‘not going the
take the lead on pushing innovative, bold ideas’ about constructing a fundamentally

Secondly, unlike the UK Canada did not have a powerful peak umbrella organisation –
such as the NCVO – capable of prosecuting the collective interests of the NFP sector
with government (Phillips, 2003a:30). Thirdly, no permanent administrative machinery
had been created to support and pursue the cause of relationship-building between the
government and the sector and, fourthly, the fact that relations between the sector and
the federal government were underdeveloped in comparison to provincial and local
government militated against promoting and encouraging the development of local
relationship agreements as occurred in the UK (Phillips, 2003a:29-30, 37, Phillips,
2003b:18). This meant that the Accord would have to be judged largely on its own
merits, without the promise of cascading frameworks capable of bringing compact

**Surviving in a crowded policy marketplace**
Phillips concludes that while the VSI represented a major step forward in relationship-
building, the very intensity and scale of the initiative might have led policy-makers to
conclude that ‘the voluntary sector file’ could now be closed (Phillips, 2003a:47). This
view is echoed by Brock, who noted that following its re-election in 2000, the Liberal
government:

> ... largely adopted the attitude that it ‘had been there, done that.’ The
voluntary sector agenda had been addressed successfully in the
intervening period between the election and throne speech in the eyes of
government with the creation of the $94.6 million VSI. Less than one
year into its five year mandate and the policy window for the VSI seemed
to be closing (Brock, 2008:11).

NFP sector policy was also competing for attention in a much more crowded political
agenda and, in reality the policy window might already have closed – not least because
of a heightened concern about issues of domestic security in the wake of the 11

Phillips suggests that the Accord lacked political commitment and direction ‘because it
was never clear to government exactly what it wanted to achieve’ (Phillips, 2009:23). In
any case, Phillips notes that ‘spending’ is easier than tackling institutional change: for a
government reluctant to make significant changes in the machinery of government, the
short term politics of symbolic and incremental policy gestures ultimately won out over the long term politics of major structural reform (Phillips, 2003b:59).

Mulholland (Mulholland, 2011) offers an alternative perspective from the privileged vantage point of a Senior Advisor on Social Development in Chrétien’s Office from 1996-2000:

[Phillips (2009)] is right in pointing out that the VSI failed to live up to many of our expectations – those of both government and the voluntary sector. However, one of the primary flaws of the VSI was the failure of all parties to connect with grassroots voluntary organisations and to ensure that their issues were front and centre in the process. Instead, the process was dominated by the preoccupations of national organisations, some of which were linked to the interests of the vast majority of organisations but many of which had little resonance outside the Ottawa ‘beltway.’ In federal Cabinet discussions of the VSI, I was often struck that Ministers seemed to be more attuned to the needs of grassroots organisations in their ridings than the VSI was. Not surprisingly, Ministerial interest in the VSI – and support for it – faded as Ministers realised these needs were not being addressed (Mulholland, 2011).

Enter the Harper government
The election of the Harper Conservative government in 2006 closed the window on the VSI and the Accord. Johnston (2013:27) informs us that the NFP sector in Canada made ‘little effort to apprise members of the opposition parties about the mandate and progress of the VSI’, and thus allowed the new government to distance itself from any initiatives bearing the ‘taint’ of the former Chretién and Martin Liberal governments.

The Harper government – currently in its third term having been re-elected with an absolute majority in 2011 – has shown little inclination to articulate a consistent philosophy about the voluntary sector (Graham, 2009, Phillips, 2009). Nevertheless, the government’s thinking about the sector can be deduced from its discourses and actions to date (Graham, 2009:42) such as the ‘large and very surgical’ funding cuts made during the government’s first two terms which, according to Phillips (2009:8, 27) telegraphed a clear message to the sector: ‘deliver services efficiently and be quiet’.

Graham reminds us that ‘[t]his is a Conservative government’ with a strong belief in individual choice and no intentions of establishing programs to support the sector (Graham, 2009). There is, he says, a clear thread running through the government’s philosophy:
there is a need for a voluntary sector, distanced from and not perceived as an arm of government, that can involve itself directly with people and their communities (Graham, 2009:42).

The Harper government has taken positive steps to reform the operation of grant and contribution programs. In 2008 the government launched its ‘Action Plan to Reform the Administration of Grant and Contribution Programs’ which ‘commits the government to reduce the administrative and reporting burden placed on recipient individuals and organisations’ by using a ‘risk-based approach’ that will allow a reduction in ‘unnecessary red tape’ and a ‘move towards a more risk-tolerant culture’ (Treasury Board of Canada, 2008). Although measures such as these are a welcome development (Graham, 2009) they also tend to reinforce Phillips’ view that the federal agenda for the NFP sector ‘is formulated and played out at the level of instrumentalities, not big ideas’ (Phillips, 2009:9).

In a similar vein, Mulholland and Mendelsohn (2011) point out that ‘Canadian governments have made significant efforts over the past two decades to strengthen the Canadian economic union, as well as the social union’ but ‘have not expended similar effort on the non-profit sector’. They also draw attention to the absence of a federal minister – or department – responsible for leadership on NFP sector issues, apart from the Canada Revenue Agency whose role is primarily concerned with compliance with ‘no institutional mandate to be concerned about the sustainability of charities’ (in contrast to the creation in some Canadian provinces of a minister responsible for the NFP sector) (Mulholland and Mendelsohn, 2011).

Although there has been no explicit re-framing of the policy discourse around the NFP sector in Canada, the Conservative government’s use of language sends clear signals about its changed priorities: buzzwords such as ‘capacity building’, ‘voluntary sector’ and ‘social economy’ have fallen from grace, possibly owing to associations with the policy rhetoric of the previous Liberal administration (Thériault, 2009:76-77). Thériault (2009). Others (Graham, 2009, Phillips, 2009) observe an antipathy for ‘advocacy’ – especially when undertaken by NFP organisations in receipt of federal government funding.

Laforest observes a tendency in the research literature to look back on the years of the VSI and the Accord as a ‘golden age’ for the sector, marked by the re-examination and purposeful re-design of the government-NFP sector relationship (Laforest, 2009:155).
However, she and others remind us that the drift towards policy indifference had already begun before the election of the Harper government (Graham, 2009, Laforest, 2009, Phillips, 2009). In many respects, ‘the Conservatives have simply picked up where the Liberals left off, drifting along the same policy currents (Laforest, 2009:156).

However, Laforest concludes that a closer consideration of the broad governance dynamics that unfolded through the 1990s, from the initial overtures of government to the sector (and vice versa), through the VSI and the Accord, have left a lasting imprint on the relationship between the state and the voluntary sector (Laforest, 2011:1-4). The framework for collaborative action established by the VSI, says Laforest, opened up a discourse on policy-making that had material consequences for the empowerment of the sector ‘as a legitimate political constituency’ and reaffirmed the validity of its role in the policy process (Laforest, 2011:1-4).

Conclusions

This chapter reviewed the core features of cross-sector policy frameworks – or compacts – and have examined the trajectories of two policy frameworks developed ostensibly to put government and the NFP sector on a more even footing – the English Compact and the Canadian Accord. These foundational framework agreements acknowledged the respective missions, strengths, roles and obligations of government and the NFP sector; emphasised their mutual interdependence; and enunciated agreed principles, shared values and desired behaviours. It must also be said that the parties to these two framework agreements were mindful of the significant asymmetries of authority, resources and influence brought to the relationship by each party.

The English and Canadian frameworks

The seminal English Compact gave tangible expression to New Labour’s ‘Third Way’ policy narrative of joined-up government, horizontal governance and cross-sector working – a narrative fashioned in the mid-1990s as a policy counterpoint to the neoliberal policy preferences of the Thatcher and Major governments. The English Compact was a unique policy innovation whose ‘time had come’, to borrow from Kingdon, in that it occurred at the confluence of three process streams in the form of:

- a growing consensus within influential policy communities (the Demos, Centris and Deakin reports) that the neoliberal policy project had reached a point of diminishing
returns and a new settlement between the state and the NFP sector would be required (the problem stream);

- a propitious convergence of opinion amongst influential policy entrepreneurs (especially Nicholas Deakin and Alun Michael) that a memorandum of understanding in the form of concordat or a compact might offer the best way forward (the policy stream); and

- a resurgent Labour Party under Tony Blair that had successfully re-branded itself as an attractive alternative to the incumbent Conservative government in the approach to the 1997 general election (the politics stream).

In Canada too the Accord arose out of the confluence of process streams, albeit under circumstances that were quite different to those that prevailed in the UK and which set it on a different trajectory to the Compact. In Canada, the three process streams took the following paths:

- a fragmented and disjointed NFP sector found itself confronting significant capacity deficits in the face of rising demands brought on by large-scale government retrenchment, a shift from operational to project-based funding and, a loss of public confidence (and an increasing accountability burden) resulting from high-profile scandals involving NFP organisations (the problem stream);

- a loose coalition of national representative organisations, backed by private foundation funding, established an eminent panel (the Broadbent Panel) that was able to unite a diverse sector around a set of shared issues: the Panel, observing the nascence of the English Compact, recommended consideration of similar framework agreements in the Canadian context (the policy stream); and

- a second term Liberal government, having drastically cut spending to eliminate a massive structural deficit in its first term and sensing a positive turn in the country’s economy, initiated a complementary process (the VSTF) to leverage the momentum built by the Broadbent Panel and seized on the notion of an Accord as a centrepiece of a broader voluntary sector initiative (the VSI) in the approach to the 2000 general election – which it went on to win (the politics stream).

So, a prima facie case can be made for using Kingdon’s ‘process streams’ to explain the emergence of cross-sector framework agreements in the UK and Canada. But how does
one account for their quite different trajectories? In the case of the UK, a Compact still exists after over a decade, although it is much altered. In Canada, the Accord, while nominally still in effect, is a dead letter. Part of the explanation lies in the diligence with which each government sought to institutionalise their respective agreements.

In the UK the Compact formed a centrepiece of a coherent political and policy narrative – the ‘Third Way’. In Canada there was really no corresponding narrative. The Accord was a ‘quick deliverable’ for the government (Phillips, 2009:23) and a symbolic gesture (Brock, 2004a) the implementation of which was substantially delegated to the bureaucracy where it quickly went from being policy-oriented to being purely operational (Phillips, 2009:22-23). The Canadian Liberal government established no equivalent institutional architecture to that created by the Blair Labour government in the UK: no Charity Commission, no dedicated Minister for the third sector, no Office for the Compact, no Commission for the Compact, no Compact Voice and no framework for promoting compacts at other levels of government. Although some of these have undergone transformation, or have been disestablished (the Commission for the Compact was abolished in 2011), they were nevertheless important to winning cross-party acceptance of a place for the NFP sector near the policy centre.

Johnston explains that the inability of the Canadian NFP sector to become institutionally embedded was in part attributable to a failure on the part of the sector to engage across party lines with elected officials who often have a superior understand of the NFP sector than do professional public servants (Johnston, 2013:24-25). In addition, Johnston – who served as Co-Chair of the Joint Co-ordinating Committee of the Voluntary Sector Initiative – comments that voluntary sector participants in the VSI were always the ‘junior partners’ to their colleagues in the federal bureaucracy. He goes on to say that ‘federal VSI participants often felt and acted like junior partners to Finance’ to who they ‘almost always deferred’ in any difference of opinion (Johnston, 2013:26).

In a manner reminiscent of ‘garbage can decision-making’, the Accord might be seen as a ‘solution looking for a problem’. The Liberal governments under Chrétien and Martin had neither mapped out a coherent political narrative, nor established the institutional architecture to accommodate the NFP sector nearer the centre of policy discourse – a practice continued under the Harper Conservative government (Graham, 2009, Laforest, 2009, Phillips, 2009). In this respect the Canadian experience was quite unlike that of
the UK where the NFP sector has been ‘decontested’ and ‘mainstreamed’ (to use Kendall’s terms (2000)) to the point that even Labour’s Conservative successors are obliged to recognise it as a pillar in the British polity, albeit in the service of a new overarching Big Society narrative (Phillips, 2009, Kendall, 2010).

Canadian Conservatives meanwhile cleave to a more *laissez-faire* regime that, whilst mindful of the role played by the NFP sector in achieving the Conservative vision of smaller, decentralised and more distributed government, nevertheless does not acknowledge any role for government in assuring the sustainability of the sector (Graham, 2009). It might be added that Conservative governments in both Britain and Canada have engaged in quite deliberate re-branding through a substitution of the policy rhetorics employed by previous regimes (Thériault, 2009, Taylor, 2012b).

**The illusion of NFP sector coherence**

It is important to note that in both countries sustaining a discourse around a framework agreement required broad acceptance of the notion that a coherent NFP sector *exists*. Observers of Britain and Canada remark that the notion of an NFP, voluntary or ‘third’ *sector* is both relatively new (Kendall, 2000, Phillips, 2009) and highly contested (Mulholland, 2011). Diversity is a defining characteristic of the NFP sector and claims by peak or umbrella organisations to represent the views of the sector as a whole are rightly treated with caution (Casey and Dalton, 2006:33). The sector is not monolithic: it is comprised of thousands of autonomous organisations carrying out a wide variety of functions and serving multiple constituencies. The sector is horizontally segmented (by function, operational model, location and industry grouping) and vertically segmented (by size, capacity, dependence on volunteers, geographic reach and/or legal status).

Governments cannot, of course, engage directly with every NFP organisation and must therefore rely on intermediary organisations to serve as interlocutors for the sector as a whole. The absence of formal representative structures in the NFP sectors in Anglo-Saxon countries means that, in general, intermediary organisations might have authority to speak on behalf of a member base representing only a fraction of a much larger sector. There is a risk, therefore, that large parts of a notional ‘NFP sector’ might perceive compacts as the projects of policy elites in government and the sector with which they have little sense of connection or attachment (Casey *et al.*, 2008a:3).
Furthermore, the greater the distance between the ‘coalface’ and the compact, the more tenuous might be any sense of connection with the policy framework.

Still, it must be acknowledged that however disparate the actors, organisations, causes and values the perception of the NFP sector as a ‘decontested’ institutional space for the purpose of policy-making has been an important by-product of the discourses around compacts (Kendall, 2010). The reconceptualisation of the sector as a ‘policy space’ empowered and galvanised the NFP sectors in the UK and in Canada. However, while the sector in England has secured a place ‘in the [policy] tent’ (Kendall, 2010), national intermediary organisations in Canada appear to have struggled to achieve political ‘standing’ with government (Phillips, 2009). Furthermore, as Johnston observes, the fault lines in Canada’s ‘voluntary sector’ impeded the articulation of a compelling ‘unifying narrative’ (Johnston, 2013:27).

**Compacts and cross-boundary governance**

Compacts are but one response to changing relations between state and civil society. In Anglo-Saxon countries such as the UK and Canada they have been advanced as one means for resolving a range of externalities broadly associated with aspects of ‘new public management’. The delegation by governments of statutory service delivery functions *via* contracts to non-state actors has led to demands for cross-boundary management through heterogeneous and diffuse forms of governance (Stewart, 2007:75). It can be argued that the emergence of the ‘contract state’ has acted as a catalyst for cooperative and collegial endeavour on the part of state and non-state actors (Stewart, 2007:75, 82). However, it is also widely acknowledged that conflict over values, norms, practices, expectations and operating logics is also a defining feature of cross-boundary governance (Heyse, 2006, Stewart, 2007, Brock, 2008). Furthermore, path-dependent policy legacies have not only accentuated the potential for conflict over values and priorities, their isomorphic effects have served to blunt reform and constrain policy actors (Kendall, 2003, Brock, 2008).

Phillips observes that government-NFP sector relationships in a number of countries exhibit ‘considerable consistency’ (Phillips, 2003b:18), however, this ‘does not imply an inevitable convergence of institutional forms, processes or regulatory regimes’:

... the specific configuration of existing relationships in any given jurisdiction depends on the structure and strategies of both government and the voluntary sector and the historical patterns of relationships
between the two. An experiment transplanted from one country to another cannot be necessarily be expected to take root, nor to produce positive results (Phillips, 2003b:18-19).

Also, as both the UK and Canadian examples suggest, one cannot underestimate the complexity and difficulty of giving practical effect to framework agreements that are substantially ‘aspirational’ and ‘normative’ in nature (Plowden, 2003). And as Lindquist observes, it is one thing to design and launch new regimes for NFP sector-government cooperation/collaboration – it is quite another to work under them (Lindquist, 2008:164). Lindquist goes on to suggest that we need to know how such frameworks mature ‘over a decade or two’ and how long it takes for demonstrable cultural change to occur within the public and NFP sectors (Lindquist, 2008:164).

Brock for one, considers that the Canadian Accord and the VSI fell well short of achieving a genuine paradigm shift in the relationship between the federal government and the Canadian NFP sector. She concedes nevertheless that attitudinal and behavioural shifts have occurred, and these will provide the foundation for ‘inexorable’ albeit unpredictable change. Although Brock (2004b, a, 2008) maintains that change has occurred only at the margins of policy and more substantive – but politically and institutionally difficult – reform options were avoided, she concludes that:

... smaller changes may be important in effecting real change in the longer term – it may just not be as the original policy entrepreneurs had hoped and expected. The state rolls on, transforming itself and its partners in the process. (Brock, 2008:22)

As Laforest (2011) suggests, anyone scanning the Canadian institutional landscape for tangible evidence that the VSI or the Accord left a lasting mark might be tempted to conclude that these initiatives made little long-term impact. The Accord has been all but forgotten and the attitude of government towards the sector appears to hover somewhere between laissez-faire paternalism and neoliberal instrumentalism. However, the lasting impact of the VSI and the Accord, says Laforest, has been to drive cultural transformation of the sector through the institutionalisation of norms and practices that affect the sector’s capacity to exercise political agency (Laforest, 2011:71-72). While the Canadian NFP sector is at something of a stand-off with the current federal government, the realisation of its political agency – awakened by the VSI – is much in evidence at the sub-national level where governments appear to be alive to their own dependence upon the social economy (Graham, 2009, Thériault, 2009, Elson, 2012).
Compacts as a centre-left policy project

As will be discussed at greater length in this thesis, the majority of formal, deliberate policy frameworks for cross-sector cooperation in Australia (and New Zealand) have come about under centre-left governments (see Figure 4.1). The same is true for the United Kingdom (under Blair) and Canada (under Chrétien). Compacts and similar framework documents are often cast within a ‘Third Way’ political framing and presented as a necessary correction of the excesses of the contract culture engendered by neoliberal approaches to governance (White, 2006) – what Fyfe refers to as ‘neo-communitarianism’ (Fyfe, 2005).

Although social democratic political narratives often rail against the excesses of neoliberalism, parties of the left have themselves been progressively ‘neoliberalised’ through their acceptance of the constraints of economic globalisation and their embrace of ‘market friendly’ policy mixes (Mudge, 2008:721-722, Mudge, 2011:340). The perceived gaps between the policy rhetoric and the realpolitik of policy implementation can, therefore, give rise to tensions between government and its NFP sector partners even when their intentions and priorities are in broad alignment.

Because the constituencies of centre-left political parties tend to overlap with those of the union movement, social movement organisations and the broad social welfare sector, one might expect a natural alliance to exist between government and the NFP sector around core social policy issues such as housing, workforce participation, education, health, social security and community services. However, the reality might be more accurately characterised as an uncomfortable symbiosis. NFP sector organisations might be junior partners in terms of their influence and market power, but they are not inclined towards subservience to government and are highly protective of their core values. Parts of the NFP sector define their mission in terms of ‘speaking truth to power’ and in so doing tend to cast government and the public sector in the role of adversaries.

Moreover, in ideological terms NFP organisations span the political spectrum, and it cannot be assumed that all necessarily share in the reformist social democratic project championed by centre-left political parties. Neither might socially conservative charitable organisations wholly share the ‘progressive’ rights-based agendas of social movement organisations, for example (a potent example is the issue of same-sex marriage) and the values of their members might be more aligned to the ‘traditional’
values of conservative centre-right parties. In addition, more conservative, established organisations – particularly service providing organisations – might resent government intrusion in the form of greater regulation, or policies that make it easier for unions to organise their labour force.

These are the kinds of tensions that might be exploited by centre-right political parties to re-vision framework agreements in the service of a conservative social policy agenda. As has been seen in England with the Cameron coalition government’s ‘Big Society’ agenda (see Chapter Four) the direction of reform under a conservative government might be away from an enhanced integration of the state and the NFP sectors back towards a settlement that emphasises the separate functions of the state and the sector. Such a formulation might reinforce the role of the state as a commissioner and funder of prescribed public services, and the role of the NFP sector as a front-line provider in a contestable mixed economy of service delivery that favours non-state actors. Framework agreements can still set out rules of engagement, but the rhetorics of partnership might be significantly diminished.

Finally, as with the purchaser-provider relationship at the service level, compacts or similar policy instruments at the industry or sector level require trust to be effective: trust that the parties will say what they mean, and do what they say. However, given the turbulent nature of politics and public administration, the foundations of trust often rest on shifting sands. Alford notes that ‘environmental turbulence’ can constrain and damage the development of trust between government and its NFP sector partners (Alford, 2002). As a government’s priorities shift in response to political events; as new problems arise; as the influence exerted by interest groups waxes and wanes; or as the public mood changes, electoral survival figures more powerfully than policy purity in a government’s decision-making. Policy changes, administrative reorganisations and failures to honour commitments can have corrosive effects on trust – particularly for values-based NFP organisations (Alford, 2002).
Chapter Five – Sub-national Compacts in Scotland, Wales and Northern Ireland

Devolving the ‘Third Way’

The devolution of governance by Westminster through the establishment of elected ‘national’ assemblies in the constituent countries of Scotland, Wales and Northern Ireland was an important component of the Blair government’s ‘horizontalist’ agenda. Jeffrey et al. describe devolution as ‘one of the most radical and important set of reforms undertaken by the 1997 Labour government’ and neatly encapsulate the government’s motivations as follows:

The creation of the Northern Ireland Assembly, Scottish Parliament and National Assembly for Wales amounted to a decentralisation of power unlikely to be overturned by any future UK government. Devolution had multiple rationales. On the one hand it was an expression of Scottish and Welsh identity, creating elected institutions to embody the difference of those nations and to recognise them formally as components of the UK’s multi-national state. On the other it was a sort of insurance policy, providing protection against rule by a Westminster government with little mandate in those nations. In Northern Ireland the narrative was one of building a sustainable peace through locally accountable, cross-community institutions (Jeffery et al., 2010:9).

Devolution of formal political and legislative power was also accompanied by the devolution of the Blair government’s ‘Third Way’ policy approach to cross-sector cooperation. Accordingly, separate compact documents were developed by the central government bodies that, prior to devolution, were responsible for administering affairs in the devolved jurisdictions – the former Scottish and Welsh Offices and the Northern Ireland Office (Morison, 2000, Murdock, 2005, Alcock, 2009, 2012).

These foundation policy documents were imbued with the ethos of New Labour politics and policy with their emphasis on horizontalism and engagement with civil society (Alcock, 2009:2-3). It was expected that they would initiate the ‘beginning of a process of sustained dialogue between government and voluntary and community organisations’ which, it was hoped, would lead to ‘the opening up of a new space between the state and civil society’ (Morison, 2000:119).

Devolution presented an historic opportunity for devolved governments and legislatures to forge new relationships with their respective NFP sectors – relationships shaped less by ‘received policy’ from Westminster, and more by accommodations between new and

Whereas Westminster would retain responsibility for defence, foreign policy and social security, responsibility for significant areas of social policy development were devolved to the new Scottish, Welsh and Northern Ireland governments, including responsibility for NFP sector development and support (Alcock, 2012:219-220). Not only has NFP sector policy been developing independently of Westminster in each devolved jurisdiction since 2000 (excepting for periods of direct rule in Northern Ireland), the policy regimes in each jurisdiction have also been shaped by distinct historical legacies that pre-date formal political devolution (Alcock, 2012:220).

Intermediary organisations have long represented the interests of the NFP sector and its many constituencies to central and local government in each of the four constituent countries of the UK. Just as the NCVO has since 1919 represented the interests of the voluntary sector in England, its sister organisations, the Scottish Council of Voluntary Organisations (SCVO, founded in 1943), the Welsh Council of Voluntary Action (WCVA, founded in 1934) and the Northern Ireland Council of Voluntary Action (NICVA established in 1938), along with other diverse representative organisations, have performed an important intermediary role.

The size and composition of the NFP sectors in each of the devolved jurisdictions differ in absolute and per capita terms. Also, dependence on statutory income as a share of total income is on average higher for NFP organisations in in Scotland, Wales and Northern Ireland than for the UK as a whole. Although one cannot assume that the politics and the policies concerning the NFP sector prevailing in England extend to Scotland, Wales or Northern Ireland (Alcock, 2012:219-220), common issues/themes arise in all four countries: financial resources, service delivery contracts, charity law, social enterprise/social economy, support for umbrella organisations, work with hard-to-reach groups, specialist and innovative practice and volunteering (Birrell, 2009:75-76).

The Scottish, Welsh and Northern Ireland compacts were not replicas of the English Compact (Good, 2001, Birrell, 2009:75). To some degree each reflected the territorial and administrative differentiation that existed prior to devolution and the cultures of the Scottish, Welsh and Northern Ireland Offices which had exercised a degree of policy
autonomy (Jeffery and Wincott, 2006, Mitchell, 2006). As Mitchell observes, ‘The state was centralized but not uniform’:

Each territorial department operated in much the same way as other spending departments of central government, arguing the case for its clients, but the clients were the component nations of the state in the case of the territorial departments. A degree of policy consistency was ensured through the system of party government, but this was attenuated where policy was articulated through distinct institutions operating within distinct policy communities. (Mitchell, 2006:158).

This policy autonomy is reflected in the compacts themselves (see Appendix 3, Figure A3.1), which were developed through consultative processes unique to each jurisdiction and involving representatives of sub-national intermediary organisations and officials from the Scottish, Welsh, and Northern Ireland offices (there is no equivalent territorial department for England).

In their first iteration While the Scottish, Welsh and Northern Ireland compacts were effectively agreements between the NFP sector and central government represented by the Secretaries of State for Scotland, Wales and Northern Ireland. At their inception in 1998 devolution had yet to be approved at a referendum and the character of the relationship between any devolved administrations and the sector was as yet unknown. They were always intended to be transitional: they were not binding statutory instruments and were intended to be submitted for ratification by the elected assemblies in each jurisdiction once formed.

Like the English Compact, the compacts in Scotland, Wales and Northern Ireland took the form of a memorandum of understanding about the nature of relations between government and the voluntary and community sector, intended to provide ‘a general framework and an enabling mechanism to enhance the relationship between Government and the sector’ (Home Department, 2009). It was expected that the four compacts would collectively provide ‘a framework for national government/voluntary sector relationships across the UK’ (Scottish Executive, 2003b).

It is useful to reflect on the importance assigned to the NFP sector in the policy narratives of the governing parties and coalitions in Scotland, Wales and Northern Ireland. Scotland and Wales, for example, have elected Labour-led minority governments (and, it must be noted, for much of the last decade Northern Ireland was under the direct administration of a Labour government in Westminster) (Alcock,
It might be expected, therefore, that the ‘received’ policy prescriptions from a Labour national government would have fallen on fertile ground.

It can be argued that devolution has accentuated the territorial differentiation that already existed in the devolved jurisdictions. The influence of ‘nationalist’ political parties in Scotland (where the SNP leads a majority government) and in Wales (where the 2007 elections saw nationalist parties enter government for the first time) has increased the likelihood of policy divergence (Jeffery et al., 2010:6). According to Jeffery et al. both countries display a strong attachment to the idea of state intervention – a direct contrast with the ‘political class in England [which] appears to favour market-based approaches in public services’ (Jeffery et al., 2010:24), an observation echoed by Alcock (2012:232) and by Morison (2001) in the case of Northern Ireland. Jeffery et al. suggest that the potential for policy divergence from Westminster will be even greater under a Conservative–Liberal Democrat coalition government (Jeffery et al., 2010:6).

In Northern Ireland progress towards devolved government has been complicated by the often bitter divide between Unionist and Republican movements. A fully elected Northern Ireland Assembly has been in place only since 2007 and the last two Assembly elections have delivered a governing Executive containing an interesting blend of political parties spanning the width of the political spectrum. Although Northern Ireland has tended, historically, to align its policies with those of Westminster (Jeffery et al., 2010:25), the new Assembly government has begun to chart its own path and has made efforts to reach out to the voluntary sector as a valued partner for peace and reconstruction (Acheson et al., 2006, 2007, Jeffery et al., 2010).

As a final note, there has been little in the way of systematic comparative research on the impacts of devolution on the development of social policy in Scotland, Wales and Northern Ireland (Vincent and Harrow, 2005, Murdock, 2006, Zimmeck et al., 2011:12, Alcock, 2012:220). The following discussion examines each case through a ‘process streams lens’. However, this is not so much to cast light on why each jurisdiction had a compact – the reasons for that are known inasmuch as the English, Scottish, Welsh and Northern Ireland compacts all originate in the Blair government’s ‘Third Way’ discourse. Rather, a process streams analysis offers some insight into the different directions taken by the devolved administrations in Scotland, Wales and Northern Ireland.
## Figure 5.1 – Territorial governance under the Conservatives – 1979-1997

<table>
<thead>
<tr>
<th>Scotland</th>
<th>Wales</th>
<th>Northern Ireland (NI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Although governed centrally, Scotland, Wales and Northern Ireland exhibit territorial differentiation of policy and administration within the UK.</td>
<td>Wales is governed within an interlocking ‘England and Wales’ framework, hence exhibits less policy and administrative differentiation than either Scotland or Northern Ireland.</td>
<td>Under Conservative governments, the NFP sectors throughout the UK are called upon to engage in frontline service delivery. Government policy is portrayed as ‘rolling back the state’ and NFP organisations are expected to deliver services under contract within contestable markets. NFP sectors in all three jurisdictions have a strong associational basis.</td>
</tr>
</tbody>
</table>

There is little investment in sector capability or capacity-building, little commitment to regulatory reform, and few opportunities for sector input into social policy development or service delivery design. Government dependence on NFP service providers increases, as does sector dependence on income from contracting. However, stringent funding rules impose burdensome overheads on NFP providers and short-term contracts offer little in the way of certainty.  

A 1979 referendum falls just short of approving the establishment of a devolved deliberative assembly for Scotland.  

The Scottish Office (est. 1885) is the main sub-state institution for the delivery of policy and services.  

Scottish NFP sector suffers both from a lack of political salience and an inadequate, confusing and burdensome regulatory regime.  

Central government is geographically remote from the concerns of the sector and communities.  

Although there is already in place a degree of administrative devolution in the form of the Scottish and Welsh offices, the Labour opposition promises Scotland and Wales a referendum on devolution.  

A 1979 referendum fails to gain support for the establishment of a Welsh Assembly (79.4% against).  

The Welsh Office (est. 1964) is the main sub-state institution for the delivery of policy and services.  

NFP sector in Wales faces similar issues to counterparts in Scotland and England (externalities associated with contracting, lack of policy engagement, government paternalism, etc.).  

A Northern Ireland Assembly is established in 1982, but collapses in 1986, with ‘direct rule’ imposed by Westminster.  

The Northern Ireland Office (NIO, est. 1972) is the main sub-state institution for the delivery of policy and services utilising a separate civil service structure (est. 1921).  

NFP sector in Northern Ireland is not as involved in service delivery as is the case in England, Scotland or Wales.  

Inter-communal conflict ('the troubles') divides the community along religious/political lines.  

Although socially conservative values predominate, Northern Ireland has a history of extensive state provision.  

### Figure 5.2 – Devolution & consolidation under Blair’s ‘Third Way’ – 1997-2003

<table>
<thead>
<tr>
<th>Scotland</th>
<th>Wales</th>
<th>Northern Ireland (NI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Devolution approved in 1997 referendum by a large majority (74.3%).</td>
<td>Devolution approved in 1997 referendum by a bare majority (50.3%).</td>
<td>1998 Belfast Agreement (Good Friday Agreement) approved at referendum, provides basis for power-sharing by an elected NI Assembly</td>
</tr>
<tr>
<td>1998 Scottish Compact issued by The Scottish Office.</td>
<td>1998 Welsh Compact issued by the Secretary of State for Wales.</td>
<td>Government departments are established in 1998 to administer devolved or transferred matters.</td>
</tr>
<tr>
<td>Social policy and social services predominate among devolved responsibilities, and new policy and service delivery structures are established. Westminster retains responsibility for a range of ‘reserved matters’.</td>
<td></td>
<td>Northern Ireland Office (NIO) resumes administrative and policy responsibility in the province, but working through new departmental structures.</td>
</tr>
<tr>
<td>New administrative structures are initially lacking in policy capacity and capability, but there is gradual progress towards more ‘joined-up’ and adaptive governance.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scotland</td>
<td>Wales</td>
<td>Northern Ireland (NI)</td>
</tr>
<tr>
<td>----------</td>
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</tr>
<tr>
<td>Increased proximity of government brings the NFP sector closer to the centre of decision-making.</td>
<td>VSS continues to be the primary vehicle for third sector-government engagement and Wales continues to be the only jurisdiction whose cross-sector policy framework has a statutory basis.</td>
<td>Transitional Assembly established in 2006 as provided for under Northern Ireland Act 2006.</td>
</tr>
<tr>
<td>The Scottish Compact is de-emphasised as a primary policy framework in favour of an enhanced emphasis on the social economy and a 2009 ‘Joint Statement on the Relationship at Local level between Government and the Third Sector’.</td>
<td>Evidence of increased scope and extent of social policy initiatives together with imaginative use of instruments to compensate for lack of primary powers.</td>
<td>Between 2002-2007 the primary relationship between the NFP sector and the state is with the Labour central government via the NIO.</td>
</tr>
<tr>
<td>Since devolution Scotland has consistently elected centre-left Labour or Scottish National Party (SNP) dominated governments and in 2011 the SNP became the first party to govern with an absolute majority.</td>
<td>The NFP sector continues to be a valued ‘social partner’ and also plays a role in promoting Welsh identity.</td>
<td>The NIO and the Department of Social Development pursue a number of practical measures to improve sector-government coordination.</td>
</tr>
<tr>
<td>Scottish government initiates a review of public sector in response to budget cuts imposed by the Cameron Coalition UK government (elected in 2010).</td>
<td>A 2011 referendum approves primary law-making powers for the Welsh Assembly.</td>
<td>In 2011, the NI government approves a ‘Concordat’ with the sector to replace the 1998 compact.</td>
</tr>
<tr>
<td>The SNP government announces its intention to hold a referendum on Scottish Independence in 2014.</td>
<td>Since devolution Wales has consistently elected Labour dominated governments.</td>
<td>The first Concordat Annual Report (2012) recommits government and the sector working together as a strategic social partnership.</td>
</tr>
<tr>
<td></td>
<td>Welsh government and the sector acknowledge challenges presented by budgetary cuts imposed by the Cameron Coalition UK government (elected in 2010).</td>
<td>The NFP sector is not regarded primarily as an alternative service provider, but also plays a valued role in the overall peace initiative by bridging communities.</td>
</tr>
</tbody>
</table>
The Scottish Compact in context

As with the English Compact and other ‘national’ compacts in Wales and Northern Ireland, the Scottish Compact (Scottish Executive, 2003b) came about as a result of commitments made by the Labour Party when in opposition (Scottish Executive, 2003c:16). The Scottish Compact commenced in 1998, prior to the establishment in 1999 of the devolved Scottish Parliament under the terms of the Scotland Act 1998.

Like the English Compact, it was a non-legislative policy document and took the form of an agreement between all government departments, non-departmental public bodies (NDPBs) and government agencies in Scotland (Scottish Executive, 2003c:16). An initial assessment of the Scottish Compact was undertaken in 2001 followed by a formal review in 2002, ‘with a particular focus on identifying ways in which it might be more effectively implemented by both the Executive and the voluntary sector’ (Scottish Executive, 2004b:5). The Scottish Compact, revised in 2003, enunciated principles similar to those contained in the English Compact (Figure 5.4).

Figure 5.4 – The Aims of the 2004 Scottish Compact

<table>
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<tr>
<th>The Scottish Compact, revised in 2004, aims to:</th>
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<tr>
<td>• strengthen the relationship between the Executive and the voluntary sector</td>
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<tr>
<td>• extend opportunities for the voluntary sector’s members, supporters and users to contribute their experience and ideas to the development and implementation of public policy as the commission responded</td>
</tr>
<tr>
<td>• make the policies and practice developed by the Scottish Executive, its Agencies and NDPBs, including NHS Boards, more responsive to the potential and needs of the voluntary sector</td>
</tr>
<tr>
<td>• enable voluntary organisations to communicate more effectively to the Executive, the needs of their users and wider constituencies</td>
</tr>
<tr>
<td>• extend the opportunities to mobilise the voluntary sector behind Executive programmes when these coincide with the objectives of voluntary organisations</td>
</tr>
<tr>
<td>• increase understanding of how the Executive and the voluntary sector work</td>
</tr>
<tr>
<td>• generate evidence and information on the value and impact of the work of the Executive and of the voluntary sector, and inform longer-term planning and strategic thinking (Scottish Executive, 2003b)</td>
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The Scottish Compact was also supported by the publication of four Good Practice Guides on funding, consultation, partnership and ‘proofing’ the impact of policies and procedures on voluntary and community organisation and volunteering. However, a ‘Scottish Compact Baseline Review’ commissioned in 2003 (Scottish Executive, 2003c)
observed that, despite the considerable detail contained in the Guides, they were ‘addressed solely to the Executive’:

There is no mention of what the obligations of the sector in delivering, what is theoretically, a partnership agreement involving commitments on both sides, are to be. Unlike the Compact document therefore the Guides are asymmetrical (Scottish Executive, 2003c:17).

A Compact Review Group established in 2004 to consider the ‘continued relevance’ of the Scottish Compact found ‘little support for the abolition or wholesale replacement of the Compact’ (Scottish Executive, 2004b:9). The review concluded that the compact ‘identified a valuable set of principles to guide the Executive and voluntary sector relationship’ but recommended against ‘turning the principles it contained into a rigid rulebook governing the behaviours of both parties’ (Scottish Executive, 2004b:9). The review did recommend ‘some strengthening and updating of the text to reflect renewed commitment to achieving an open and participative working relationship between the Executive and the voluntary sector in Scotland and to demonstrate the current climate since devolution’ (Scottish Executive, 2004b:9).

The Review Group concluded that, over the longer term, ‘the aim should be for Compact principles and practice to be adopted as part of the accepted everyday culture within the Executive and the voluntary sector’, noting that this would ‘require regular profiling, promotion of benefits and the sharing of best practice’ (Scottish Executive, 2004b:9). In furtherance of this aim the Compact Review Group proposed a three-year ‘plan of action’ (see Appendix 3, Figure A3.2) (Scottish Executive, 2004b:9).

**The Scottish Compact – the problem stream**

In pre-devolution Scotland relations between the Scottish NFP sector and central government were infrequent and distant. In part, this was a consequence of geographical distance between Scotland and seat of decision-making in Westminster (Fyfe *et al.*, 2006, Osborne and Super, 2010). It was also a consequence of the political and social distance between Scotland and England, which was accentuated during the period of the Thatcher government (McCrone, 2001).

As in England, where the Commission on the Future of the Voluntary Sector (the Deakin Commission) provided the early intellectual and policy rationale for a new settlement with government (Deakin, 1996), in Scotland an independent ‘Commission on the Future of the Voluntary Sector in Scotland’ (the Kemp Commission) was
established in November 1995. Its task was to review public policy options in relation to the Scottish voluntary sector (Bamford, 1997:19, Dacombe and Bach, 2009).

The Kemp Commission identified and made recommendations in relation to a number of structural and systemic problems affecting the voluntary sector in Scotland, such as:

- insecurity of funding, underfunding, funding that is too short-term and the difficulty of attracting core funding;
- the shift from public sector providers to NFP and private sector providers, the sector’s growing dependence on contracts and the sector’s concerns about the implications of contracting for traditional sector qualities of responsiveness, independence and innovation;
- the absence of avenues for the sector to ‘punch its weight’ with central government;
- the need to harmonise the statutory framework concerning the legal status, taxation and accountability obligations of charities; and
- a framework of relations between government and representative bodies that was ‘confused and illogical’ (Bamford, 1997).

The Kemp Commission also noted that despite its pervasive and growing role in Scottish society, the sector suffered from ‘low political saliency’, ‘little political leverage’, and ‘imperfect’ public confidence (Kemp, 1997:3). In addition, the regulatory regime in which it operated was ‘inadequate, confusing and burdensome’ (Kemp, 1997:3-4). Although the shift towards purchase-of-service contracting presented the sector with major opportunities, Kemp considered that NFP organisations were being offered ‘a deteriorating bargain’ (Kemp, 1997:4).

Because the commission’s report was written before either the election of the Blair Labour government or the 1997 referendum vote in favour of the establishment of a devolved Scottish assembly, it was challenged to devise recommendations that could be acted upon whatever constitutional arrangements might prevail (Bamford, 1997):

Its recommendations on charity regulation, for example, could be legislated for either by a Westminster parliament or by a Scottish one. This position seemed the most logical one to take: despite opinion poll findings, no-one wished to take a change of government, or the setting up of a Scottish parliament, for granted. It also made it easier for the commission to agree matters, since its membership included supporters
and opponents of constitutional change, with varying degrees of confidence in a Labour Government's ability to deliver (Bamford, 1997).

Unlike the Deakin Commission, however, the report produced by the Scottish commission did not propose a compact: rather, it proposed structures that would accord the Scottish voluntary sector a role in policy-making commensurate with its contribution to Scottish society, and ensure full consultation by the (then) Scottish Office in the development and implementation of new policies (Bamford, 1997).

It was in fact the commission’s chief interlocutor with central government, the former Scottish Office, that responded with a commitment to draw up an agreement in the form of a compact to ‘set out the respective roles and responsibilities of the government and voluntary organisations’ (Bamford, 1997). Taking into account the fact that the Deakin Commission reported before its Scottish counterpart, and noting that Nicholas Deakin and Labour MP Alun Michael had canvassed the idea of a ‘concordat’ prior to the election of the Blair Labour government, it seems likely that the response of the Scottish Office was predicated on an expectation that Labour had already formed the intention to apply the compact formula in the devolved jurisdictions.

Many commentators consider that the relationship between the Scottish NFP sector and the Scottish government has improved noticeably since devolution; however, it has not been plain sailing (Birrell, 2009, Burt and Taylor, 2009, Alcock, 2012). Historically, the NFP sector in Scotland had been hampered by geographical distance from central government and by the dominant position of the public sector (Birrell, 2009:76, Alcock, 2012:227). Although devolution has given rise to a new discourse of cross-sector cooperation (Burt and Taylor, 2009, Alcock, 2012) new tensions have emerged around issues of sector independence, the fitness for purpose of NFP sector service providers, and the representativeness of intermediary organisations (Birrell, 2009, Burt and Taylor, 2009). The sector is also challenged to keep pace with major public sector reform initiatives and manage the impacts of economic austerity measures originating in Westminster.

**The Scottish Compact – the policy stream**

The Scottish Compact was initially a product of the UK central government and, like the English Compact, was designed to remedy problems associated with past Conservative administrations. As has been observed, the Kemp Commission was very mindful of the Deakin Commission’s deliberations. And while Kemp enunciated a set of
problems pertaining to the relationship between the sector and central government, his report stopped short of recommending a concordat because, of course, the political future of Scotland was as yet unknown. Relations between the sector and any future Scottish administration would need to be worked out post-devolution.

That the Scottish Office proposed a compact for Scotland (as indeed did the Welsh and Northern Ireland Offices for their respective jurisdictions) is suggestive of the Blair government’s determination to foster cross-sector engagement across the UK. The Scottish Compact was not a home-grown ‘Scottish’ solution, although it was hoped that the framework would be endorsed by a future Scottish administration.

Although the Scottish Compact provided a viable platform for the initiation of relations between the NFP sector and the new Scottish Executive, its true value resided in the process of compact-implementation and the attendant opportunities for mutual understanding, building trust and gaining mutual respect (Burt and Taylor, 2009:91). With the seat of government now residing in Edinburgh (as opposed to Whitehall) access to decision-makers by intermediary organisations such as the SCVO was substantially enhanced. Fyfe et al. (2006:638) have suggested that ‘the third sector is clearly back in the political limelight’ – a view supported by Osborne and Super (2010) who cite evidence that the sector enjoys far better relations with the Scottish government than existed pre-devolution with Westminster.

From around 2006 references to the Scottish Compact disappeared from government policy documents. In its place was a new emphasis on ‘social enterprise’ and strategies aimed at ‘opening markets for the third sector, especially those key markets in the public sector’ (Scottish Government, 2008b). This reflected policy thinking that had been in train since 2003 when the Scottish Executive clearly signalled its desire to realise a social return on the government’s investment in the voluntary sector (Scottish Executive, 2003a). Moreover, it was a policy direction developed in concert with local government and intermediary organisations in the NFP sector.

**The Scottish Compact – the politics stream**

Hearn describes the character of Scottish political culture as ‘a unique conjunction of a strong, quasi-state-like civil society and strong, intertwined public traditions of socialism, liberal reformism and politico-religious resistance to the state’ (Hearn, 2000:132). The Scottish polity is a ‘negotiated order’ in which policy networks are able
to influence bargaining and policy outcomes (Moore and Booth, 1989, McCrone, 2001:117). As for formal political structures, the diversity of parties in the Scottish Parliament, coupled with mixed member proportional representation\textsuperscript{72}, means that it is difficult for one political party to achieve an outright majority of seats, thus necessitating the formation of governing coalitions (Murdock, 2005:5-6).

Centre-left parties, governing either in coalition or as a minority government, have dominated the four sessions of the Scottish Parliament since devolution in 1999. In the two Parliamentary sessions from 1999-2003 and 2003-2007 government was formed by a Labour/Liberal Democrat coalition and, from 2007-2011, by the minority Scottish National Party (SNP) governing under the terms of a ‘cooperation agreement’\textsuperscript{73} with the Scottish Green Party (BBC, 2007b). In the Scottish parliamentary election held on 5 May 2011, however, the SNP obtained an outright majority, winning 69 out of 129 seats in the Scottish (House of Commons Library, 2011c).\textsuperscript{74}

Devolution saw the Scottish NFP sector go from ‘poor relation’ to trusted and valued partner (Bamford, 1997). The immediate post-devolution political climate – in which New Labour governed nationally and Scottish Labour led in the Scottish Parliament – favoured a more politically active NFP sector (Burt and Taylor, 2002:92-93). The SNP, modernised and repositioned in the early 1990s as a centre-left social democratic party (Black, 2012), has given every indication that it intends to bring a ‘social partnership approach’ to the task of governing (Scottish National Party, 2011). To appreciate the significance of this development, it is necessary to consider the position occupied by the Scottish NFP sector within the polity before devolution.

Prior to devolution, three factors placed the Scottish NFP sector on the fringes of political influence: geographical distance from the seat of power in Westminster; philosophical distance from the entrenched right-wing conservatism that dominated national politics in the 1980s and 1990s; and the very diversity of the sector that impaired its ability to speak with one voice (Burt and Taylor, 2002:85). Furthermore, Scottish charities operated under ‘hybrid’ rules that generated legal uncertainty and received public funding on a separate legislative basis to that prevailing in England and Wales.

Devolution was a watershed moment for the NFP sector in Scotland (Burt and Taylor, 2002:93). There is a rich history of voluntary activity in Scotland (Bamford, 1997,
Dacombe and Bach, 2009) and Scottish governments have focused policy attention on the NFP sector since devolution (Burt and Taylor, 2002, Fyfe et al., 2006). The Scottish NFP sector now enjoys a ‘grown-up’ relationship with government as an essential partner in delivering public policy and addressing social problems that ‘fall between the interstices of public and private provision’ (Burt and Taylor, 2002:93). Policy rhetoric about the importance of the state-NFP sector relationship has increasingly solidified into policy commitments (Dacombe and Bach, 2009:19).

The opening of new policy spaces between the sector and the devolved administration has helped to overcome the problems of geographical and philosophical distance, and has served to elevate engagement with ‘elite’ national intermediary organisations such as the SCVO (Burt and Taylor, 2002:92-93, Alcock, 2012:227). Growth in both the size of the sector and the scale of its involvement in contracting have also contributed to increased policy and political salience (Alcock, 2012:229).

**Implementation, issues and impact**

The Scottish Executive (renamed the Scottish Government in 2007) endorsed the 1998 compact (The Scottish Office, 1998) and it was through the processes of implementation and formal review that the Executive engaged with policy communities about shaping the relationship. In 2003 the Executive commissioned a ‘Scottish Compact Baseline Review’ to assess the extent to which the principles set out in the compact were being promoted and upheld. The review acknowledged that major constitutional changes afoot during 1999/2000, involving the transfer of functions to the new Scottish Executive, contributed to ‘some delay in implementing the principles set out in the Compact’ and made difficult the task of measuring its impact (Scottish Executive, 2004b:5).

The review recommended that the compact be revised and that an annual action plan drawn up by the Executive and the sector to be used as basis for monitoring (Scottish Executive, 2003c:8). The Executive acted on both of these recommendations: a revised Scottish Compact was produced (Scottish Executive, 2003b, c) followed in short order by a three-year implementation strategy (Scottish Executive, 2004b).

A further review published in 2005 found that there was limited awareness of the Scottish Compact among smaller organisations (Scottish Executive, 2005:38). This was not in itself troubling given that the majority of small NFP organisations ‘were more
interested in the development of local compacts embracing their local council areas’ (Scottish Executive, 2005:37) and, indeed, partnership protocols between the sector and local government had existed since 1995.⁷⁵

Although the 2005 Baseline Review reported some signs that the Scottish Compact had a positive impact, it also found that only a minority of government and sector organisations surveyed had made use of it.⁷⁶ The review also found that ‘levels of awareness of the Compact are higher in government than amongst the sector’ and speculated that this might imply that the Compact was seen as irrelevant by NFP organisations (Scottish Executive, 2005:37). The review concluded that some form of compliance monitoring would be required in order to lend credibility to efforts to promote the Compact and increase its use: left unchecked, non-compliance ‘could easily result in the Compact being seen as little more than tokenism’ (Scottish Executive, 2005:39).

Concurrent with the implementation of the Scottish Compact, the Scottish Executive – with cross-party support – signalled its intention to focus on the social economy. The publication in 2003 of the review of policy measures taken over the life of the Scottish Parliament to support the social economy (Scottish Executive, 2003a) underscored the Executive’s intention to ‘encourage the growth and sustainability’, as well as the ‘range and supply’ of social economy organisations capable of bringing ‘added value to the delivery of public services in terms of their capacity to innovate, their closeness to and ability to engage effectively with and meet the needs of their customers/clients and the communities in which they operate’ (Scottish Executive, 2003a:5).

The review ‘set out a framework for strengthening the social economy’ and, in 2004 the Executive announced the establishment of Futurebuilders Scotland, a two year (2004-2006), £18 million investment to translate the strategic objectives set out in the review into ‘practical action’ (Scottish Executive, 2004a:1).⁷⁷ This initiative was presented as ‘a central part of an integrated set of measures ... to help sustain and develop the social economy, the voluntary sector and charities’ (Scottish Executive, 2004a:2). These measures comprised: charity law reform through the creation of a statutory charities regulator;⁷⁸ a volunteering strategy to support volunteers and volunteer-dependent organisations; and a strategic funding review of the voluntary sector to identify options for ‘increasing the sustainability of voluntary organisations by adjusting the funding
environment within which the voluntary sector and social economy operates’ (Scottish Executive, 2004a:3).

In March 2007, following a period of ‘extensive consultation’, the Executive published *Better Business – A strategy and action plan for social enterprise in Scotland* (Scottish Executive, 2007). By this time, the term ‘social economy organisation’ had been replaced with the term ‘social enterprise’, although the definition was identical (Scottish Government, 2007b). The *Action Plan* set out four ‘strategic aims’:

• raising the profile and proving the value of social enterprise;
• opening up markets to social enterprise;
• increasing the range of finance available to develop social enterprise; and
• developing the trading capacity of social enterprises by providing better business support (Scottish Executive, 2007:1-2).

This was followed with the publication in 2008 of *Enterprising Third Sector Action Plan 2008-2011* the aim of which was spelt out in the Ministerial Foreword:

> The Scottish Government wants to create the right operating conditions in which an enterprising third sector can play a full role in the development, design and delivery of policy and services in Scotland, putting the people of Scotland at the heart of their plans. We want to support a country in which an enterprising third sector is encouraged, valued and is given the opportunities it needs to prove its value and deliver more (Scottish Government, 2008b).

The three year action plan (see exhibit 5.3 below) aimed to achieve a ‘step-change in the capability and capacity of the sector’ and set out a range of measures to encourage innovation and build the capacity necessary to ‘maximise the sector’s potential to deliver for Scotland’ (Scottish Government, 2008b:2, 15, 18).

The Scottish government described the action plan as a ‘key part’ of a broader program of support it claimed would ‘help the third sector carry out its key representational and advocacy roles, building a strong civil society in Scotland’ (Scottish Government, 2008b:31). Other elements of the government’s program included the following:

• supporting the infrastructure – the Government assists national representative bodies and networks to provide a voice for the sector, and to provide support for third sector organisations from grassroots to national level. In a time of change across Scotland, this support will help ensure the sector’s voice is strengthened, not lost, in new structures both at national and, vitally, at local level.
strategic partnerships – developing a series of strategic partnerships with national third sector organisations around shared outcomes. These partnerships will provide a mechanism to allow the third sector to contribute effectively to Scottish Government policy.

- supporting the roles the third sector plays in our communities across Scotland, encouraging structures which enable the sector to deliver more effectively on a local basis and to act as an advocate through clear strategic links to community planning and outcome agreements.

- supporting volunteering – through infrastructure support, funding and award development (Scottish Government, 2008b:31).

It was envisaged that about half of the Scottish Investment Fund would be for ‘loan and other repayable finance’ and would therefore ‘become a recycling fund operating beyond the current spending review period (2008-2011), to which further investment, potentially from a range of sources including the private sector, can be added in the future’ (Scottish Government 2008b: 2).

A key feature of the social policy landscape in Scotland is the nexus between local government and the NFP sector.79 The Local Government in Scotland Act 2003 establishes a duty on local authorities to undertake Community Planning in order to ‘deliver better, more responsive, public services’ (Scottish Government, 2010b). The Act also provides for the establishment of Community Planning Partnerships (CPPs), these being the primary mechanism for ‘joint working and decision-making’ by local government and third sector organisations (Scottish Government, 2009).80 CPPs are now in place in each of Scotland’s 32 local authority areas providing an ‘outcome-focussed’ framework for collaboration on ‘strategic commissioning and procurement’ by local authorities and their third sector partners. CPPs are obliged to report to communities on progress, ‘giving information on how they have implemented their duties and how services have improved as a result’ (Scottish Government, 2010b).81

Finally, because the ‘size and diversity of the sector can be seen as, and can indeed be, a barrier to partnership working with the public sector’, the Scottish Government, together with Convention of Scottish Local Authorities (COSLA), SOLACE (Scotland)82 and the Scottish Council of Voluntary Organisations (SCVO) have agreed to harness ‘local third sector infrastructure’ in the establishment of a ‘Third Sector Interface’ in each Community Planning area to provide a ‘visible connection and communication channel between the third sector and the CPP’ (Scottish Government, 2009).
In 2007 the Scottish government signed what it called an ‘historic’ concordat with COSLA marking a ‘fundamental shift’ in its relationship with local government ‘based on mutual respect and partnership’ (Scottish Government, 2007a). The concordat recognises the ‘unique position held by local government in the governance of Scotland’ and seeks to put into place Single Outcome Agreements (SOA) with each of 32 local councils. SOAs are focused on the achievement of ‘national outcomes and indicators’ and seek to address priority issues identified by local authority areas (Scottish Government, 2007a). This strategic reform initiative was designed to reduce administrative and bureaucratic complexity and contribute to improved performance in straitened financial circumstances:

For Local Authorities, the Concordat is bringing many welcome developments, including: the development of a more proportionate system of regulation, inspection and audit; streamlining the funding streams available to Local Government; reducing ring fencing; reducing bureaucracy; and a commitment from the Scottish Government to step back from micro-managing delivery (Scottish Government, 2009).

The Concordat works in tandem with policy frameworks setting out joint Scottish government/local authority action to tackle poverty and income inequality (Scottish Government, 2008a) and was further reinforced in 2009 by the publication of a Joint Statement on the Relationship at Local Level between Government and the Third Sector (Scottish Government, 2009). The Joint Statement comprises 41 articles addressing ‘the areas of agreement that will inform the hard work going on to create partnerships’. It also affirms that the Scottish government and local authorities:

... will value the third sector as an integral part of shaping and delivering better services for Scotland’s people and will be flexible in their approach to partnership and funding so as to recognise their role in the sustainability of the sector alongside the delivery of public service’ (Scottish Government, 2009).

The Joint Statement also affirms that ‘[t]he third sector will organise itself so as to effectively participate in mutually acceptable decision-making structures, in a transparent and acceptable way’ (Scottish Government, 2009: articles 5 and 6).

Under the SNP there is an expectation that the NFP sector will continue to offer diversity in provision and at the same time generate scale economies and consistency in standards of governance, management and service quality (Burt and Taylor, 2009:91). The Scottish Government’s policy framework on poverty and income inequality, Achieving Our Potential, acknowledges the role played by third sector organisations in
‘connecting individuals and communities’ and extols the potential for social enterprise to ‘create opportunities for income and employment in areas where the private sector might not choose to operate’ (Scottish Government, 2008a:18-19).

The Scottish government’s relationship with the sector is complicated and confounded by what Burt and Taylor (Burt and Taylor, 2009:85) refer to as the ‘pathology of independence’. Scotland’s NFP sector is represented by a diverse array of intermediary organisations that are ‘pathologically wedded’ to organisational independence and autonomy which, they argue, are essential pre-requisites to providing services to member organisations (Burt and Taylor, 2001:86). The continuation of a ‘culture of autonomy’ at the sector level (from government) and the organisational level (from other NFP organisations) acts paradoxically as a force against achieving common purpose and is a source of frustration for a government wishing to work with ‘leaner and fitter’ representative organisations (Burt and Taylor, 2009:84-86, 95).

Burt and Taylor (2009:88-89) observe that the Scottish sector tends to think of independence as ‘freedom from constraints’ (in the form of the burdensome imposition of inappropriate tendering regimes, stringent contractual requirements, et cetera). However, while devolution has brought opportunities to Scotland’s NFP sector, the Scottish government’s enthusiasm to engage the sector brings with it increasing scrutiny and heightened expectations in relation to transparency and accountability (Burt and Taylor, 2009:90).

**Implications**

The Scottish Compact and associated Good Practice Guides appear to still form part of the corpus of official documentation pertaining to Scottish government policy on the third sector (at least inasmuch as these documents can still be found on official government internet sites). Current Scottish government policy retains a strong flavour of cross-sector and inter-governmental collaboration, however, it appears that the Scottish Compact has been superseded by more recent policy frameworks focused on the ‘social economy’ and ‘social enterprise’. A lack of attachment to the Scottish Compact is perhaps unsurprising given the document’s pre-devolution origins in Whitehall. It does seem that in its first years, the Scottish Executive make genuine attempts to implement the framework. It also seems that the framework was a poor fit, especially given the apparent strength of the Scottish
NFP sector’s connection with local government. If the Scottish Compact is indeed a ‘dead letter’ the apparent absence of commentary from the sector suggests that it is un lamented.

Scottish public sector reform
The Scottish government’s commitment to cross-sector cooperation should be viewed against the backdrop of its pursuit of a suite of long-term reforms aimed at simplifying and improving the efficiency of Scotland’s public services. While professing a strong belief in the ‘ethos, value and importance of public services’ the First Minister, Alex Salmond, in 2008 announced the government’s intention to introduce a range of measures to remove ‘unnecessary bureaucracy and duplication’ (Scottish Government, 2008c).

In this ‘clearer, more focussed organisational landscape’ public services will be ‘designed and delivered in increasingly innovative ways by diverse providers from across the public, private and third sector’ (Scottish Government, 2008c). This would include a 25 per cent reduction in the number of ‘national public sector organisations’ through amalgamations and the cessation of ‘activity that no longer contributes to the public purpose’ (Scottish Government, 2008c).

Responding to fiscal challenges
In 2010 the UK national budget foreshadowed ‘the biggest reduction in public spending imposed on Scotland by any UK government’ (Scottish Government, 2010a). However, it is unlikely that an SNP majority government will rush to emulate policy responses crafted in Whitehall. McCrone (2001:121) observes that post-Thatcher Scotland is ‘an ideological category incompatible with Conservative Anglo-British rhetoric’. The ‘hegemony of the Right at Westminster’, he asserts, was built on English and not Scottish (or Welsh) votes: the Conservative Party was labelled by its opponents as an ‘English’ party (McCrone, 2001:113-114). A similar view was recently expressed by the senior finance and policy reporter at Third Sector Magazine:

... the mood music is somehow different north of the border, with less sense of change and conflict. Many observers ascribe this to 14 years of devolution, a more consensual body politic where the Conservative party features little and a smaller, more cohesive society (Ainsworth, 2012).

In November 2010 the First Minister announced the establishment of a ‘high-level’ commission ‘to examine how Scotland’s public services can be delivered in future to
secure improved outcomes for communities across the country (Scottish Government, 2010a). The commission reported in June 2011 and, in his foreword, the Chair, Campbell Christie declared:

[O]ur public services are now facing their most serious challenges since the inception of the welfare state. The demand for public services is set to increase dramatically over the medium term - partly because of demographic changes, but also because of our failure up to now to tackle the causes of disadvantage and vulnerability, with the result that huge sums have to be expended dealing with their consequences.

This rising demand for public services will take place in an environment of constrained public spending. In the absence of a willingness to raise new revenue through taxation, public services will have to ‘achieve more with less’ (Christie, 2011).

The commission noted that the complexity, fragmentation and opaqueness of Scotland’s public service system served to hamper joint working between organisations:

As a whole, the system can be ‘top down’ and unresponsive to the needs of individuals and communities. It lacks accountability and is often characterised by a short-termism that makes it difficult to prioritise preventative approaches (Christie, 2011:viii).

Whilst acknowledging ‘isolated examples’ of effective collaboration, the report noted that addressing ‘systemic defects’ would require ‘a fundamental overhaul of the relationships within and between those institutions and agencies – public, third sector and private – responsible for designing and delivering public services’ (Christie, 2011:viii). Noting a ‘widespread belief that the Scottish government and local authorities are less diligent about scrutinising and costing in-house services than those contracted out to external providers’ the commission recommended:

• applying the same standards of scrutiny and transparency to the procurement of goods and services from all providers; and

• creating a level playing field by ensuring ‘competitive neutrality’ between all potential suppliers of public services, including in-house bids from public bodies (Christie, 2011:65-66).

The Welsh Compact in context

The ‘Compact between the Government and the Voluntary Sector in Wales’ was developed in 1998 by the Voluntary Sector Branch of the Welsh Office in consultation with the Wales Council for Voluntary Action and over 30 state and non-state
organisations (Morison, 2000:117). Then Prime Minister, Tony Blair, heralded the Compact as ‘a document of both practical and symbolic importance’ (Welsh Office, 1998). The Welsh Compact owes its provenance to the same communitarian and horizontalist impulses that drove the English and Scottish compacts. Indeed, its aims (Figure 5.5) were drawn from Labour’s 1997 manifesto ‘Building the Future Together’ (Welsh Office, 1998).

Figure 5.5 – The Aims of the 1998 Welsh Compact

1. To encourage good practice and co-operative methods of decision making and for reviewing performance, particularly where organisations receive Government finance as service providers.
2. To encourage voluntary organisations and charities through co-operation and training as well as through financial support.
3. To encourage volunteering initiatives and the idea that voluntary activity is an essential part of citizenship.
4. To encourage the work of umbrella organisations and co-operation between such organisations.
5. To recognise specific needs and special contributions made by groupings within the sector. The contribution of the Black voluntary sector, the work of organisations of disabled people and the voluntary sector in rural areas are just three examples.
6. To encourage a growth in the contribution of different age groups. Voluntary activity must be seen as a part of citizenship for young people while the contribution of older people, who bring to bear a lifetime’s experience, should not be underestimated. While many organisations depend on the commitment of their older members and while many young people contribute zeal and energy, the fact is that the potential is not being realised to the full at either end of the age range.
7. To ensure that Government is measuring and recognising things that really matter, both within Government and between Government and non-Governmental organisations.
8. To review the co-ordination of Government relationships with the voluntary sector across departments.
9. To assess carefully, in consultation with relevant voluntary organisations, the potential impact of policy changes upon the sector (Welsh Office, 1998).

The Welsh Compact was co-signed by the Chair of the Wales Council for Voluntary Action (WCVA), Marjorie Dykins, and the then Secretary of State for Wales, Alun Michael, the same senior Labour Party figure who with Nicholas Deakin was instrumental in placing a compact on ‘New’ Labour’s policy agenda (Kendall 2003: 61). This might go some way towards explaining why, alone amongst the compacts in the Anglo-Saxon world, there is a statutory requirement for Welsh ministers to ‘make a scheme (“the voluntary sector scheme”) setting out how they propose, in the exercise of their functions, to promote the interests of relevant voluntary organisations’ (Government of Wales Act 2006: see Appendix 3, Figure A3.4).

The 1998 Compact was always intended as a transitional measure. In their joint Foreword Michael and Dykins confirmed that, ‘[t]he Compact paves the way for the
future as it is intended to form the basis for the National Assembly’s Voluntary Sector Scheme’, as was required under the Act which established the devolved National Assembly for Wales – the original Government of Wales Act 1998 (Welsh Office, 1998:5).86

The Welsh Compact – the problem stream

The problems besetting the government-NFP sector relationship in pre-devolution Wales were largely identical to those in England (Birrell, 2009). Prior to devolution there was limited territorial separation between the two constituent countries and social regulatory policy in Wales was highly integrated with that of England (Mitchell, 2006:161-162).87 Although the push for devolution lapsed into dormancy during the 1980s,88 the policies of the Conservative governments of Thatcher and Major contributed to renewed calls for self-government (National Assembly for Wales, 2013). Tensions between the NFP sector and central government were exacerbated by factors such as geographical distance from the seat of decision-making at Westminster (Mitchell, 2006) and a tendency towards ‘power hoarding’ by central government (King, 2001:24). Important too were differences in political culture, including latent nationalist aspirations within the Welsh community, a strong associational culture (Day, 2009a), a larger public sector public sector (Mitchell, 2006:162) and coupled a ‘centre of electoral gravity’ to the left of that in England (Wincott, 2006:175).89

In its first term, and in keeping with its pre-election commitments, the Blair Labour government subjected a proposition to establish a Welsh Assembly to a referendum. The referendum was approved by a bare majority, and thus reflected a long-standing ambivalence on the part of the Welsh population towards greater territorial and political autonomy (Day, 2009a:126).90

As in Scotland, the problem stream post-devolution was concerned primarily with giving effect to an entirely new relationship between the fledgling Welsh Assembly and the NFP sector and establishing the institutional framework that would allow the relationship to unfold. In its first term the Welsh Assembly agreed an Action Plan that set out a number of issues affecting the sector requiring an operational response by government, including:

• establishing effective arrangements for the provision of financial assistance and monitoring the use made of that assistance;
• developing and implementing arrangements that enable community and voluntary sector organisations to participate in consultation exercises affecting or of concern to the sector;

• establishing a clear locus for the voluntary sector in processes for policy development and evaluation;

• stimulating greater, more sustainable levels of volunteering activity; and

• promoting community regeneration, combatting social deprivation and building sustainable communities (National Assembly for Wales, 2001).

One might infer from this list of actions the agreed suite of problems requiring a policy and/or administrative response in the first years of the devolved Welsh administration.

**The Welsh Compact – the policy stream**

As in Scotland, devolution brought the seat of governmental decision-making closer to the coalface – in both geographical and political terms. The establishment of the Welsh Assembly created an entirely new space for dialogue between the sector and government (Alcock, 2010a, 2012). That the Assembly was required by its founding legislation to make a scheme to guide government’s relationship with the NFP sector was a foregone conclusion and early in its first term the Welsh National Assembly applied its energies to this task.

The Voluntary Sector Scheme (VSS) adopted by the Welsh Assembly ‘assures the Sector and all its constituent parts unprecedented access to the means and process of government in Wales’ (National Assembly for Wales, 2004:2). The VSS effectively superseded the original compact and has endured and evolved as the guiding policy instrument governing the relationship between the Welsh government and the voluntary sector. Here it should be noted that by virtue of having a statutory basis in the *Government of Wales Act 2006* the VSS (Appendix 3, Figure A3.5) is quite unlike other Anglo-Saxon jurisdictions whose policy frameworks for cross-sector cooperation can be abrogated by governments without recourse to a legislature (Birrell, 2009).

Although some express concern that the voices of larger, better resourced and better organised NFP organisations are privileged over those of smaller ‘grass-roots’ organisations (Day, 2009a), the WCVA describes the VSS as ‘ground breaking’, and
claims it gives the sector ‘a unique opportunity to engage with, and put its views to, the Welsh Government’ (WCVA, 2012).

From the time the VSS was first initiated in 2000 the nature of the relationship between the Welsh NFP sector and the Assembly government has continued to evolve, as has the form of the Welsh state itself. The original devolution settlement for Wales did not confer primary legislative powers, meaning that responsibility for primary legislation for social policy remained with Westminster. While the Welsh Assembly did have control over subordinate legislation (the making of regulations and the setting of standards, et cetera) the insertion of ‘Wales only’ clauses in UK legislation and/or the approval of ‘Wales only’ Bills required the agreement of Westminster and constrained the ability of the Assembly to act (Birrell, 2009:8-9).

A 2004 inquiry into the adequacy of devolved powers in Wales cited evidence that the complexity of the devolution settlement both constrained the ability of the Assembly to make payments to voluntary groups and acted to discourage the participation of voluntary organisations in the policy process (Richard Commission, 2004:96-97). Wales was subsequently given enhanced legislative powers in 2006, and in 2011 Welsh voters approved a referendum to give the Welsh Assembly primary law making powers in 20 broad policy ‘fields’ including social policy (BBC, 2011).

**The Welsh Compact – the politics stream**

Day attributes earlier Welsh reticence about self-government to the localised, fragmented, and sometimes divisive, nature of Welsh society and associational culture (Day, 2009a:126). For years fears that any new governing body might be dominated either by Welsh nationalists or by the Welsh Labour Party served to prevent a groundswell of public opinion in favour of constitutional change. In the end, the vote in favour of devolution (representing less than a quarter of the voting population) was less about nationalist aspirations than a vote in favour of ‘modernisation, effectiveness, and democratic renewal’ (Day, 2009a:126).

In the first three National Assembly elections held since devolution, Welsh Labour formed government: from 1999-2003 in coalition with the Liberal Democrats; from 2003-2007 in minority government with just 30 seats in the 60 seat assembly; and from 2007-2011 in coalition with the centre-left Welsh nationalist party, Plaid Cymru (The Party of Wales). The Welsh Assembly elections held in May 2011 again saw the Labour
Party gain the highest share of the vote and the highest number of seats (30), although short of an absolute majority. These fourth Assembly elections were notable in that ‘it was the first time the Welsh Labour Party faced elections without a Labour government in Westminster, the first time Plaid Cymru faced Assembly elections as a party of government, and the first time the Conservatives and Liberal Democrats faced elections as members of a coalition government in Westminster’ (House of Commons Library, 2011a).

As in Scotland, the political dominance of centre-left coalition governments since devolution reflects an on-going political commitment to maintaining public services in a strong public sector (Day, 2009a:125-126). There are also strong upward connections between the Welsh NFP sector and policy-makers. In part, this has occurred in response to exhortations from the political elite for voluntary organisations and civil society activists to become part of ‘Team Wales’ in order to produce ‘an appropriately Welsh response’ to the opportunities that devolution affords (Day, 2009a:128).

In this respect, the VSS is very much an integral part of the Welsh nationalist project. And although the sector does wield influence, in a ‘congested field’ of ‘potential collaborators and rivals’, the capacity to influence selectively favours a relatively small group of organisations that form part of a distinct voluntary or third sector ‘industry’ (Day, 2009a:133).

**Implementation, issues and impact**

In September 2003, following the second ever Welsh Assembly election, then Minister for Social Justice and Regeneration, Edwina Hart, established an Independent Commission to review the VSS in keeping with the requirements of the Act (National Assembly for Wales, 2004). Chaired by Simon Jones, the Commission reported in March 2004. In the foreword to his report, Jones described the opportunities afforded by the VSS for the voluntary sector to work with the Assembly as ‘surely … the envy of the voluntary sector not just in the United Kingdom but much farther afield’ (National Assembly for Wales, 2004). He went on to add, ‘By the same token the relationship that the government of Wales enjoys with the sector must also be one of the most constructive’ (National Assembly for Wales, 2004).

The Commission made the observation that:
The Scheme is unique in the UK and to the best of the Commission’s knowledge, in the world. Its two key unique features are that it places the voluntary sector on an equal footing with local government and the business sector as formal partners of the Assembly; and that it gives the voluntary sector a statutory right of access to and inclusion by Government (National Assembly for Wales, 2004:27).

The Commission’s overall findings were that the VSS was a highly valued and ‘ground-breaking’ innovation; that it continued to be ‘fit for purpose’ and apart from some minor revisions ‘should not be remade’; and that implementation ‘is very much a work in progress and there is more work to do’ (National Assembly for Wales, 2004:6).

The Commission heard evidence confirming that ‘communication between the sector and government and its agents had improved since the days of the Welsh Office’ (National Assembly for Wales, 2004:56). However, it also warned against complacency, highlighting a number of ‘recurring themes’ that suggested a need for further progress, including: a need for a more comprehensive and strategic action plan; greater consistency in the application of the Scheme and the Funding Code of Practice across government; encouraging local government to apply the principles of the Scheme in its relationship with the sector; promoting application of the Scheme to areas of policy and funding not devolved to the National Assembly; and using the Scheme and the Funding Code of Practice to drive appropriate practices within the sector itself (National Assembly for Wales, 2004:32).

The Commission made a total of 59 recommendations: 40 of these were directed to the government; six were directed at the WCVA; four were directed jointly to the Assembly and the WCVA; and nine to the Voluntary Sector Partnership Council: these were agreed by the sector and the government. The Welsh Assembly subsequently was developed and agreed a ‘First Stage Strategic Implementation Plan’, built around key themes identified by the Commission: consistency, clarity and communication (Welsh Assembly Government, 2006). That first plan sought to present ‘a vision for the Assembly Government’s future work with the sector’ to ‘help tackle some of the most deep-rooted problems facing Wales’ (Welsh Assembly Government, 2007). A further iteration of the Strategic Plan was published in 2008, adding to the implementation agenda a range of measures aimed at ‘accelerating social enterprise’, thereby:

- creating a climate in which fully-fledged social enterprises can thrive and grow; and
providing support to all third sector organisations interested in diversifying their income streams through enterprise and trading activities (Welsh Assembly Government, 2008:30-31).

This brought the VSS into alignment with the Welsh government’s 2005 Social Enterprise Strategy (Welsh Assembly Government, 2005). Although the Strategy did not draw express linkages with either the VSS or the Third Sector Partnership Council, these are now reflected in its successor, the 2009 Social Enterprise Action Plan for Wales (Welsh Assembly Government, 2009).

Implications

It is over a decade since the National Assembly for Wales first promulgated the VSS. In that time the Scheme has weathered four Welsh Assembly elections, revisions to the legislation establishing devolved government (and the Scheme itself), and a change in the UK government. In keeping with the statutory requirement, the VSS has been reported on annually in each year of its operation.

In his Foreword to the eleventh Annual Report since the Scheme’s inception, the Minister for Local Government and Communities, Carl Sargent, remarked that:

> 2010-11 was a challenging year for both the Welsh Government and the Third Sector. The impact of the UK Government’s Comprehensive Spending Review was significant in Wales. The Welsh Government worked closely with our colleagues in the Sector to minimise the impact of funding reductions, but we were not always able to immunise the Sector from the effect of the UK Government’s decisions (Welsh Government, 2012).

Separately, the Chair of the WCVA, Win Griffiths remarked that the VSS ‘continues to provide the basis for an open and constructive dialogue with the third sector’ while echoing the Minister’s remarks about the ‘challenges for both the public and the third sectors’. Griffiths went on to suggest that:

> Elsewhere in the UK the third sector had already experienced damaging cuts in funding from both central and local government, and organisations working in Wales funded by non-devolved government had been similarly affected. Against this background, I am pleased that we were able to work with Ministers to make sure that there was a more measured and careful approach to minimising the impact on people and communities supported by the third sector in Wales (Welsh Government, 2012).

According to Day (2009a:123), devolution in Wales has provided the impetus to ‘create a stronger and more focussed civil society, underpinned by distinctively Welsh social
and political values’. Social life in Wales, he suggests, ‘has been considered to be strongly associational, producing powerful communitarian identities rooted in local networks of social ties’ and the idea of ‘community’, he argues, ‘has never been very far from the minds of Welsh commentators and policymakers’ (Day, 2009a:125). The VSS is the primary mechanism through which government and the sector are jointly engaged in ‘a nation-building consensus’ and, says Day, ‘has been applauded as marking an unprecedented commitment to collaborative working’ (Day, 2009a:123). There is a downside, however, owing to the constraints and obligations imposed on voluntary organisations as a consequence of entering into partnership with government (Day, 2009a:123).

As is the case elsewhere, diversity is a defining characteristic of the voluntary sector in Wales and is ‘the source of many of its accepted strengths, including its dynamism, representativeness, and ability to respond to change’ (Day, 2009a:124). The demands of engagement with government, however, can give rise to ‘partnership fatigue’ amongst voluntary organisations ‘as willing individuals struggle to keep up with the demands of attending meetings, reading papers and undertaking other work for partnership activities’ (Day, 2009a:129).

Because the Welsh government cannot possibly engage meaningfully with individual organisations, it has been necessary to rationalise its interface with the sector by working preferentially through representative organisations and umbrella networks. Thus the WCVA is the government’s key interlocutor on the VSS, and receives core funding from government to carry out this role. This in turn means that the WCVA has a major stake in helping achieve the government’s aims (Day, 2009a:133).

Unsurprisingly, the formal collaborative structures established to support the VSS tend to favour larger, better-organised and professional voluntary sector organisations:

… it is the bigger, and better serviced organisations, which speak the same kind of language as politicians and officials, which thrive in such an environment. Smaller groups and interests tend to have to work through umbrella groups and networks (Day, 2009a:132).

Day observes in Wales the emergence of a ‘second tier’ of voluntary organisations that exist for the purpose of organising and representing others. There is, he says:

... a tendency for power to accrue to the relatively small proportion of organisations explicitly concerned with providing advice, advocacy and
infrastructural support, which form part of a distinct voluntary or third sector ‘industry’ (Day, 2009a:133).

The danger in this, he suggests, is that:

... a more focussed voluntary sector is also one that is more hierarchically organised, and held together by relationships of dependency. The sector gains influence as an entity, but the available means of expression are narrowed (Day, 2009a:133).

Furthermore, the increasing formalisation, and indeed normalisation and mainstreaming of the relationship between government and the sector can also evoke concerns that the sector ‘is being reshaped into an arm of government’ (Day, 2009a:131). He concludes that, ‘[c]lose collaboration with government risks displacing the aims and objectives of voluntary organisations with those of government itself’ and that ‘[t]he development of strong upward connections to policy makers and funders may come at the expense of an attrition of downward links to grassroots supporters and rank and file volunteers’ (Day, 2009a:134).

The same processes identified by Day might also serve to narrow the lines of communication between the sector and government in different policy domains. Indeed, one observes in Wales simultaneous trends towards both centralisation (through the VSS and its administrative apparatus) and divergence at the domain level. Alcock, for one, suggests that the absence in Wales of strong horizontal policy frameworks serves to diffuse third sector policy and practice in ways that militate against the development of a strong central policy steer and associated funding (Alcock, 2009:11-12).

Alcock’s observations are contradicted somewhat by the emergence in Wales of sectoral compacts in policy domains such as the environment, arts and culture, health and the Welsh language. These have effectively cascaded from the VSS and reflect the intentions of the Welsh government that each of the Assembly Sponsored Public Bodies (ASPBs) will develop complementary compacts for working with the voluntary sector.93

The success of the VSS and of devolution itself, according to Day, will ultimately depend on the emergence of distinctively Welsh civil society, imbued with ‘a more fully Welsh consciousness’ and a readiness to share in delivering the aims of the devolved government (Day, 2009a:127). In Day’s view, the potential for Welsh civil society to contribute to modernisation and improved efficiency in service delivery rests on the success of the devolution project itself and the extent to which the Assembly ‘wins legitimacy from the Welsh people’ (Day, 2009a:127).
Despite Day’s reservations, there is abundant commentary underscoring the unique character of the settlement between the Welsh government and the voluntary sector. This settlement has proved to be durable and, owing to its statutory basis and the level of political consensus about the worthiness of the VSS, it has demonstrated a level of institutional embeddedness unmatched in other Anglo-Saxon jurisdictions (Birrell, 2009).

As to the question about the long-term prospects for Welsh devolution and Welsh civil society, there is less certainty. Although the referendum on full law-making powers for the Welsh Assembly succeeded on the basis of a 63 per cent ‘yes’ vote, the overall turnout of 35.6 per cent of registered voters is not suggestive of strong voter interest in the Welsh national project (Electoral Commission, 2011b).

The Northern Ireland Compact in context

When the Blair Labour government initiated the long and complex process of re-establishing an elected Northern Ireland Assembly, it also sought to bequeath to that troubled province a model for engagement between the governing Executive and the third sector. Accordingly, the Voluntary Activity Unit of the Northern Ireland Office (NIO) and the Northern Ireland Council for Voluntary Action (NICVA) consulted widely amongst the ‘statutory’ and the ‘voluntary and community’ sectors in the development of a compact document – Building Real Partnership–Compact between the Government and the Community and Voluntary Sector in Northern Ireland (Secretary of State for Northern Ireland, 1998).

Acknowledging the ‘strong, mature relationship’ between central government and the sector in Northern Ireland, the then Secretary of State, Majorie Mowlam, heralded the compact as a means to harness the ‘energy, dedication and resource’ of the sector at the commencement of ‘a new era in Northern Ireland’s affairs’ (Figure 5.6). Accordingly, Mowlam commended the compact to the Northern Ireland Assembly for endorsement (Secretary of State for Northern Ireland, 1998). The compact also contained a message from the Prime Minister, Tony Blair, who lauded the work of voluntary and community organisations in promoting citizenship, re-establishing a sense of community and helping to achieve a just and inclusive society.

Morison (2001) suggests that the idea of ‘partnership government’ is more developed in Northern Ireland than in other parts of the UK. He cites the long history of voluntary activity in Ireland and notes that the voluntary sector in Northern Ireland is proportionately larger than in other parts of the UK. Morison maintains that in the recent past the NFP sector in Northern Ireland has performed a different and wider role than its counterparts, encompassing both service provision and policy development (Morison, 2001:296). He argues that a quarter century of ‘direct rule’ from Westminster, with only brief restorations of devolved government, has allowed the NFP sector to develop a strong relationship with the government, characterized by a mutual trust and respect that has opened up opportunities for more active participation by the voluntary and community sector in developing public policy into the new Millennium.
sector in Northern Ireland to ‘act as an alternative site of politics and as an unofficial opposition’ (Morison, 2001:296).

The NFP sector in Northern Ireland has been encouraged over the last three decades to engage with government in order to counter the perceived democratic deficit inherent in direct rule, and to bring a degree of legitimacy to state action in politically sensitive areas (Morison, 2001:297). Although the state was never rolled back as far in Northern Ireland as elsewhere in the UK, the public sector has not been immune to the influence of NPM (Morison, 2001:302). However, while the NFP sector in Northern Ireland has taken on a significant role as a provider of statutory public services, this has as much to do with a desire to de-politicise service delivery by distancing it from both local government control and the mechanisms of direct rule as with the tenets of neoliberal governance (Morison, 2001:297).

The 1998 Compact acknowledged the voluntary sector as a ‘social partner’ capable of working with government to ‘build participative, peaceful, equitable and inclusive communities in Northern Ireland’ (Secretary of State for Northern Ireland, 1998). This aim had particular resonance in a society scarred by sectarian conflict. In fact the politics of peace in Northern Ireland created opportunities for the NFP sector to by-pass domestic government institutions and engage directly with European state institutions (Morison, 2001:299). For example, non-state human rights organisations successfully secured major European Union investments in sector development for peace-related initiatives. This demonstrated the sector’s capability to engage in governance at all levels and its capacity to play a role in ‘getting the business of government done in difficult circumstances and in developing new forms of governance and conflict resolution’ (Morison, 2001:299).

In line with compact documents elsewhere, the Northern Ireland Compact set out the respective roles of government and the voluntary sector; shared values; shared principles relating to interdependence, cooperation, participation and representation; respective commitments; and an outline of further action (Secretary of State for Northern Ireland, 1998). The Compact also committed government to ‘prepare a supporting document to the Compact in consultation with the voluntary and community sector, setting out how Government will put the principles and commitments in the Compact into practice, and to keep it under review’. This would ‘replace the 1993
Strategy for the Support of the Voluntary Sector and for Community Development in Northern Ireland and would (inter alia):

- contain sectoral strategies setting out how government will put the principles and commitments in the Compact into practice with target dates where appropriate
- deal with issues common to all departments and their agencies in their relationship with the voluntary and community sector
- provide good practice guidance in relation to consultation, volunteering, community development and funding
- address the issue of co-ordination of government relationships with the sector, and
- describe mechanisms for monitoring its content (Secretary of State for Northern Ireland, 1998).

It was made clear that the Compact had no statutory basis and was not a contract. Nevertheless it contained a commitment to establish a Joint Government/ Voluntary and Community Sector Forum for Northern Ireland for the purposes of monitoring its operation. The Compact also clearly stated that it did not ‘represent a commitment on behalf of the new Northern Ireland Assembly or the new Northern Ireland Executive’. Rather, it expressed a hope that these bodies would ‘endorse the Compact or draw on the work done to develop their own partnership agreement’ (Secretary of State for Northern Ireland, 1998:16, Morison, 2000:114).

The Compact was endorsed by the Northern Ireland Executive in 1998 as the basis of its relationship with the sector and was accompanied by the establishment of a Joint Government Voluntary Sector Forum with a coordinating and monitoring role in relation to the undertakings contained within it (Acheson et al., 2006:25). However, endorsement of the Compact was clearly subsidiary to more immediate, and far less tractable political challenges along the path to devolution in Northern Ireland (the Northern Ireland Assembly and Executive operated only intermittently between 1998 and 2007).

The difficulties encountered in reaching a viable political settlement in Northern Ireland protracted the task of formalising a constructive relationship between a devolved government and the NFP sector. Although a superficial appraisal would suggest that the Northern Ireland Compact had fallen between the cracks of a drawn-out and fraught
process of devolution, direct rule under a Labour government in Westminster provided an important source of continuity pending the restoration of a devolved Assembly in May 2007. Given the stop-start process of devolution in Northern Ireland and the clamour of vitriolic claims and counter-claims for political legitimacy, it is a wonder that the relationship between government and the NFP sector received any policy attention at all.

**The Northern Ireland Compact – the problem stream**

The narrative of devolution in Northern Ireland was one of building a sustainable peace through locally accountable, cross-community institutions (Jeffery et al., 2010:5). As with Scotland and Wales, the Northern Ireland Compact was a policy prescription crafted in Whitehall. Unlike the Scottish or Welsh compacts, the Northern Ireland Compact was less concerned with redressing problems in the government-NFP sector relationship than it was with enlisting civil society organisations in a devolution project focussed on attaining and maintaining peace and order (Mitchell, 2006). Acheson observes that traditions in public administration in Northern Ireland have a different, more ‘corporatist’ feel to those in the rest of the UK – in which relationships among elites are easy to establish and maintain (Acheson, 2009:67-68). Although there has been a long tradition of government interest in the ability of NFP organisations to play a part in public administration, the history of ethno-religious partition in Northern Ireland has created a civil society landscape in which voluntary and community organisations are structurally embedded within separate spheres of voluntary action in the Protestant and Catholic communities (Acheson, 2009:68). In addition, the NFP sector is overwhelming constituted of organisations that exist only in Northern Ireland, meaning that government-voluntary sector relations are insulated to a degree from direct external interventions (Acheson, 2009:69).

Although bridging the sectarian divide in the province formed part of the subtext of the original Northern Ireland compact – encouraging and supporting partnership working between the Protestant and Catholic spheres in civil society as in the political apparatus – it was also concerned to provide a platform for cross-sector working in an environment in which the NFP sector might be expected to play a greater role in the delivery of statutory services.
In 2010 the Northern Ireland Audit Office (NIAO) prepared a report on the effectiveness of the partnership between government and the voluntary and community sector. The NIAO concluded that:

Principles and commitments for partnership working have been agreed between government and the voluntary and community sector, and substantial good practice guidance exists. While it is clear that there are examples of where this is working, it has not been widely or consistently applied (NIAO, 2010:7).

The report notes that the 1998 Compact agreed by the government and the sector, and endorsed by the Northern Ireland Assembly, ‘sets out principles and commitments aimed at improving the broader relationship between the two sectors’, notwithstanding the practical reality that ‘relationships will be formed and developed between individual funders and funded bodies’ (NIAO, 2010:12). The report also noted past actions by government to put the compact into practice as well as the conclusions of a 2004 external evaluation that ‘there were benefits from having a centralised partnership strategy’ (NIAO, 2010:12).

It is clear from the record that government in Northern Ireland – whether through the NIO or the Assembly – has focussed significant policy attention and resources on building workable frameworks for constructive sector engagement. However, the NIAO remarked that while prior initiatives had identified actions aimed at building a more effective relationship between government and the sector, progress in many areas had been slow and the ‘working relationship between government bodies and the sector could be improved’ (NIAO, 2010:16).

This much was conceded by a senior departmental official in testimony before the Northern Ireland Public Accounts Committee:

… what we have not done, perhaps, is to find a resolution on the complex issue of bureaucracy … Do we have a streamlined system that avoids undue pressure? Although we have not achieved that, I would say that it is a very difficult area and we did try to do so. … We did work on policy and sector involvement, yet we hear that the sector is not happy about that process. So, there is more to be done on that. With regard to outcomes and getting an outcome process … we have done some very good initial work … We achieved a lot, but a lot more is to be done. Therefore, I would hope to give ourselves at least a seven out of 10 (Public Accounts Committee, 2011).

The Department for Social Development conceded that, by comparison with England, Northern Ireland had ‘diverged from, or fallen behind in terms of policy and practice’
(NIAO, 2010:18). While taking into account statements from the Department that ‘there had been little or no attempt to promote the Compact across departments’, the NIAO also recognised that:

... much effort has gone into establishing a framework promoting the relationship between government and the Sector … However, more than ten years after the Compact agreement, there is now widespread recognition that the relationship has not fully developed in accordance with its principles. We consider that relationships between organisations will not develop or achieve their full potential without substantial understanding, commitment and endeavour from government, public sector bodies and the Sector (NIAO, 2010:14).

The Department for Social Development informed the NIAO that work had commenced on a replacement for the Compact, to be in place by late 2010, which would ‘provide an agreed vision, establish commitments for all signatories and facilitate the issue of codes of best practice’ (NIAO, 2010:14). The Department observed that the existing compact ‘was a policy of the newly elected direct-rule Labour Government, and whilst it was endorsed by the NI Executive in 2000 the current Executive government does not have, or exercise, any ownership of it’ (Joint Government/Voluntary and Community Sector Forum, 2011).

For its part, the NIAO acknowledged the likelihood of an increasingly difficult economic and funding environment in which pressures on both government and the sector will increase (NIAO, 2010:18). Despite the undoubted pressures, there is little evidence in Northern Ireland of the levels of rancour sometimes seen in the government-sector relationship in other jurisdictions.

**The Northern Ireland Compact – the policy stream**

The Northern Ireland Executive and the NIO (when the Assembly has been suspended) have pursued a number of initiatives to further the aims of the original 1998 Compact. One of these, ‘Partners for Change: Government’s Strategy for Support of the Voluntary and Community Sector in Northern Ireland 2001-2004’, was intended to provide the foundation for ‘fundamental decisions … about the future of government’s financial support of the sector’ (Department for Social Development, 2001).

*Partners for Change* gave effect to the commitment to develop a supporting document setting out how government would put the principles and commitments in the Northern Ireland compact into practice. ‘[D]riven by a vision of government working with the voluntary and community sector’, *Partners for Change* set out a detailed ‘catalogue’ of
cross-cutting actions to be taken by all government departments in Northern Ireland to further their partnership with the sector (under the policy lead of the Department for Social Development).

Actions were grouped under three themes: capacity building; working together; and resourcing the sector. They were underpinned by four common aims intended to ‘demonstrate Government’s commitment to ensure a coherent and co-ordinated policy of support for the voluntary and community sector in keeping with the aims, principles and values outlined in the Compact’ (Department for Social Development, 2001:39).

The four commons aims were:

- **Shaping Policy Development** through co-operation and shared learning in policy and programme formulation and by sharing models of best practice between the voluntary and community sector and the statutory sector;

- **Building Communities** by recognising that local ownership and involvement in planning, decision-making and regeneration processes are necessary foundations upon which lasting peace, equality and prosperity can be built;

- **Promoting Active Citizenship** through measures to increase the level of community volunteering and giving priority to developing community involvement amongst groups currently under-represented in volunteering activities; and

- **Tackling Disadvantage** by ensuring that funding for voluntary action and community development is targeted towards those individuals, groups and areas where need is recognised to be greatest (Department for Social Development, 2001:39).

In 2004, PricewaterhouseCoopers was commissioned to undertake an independent review of the strategy. The evaluation took note of two factors: (1) that Partners for Change was from the outset an ‘unfunded policy’; and, (2) the inherent complexity of co-ordinating all operational departments in the development of best practice and forging new partnership relations with the sector (PricewaterhouseCoopers, 2004).95

The evaluation also affirmed that ‘the benefits from partnership working outweighed the costs of doing so’ and confirmed the ‘ongoing relevance of the Compact as a “backdrop” for a future strategy’. It also found ‘confusion between the cross cutting themes and core aims in Partners for Change, compounded by the shared values and
principles of the Compact’ and recommended ‘that a subsequent Strategy should have one overall aim specified and a small number of strategic objectives’ in order to establish ‘a clear identity or “brand” distinct from other initiatives’ (PricewaterhouseCoopers, 2004:vi). The evaluation recommended financial investment in furthering the strategy:

… the enhanced monitoring requirements and need for active promotion and marketing suggest, that unlike the current Strategy, which was not additionally funded, there will be a degree of investment required for the development, implementation, monitoring and promotion of a future strategy (PricewaterhouseCoopers, 2004:viii).

A subsequent Partners for Change strategy (2006-08) set out actions to be undertaken by operational departments in relation to three key themes:

- building communities and promoting active citizenship;
- shaping policy development and working together; and
- investment in the Sector and capacity building.

Departments nominated a total of 112 ‘action points’ or commitments addressing the themes. Targeting disadvantage was a key objective across all three and the Strategy was also informed by a separate 2005 initiative, 'Positive Steps', the government’s strategy for resourcing the voluntary and community sector (Department for Social Development, 2006, NIAO, 2010:12).

However, in its 2010 audit the NIAO expressed disappointment that:

… departments have not done more to ensure that the principles contained in Positive Steps and the Guide to Funders (adopted and promoted by the Department of Finance and Personnel in 2007) are being fully applied. This would provide a robust basis to inform further guidance and policy developments (NIAO, 2010:47).

The NIAO also drew attention to a degree of disconnect between the progress reported by the Department for Social Development against Partners for Change/Positive Steps and sector perceptions that actions to date fell well short of expectations (NIAO, 2010:16).

**The Northern Ireland Compact – the politics stream**

Any discussion of the Northern Ireland Compact and its successor framework(s) is inseparable from a consideration of the fraught process of devolution in the province. For over fifty years from 1921 Northern Ireland had a devolved legislature in the form
of the Parliament of Northern Ireland until it was dissolved and replaced with short-lived assemblies in 1973 and again in 1982. Thus, from 1972 until 1998 when the current Northern Ireland Assembly was established, the NFP sector in Northern Ireland existed in the political spaces created by direct rule (apart from brief periods). Even then, suspensions of the Assembly have meant that the *realpolitik* of direct rule has been the operational norm until the Assembly resumed operation in 2007.

The devolved legislature for Northern Ireland – the New Northern Ireland Assembly (so-called to distinguish it from the Assembly provided for under the terms of the *Northern Ireland Constitution Act* 1973) – was established under the terms of the *Northern Ireland Act* 1998. The Assembly’s executive arm is the Northern Ireland Executive, which first took power on December 2, 1999. There have been four elections (1998, 2003, 2007 and 2011) since the Assembly was created in 1998, although the Executive has been suspended on various occasions. Devolution was suspended in October 2002, under the terms of the *Northern Ireland Act 2000*, and the functions of the Assembly reverted to the Secretary of State for Northern Ireland (BBC, 2006, 2007a, 2009, House of Commons Library, 2011b).

Assembly elections took place on 26 November 2003 but the Assembly was again suspended. Further talks between Northern Ireland’s political parties (and involving the British and Irish governments) commenced in 2004 and led to the convening of a Transitional Assembly in May 2006 in preparation for a 2007 election, but without legislative powers (Northern Ireland Assembly, 2007?, House of Commons Library, 2011b). At the 2007 election, the Democratic Unionist Party (DUP) and the republican Sinn Féin between them elected the largest number of MLAs. The so-called Stormont Agreement between the leaders of the DUP and Sinn Féin resulted in a commitment to set up an Executive Committee in a Northern Ireland Assembly to which devolved powers were restored in May 2007 (Northern Ireland Assembly, 2007?, Transitional Assembly, 2007?).

The Northern Ireland Assembly elections in May 2011 were the first to take place following a full term of the Assembly (House of Commons Library, 2011b). The Northern Ireland Executive is made up of the First Minister, the deputy First Minister and 11 other ministers nominated by the political parties in the Northern Ireland Assembly in accordance with each party’s share of Assembly seats. It is a power-sharing government in which the First Minister and deputy First Minister are nominated
Two agreements, the Good Friday agreement (1998) and the St Andrews Agreement (2006), establish the basis for Northern Ireland’s devolved system of government made up of the Northern Ireland Assembly and a joint executive based on cross-community power-sharing (Northern Ireland Assembly, 2007?). The 2011 election saw the formation of an Executive in which the DUP has five ministers and one junior minister; followed by Sinn Féin with four ministers and one junior minister; the Alliance Party of Northern Ireland with two ministers; and the Ulster Unionist Party and the Social Democratic and Labour Party (SLDP) each with one minister.  

The Social Development ministry, wherein resides responsibility for community and voluntary sector development, is currently held by the DUP, although from May 2007 to May 2010, the ministry was held by the SLDP. Unlike other jurisdictions where majoritarian politics determine the ideological cast of government the dynamics of Northern Ireland’s executives tend to blur traditional left-right distinctions. Party political identifiers are entirely absent from Assembly or Executive websites, for example, including Ministers’ websites, presumably owing to historical sensitivities around ‘the troubles’ and the desire of stakeholders for stable government (The Economist).

**Implementation, issues and impact**

The 1998 compact continued as the touchstone for government-NFP sector relationships through the brief periods of home rule and the longer spells of direct rule in Northern Ireland. However, the exigencies of governing in a conflict-ridden community meant that the pace of public sector reform in the province was slower than in the rest of the UK (Birrell, 2012). As a result the NFP sector in Northern Ireland was to some extent insulated from the impact of public sector management reforms pursued elsewhere. The meant that some of the compact’s underpinning assumptions – those founded on expectations increased emphasis on cross-sector working and the modernisation of governance – remained largely unrealised.

In 2003 a Task Force on Resourcing the Voluntary and Community Sector was established to develop a strategy that would enable the sector to contribute to the
achievement of government objectives and to the well-being of the Northern Ireland community. The Taskforce noted that increased levels of funding for the sector during the 1990s led to growth in established organisations and to an increase in the number of organisations in receipt of public funds. However, the short-term nature of available resources meant there was no long-term planning framework for resourcing the sector.

Short-term funding equated to a constant round of applications for funding and ‘form filling’, leading to feelings of frustration in the sector and a sense of being under-valued. The Taskforce found that an increasing array of checks and audit requirements by funding bodies did little to help the sector develop better systems of governance. In addition, many voluntary organisations were hampered by a lack of recognition on the part of funding bodies of the full cost of service delivery; a lack of investment in knowledge and skills development; and the lack of a secure funding base necessary to either facilitate bid preparation for public sector contracts or to contribute in any meaningful way to policy development.

The Task Force made a number of recommendations aimed at addressing funding approaches, investment in sector development and enhancing internal governance. The Task Force also made recommendations in relation to a number of ‘change drivers’, such as access to support services, a skills strategy for the sector and a modernisation fund to enhance the technical capability of the sector. The Task Force advocated action at senior levels in government departments to promote adherence to and awareness of the compact: for example the appointment of a senior official in each department who would have responsibility for compact implementation and overseeing relationships with the sector. The Task Force also recommended the creation of an appropriate mechanism to consider and report on non-compliance with the compact (McGrath, 2004:8, 29-30,39-41).

The government’s response to the Task Force came not from the Northern Ireland Executive but from the Minister of State for Northern Ireland. On the whole the government welcomed the recommendations and observed that they ‘fit well with the government’s desire to develop coherent working relationships with the sector’ (Department for Social Development, 2005). The government acknowledged that the Task Force report represented ‘a significant agenda for change’, although not all recommendations were accepted, and many were deferred for further study (Department for Social Development, 2005:30-31). The government also committed to the
development of an action plan to be incorporated into a further iteration of Partners for Change (2006-2008) (Northern Ireland Assembly, 2007).

Although the government accepted that adherence to the compact ‘is fundamental to effective and equitable partnership working between the Government and the voluntary and community sector’, it did not ‘deem it appropriate to establish a quasi-judicial mechanism for enforcing improved performance in an area which should focus on developing agreement and consensus on the measures and requirements to adhere to the Compact’, suggesting instead that existing complaints mechanisms would continue to be relied upon for instances of non-adherence to the compact (Department for Social Development, 2005:24). The government accepted the recommendation to task senior officials in government departments to promote awareness of the compact, but noted that it was incumbent upon the sector to act similarly within its own sphere (Department for Social Development, 2005:24).

The government established an Implementation Group comprised of senior officials to oversee the implementation of agreed measures. Implementation was originally envisaged to occur over two years, however, despite ‘considerable progress against the majority of the recommendations’, the lifespan of the Implementation Group was extended in 2007 ‘until key actions are fully delivered’ (Department for Social Development, 2007). In the second annual report on the progress with the implementation of Positive Steps, the Minister – this time Northern Ireland MLA Margaret Ritchie rather than the Secretary of State for Northern Ireland – acknowledged an ‘expectation gap’ in relation to issues of longer-term funding, citing the constraints imposed by the government’s three-year budgetary cycle (Department for Social Development, 2008?). Nevertheless, the minister announced a number of new investments in capability and capacity building measures and the publication of a Best Practice Manual on Finance and Governance as well as a Code of Good Governance.

The government’s final implementation report in 2009 outlined a number of key achievements, including substantial investments in community development and capacity-building; cross-cutting policy; charities law and regulation; and the establishment of a Charity Commission for Northern Ireland (Department for Social Development, 2009). Commitments still outstanding fell under two broad headings: developing processes of audit and accountability that minimise the ‘bureaucratic
burden’ on the sector, and the relationship between the government and the sector. With regard to the latter, the report indicated that:

Minister Ritchie has recently signalled her intention to bring forward to the NI Executive a new framework for relationships between Government and the sector by the end of 2009. Policy development work is continuing to ensure that this exacting timetable is met (Department for Social Development, 2009:vii).

In November 2008, a motion put to the Assembly called on the Executive to commission a policy paper on options to strengthen its relationship with the voluntary sector (NIAO, 2010:14). In speaking to the motion, Alliance Party MLA Anna Lo, noted the significant contributions made by the community and voluntary sector as ‘a key social partner working with Government’. She also drew attention to the sector’s ‘enormous experience and expertise’, as well as its capacity ‘to be innovative, flexible and value for money’. Lo went on to remark that:

The 10-year-old compact between Government and the sector is a largely aspirational document but, despite follow-on initiatives … to implement a compact in a practical way, its principles have not translated into day-to-day practices. In particular, the sector has become frustrated by the increasingly bureaucratic and complex accounting system, which takes away the focus on service delivery (Northern Ireland Assembly, 2010).

Lo suggested that the policy paper should set out ‘a structure for relations between the Northern Ireland Assembly, the Executive and the sector’ that would provide a basis for ‘structured contact’ between the sector, officials, politicians and ministers. The Assembly accordingly resolved:

That this Assembly calls on the Executive to produce a policy paper committing itself to strengthening the relationship between Government and the voluntary sector, thereby developing an important asset for the whole community; urges Ministers to review the impact of efficiency savings and other departmental discussions on the sector and those who depend on its services; notes the downturn in European Union funding across the sector; and further calls for better cross-departmental funding to support the delivery of Programme for Government targets using the third sector’s capacity (Northern Ireland Assembly, 2010).

Consultation on a new ‘Concordat’ between the government and the voluntary and community sector commenced in early 2011. NICVA strongly supported the move to replace the previous compact, although it also expressed misgivings about the adequacy of the consultation process and timescale. NICVA also cautioned that ‘the concordat will only work if it has strong advocates in the sector and is developed with enough
'buy in’ from organisations right across the voluntary and community sector – not just around the Joint Forum table’ (NICVA, 2011).

A consultation paper on the proposed Concordat acknowledged general support across both government and the sector for replacement of the existing compact and for:

... providing greater recognition for the voluntary and community sector and the role it plays in delivering public services and its contribution to the development of civil society … It is recognised by all that good working relationships between Government and the voluntary and community sector are vital to the public interest (Joint Government/Voluntary and Community Sector Forum, 2011:1).

Whilst retaining and reinforcing the values and principles set out in the original 1998 Compact, the new Concordat would:

• emphasise that the interests of the public must come first when the sector and government do business together;

• require genuine commitment and a willingness to deliver, not just from government, but also from the voluntary and community sector;

• more fully reflect new structures for delivery of local services; and

• emphasise the need for modernisation, mergers and collaboration in the face of ‘difficult economic times’ (Joint Government/Voluntary and Community Sector Forum, 2011:2).

The new Concordat, signed by each of the 13 members of the Northern Ireland Executive together with 14 sector representatives, was launched in October 2011. Announcing the Executive’s endorsement of a new Concordat, Social Development Minister Alex Attwood said:

Signatories to this Concordat share the belief that these partnership arrangements will assist citizens and communities to empower themselves, make a significant contribution to democratic governance, bring people and politicians closer together and provide opportunities to influence decision making and resource allocation (Attwood, 2011).

According to one senior official, giving evidence at a hearing of the Northern Ireland Public Accounts Committee, the key difference between the compact and the concordat is that the former was a ‘rather general statement’ whereas the Concordat is intended to be ‘very practical’:
The compact was a rather general statement about working together. It was a general approach and process, which came from the direct rule period … The key difference is in the public accountability for the relationship and the fact that there are going to be annual reports, rather than the more generalised process there has been up to now. I think that the concordat is more likely to get traction than the compact (Public Accounts Committee, 2011:5, 19).

The same official noted that under the concordat, the Department for Social Development will report annually to the Minister and the Executive ‘on how the voluntary and community sector and the Departments, led by DSD, have worked together, and, in particular, how we have resolved some of the key issues that need to be sorted out to make sure that our partnership is effective’. He added a further contextual qualification:

We heard today that unemployment is at its worst level in 17 years. We look at the pressures that will be around here. We recognise that, unless the partnership is effective, we cannot deliver the quality of services to the public that is essential (Public Accounts Committee, 2011:5).

The Concordat follows a similar formula to other cross-sector agreements. It commences with a series of statements about shared vision, the respective roles of government and the sector, the nature of the relationship and shared aspirations. Annex 1 to the agreement identifies shared values and principles, and Annex 2 – importantly – sets out a ‘commitment programme’ of 12 key activities that will act as ‘drivers for change’ and help to ‘ensure the effective delivery of significant elements of the Concordat’ (see Appendix 3, Figure A3.6).

The official providing testimony to the Public Account Committee spoke about the importance of the sector using the annual reporting framework as a means to leverage its voice in the policy domain and offered a realistic appraisal of the effort required by both parties to give practical effect to the undertakings contained in the Concordat:

There often has to be quite robust debate between the public sector and the community and voluntary sector. It is about a robust, effective partnership; it is not about sweetness and light. There are some really tough issues that we have to hammer out; not all of them are easy. The sector often has to raise its game in different areas to deliver for the public. These are the issues that we have to deal with. In truth, it will depend on how well we use the mechanisms. I think that they are effective, but they are only as good as the effort we put in. I readily admit that (Public Accounts Committee, 2011:22).
Implications

In its first annual report on the Concordat in June 2012, the Joint Government/Voluntary and Community Sector Forum (the Joint Forum) informed the Executive and the Assembly that four Concordat Action Teams (CATs) had been established to pursue actions deemed to have a high priority by virtue of their being essential building blocks for the remaining reforms. The four CATs have focussed on:

- **Structural reform** (providing the Assembly with a yearly report from the Joint Forum through the DSD Minister on issues impacting on the Voluntary and Community Sector; reviewing the terms of reference and membership of the Joint Forum; documenting the new agreement and emerging public sector structures and responsibilities; and exploring and developing processes whereby Concordat non-compliance can be addressed)

- **Outcome-focused Approach to Funding** (by identifying good practice models of outcome-related investment; identifying best practice policy/legislation in relation to outcome-related investment within other jurisdictions; developing appropriate definitions relating to outputs and outcomes; and producing appropriate guidance material on how an outcome-focus will be built into government funding and procurement as well as the manner in which the sector is expected to evidence outcomes delivered as a consequence of investment by government)

- **Influence and Examine the Impact of Government Policy** (by providing opportunities for the voluntary and community sector to influence and examine the impact of government policy) and

- **Bureaucracy** (by identifying options for improvements to public sector funding to the sector, that will deliver greater proportionality of administration, reduce duplication of effort or deliver better value for money) (Joint Government/Voluntary and Community Sector Forum, 2012:10-16).

While reporting ‘good progress’ in relation to commitments such as the impact of policy development and outcome-focused funding and bureaucracy, the Joint Forum reminded the Assembly that:

> It was never the intention of the Concordat to offer quick-fix solutions but rather that it would provide the framework for a long-term process that would develop and mature over a number of years. Where matters can be addressed with speed, however, it is the intention of the Joint Forum to
ensure that this happens (Joint Government/Voluntary and Community Sector Forum, 2012).

Speaking to the report, the Minister for Social Development informed the Executive and the Assembly that:

Progress over the last six months has been substantial and I have been impressed by the commitment of representatives from the Public Sector and from the Voluntary and Community Sector to collaborative and partnership working on issues that have not proven easy to resolve. A great deal of energy and thought has gone into the design of structures and arrangements for working together to provide the roadmap for future action and bring effective and efficient results in the coming years (Northern Ireland Assembly, 2012).

Conclusion

Relations between the NFP sector and government in Scotland, Wales and Northern Ireland have been shaped by endogenous factors such as historical legacies of strong associational cultures and voluntary action; long-standing representation of sector interests by local intermediary organisations; the creation newly devolved governments of institutions for cross-sector working; a continuing attachment to the idea of state intervention and provision; a willingness to develop an expanded narrative embracing social enterprise and other forms of non-state action; and the fashioning of new political discourses around governance and national consciousness. The single greatest exogenous factor affecting the government-sector relationship is economic austerity flowing from a fiscal policy crafted by Westminster. In all likelihood this will shape the social policy approach of all UK governments in the immediate term, especially given the Cameron government’s resolve to slash public sector borrowing commitments by 2015 (Alcock, 2012:234).

Although each of the devolved UK jurisdictions inherited a compact developed in Whitehall, these were not ‘boilerplate’ versions of the ‘English’ compact. Nevertheless, the sub-national compacts bore the imprint of New Labour’s communitarian agenda and were, in essence, Blarite prescriptions for the ills that had afflicted past relationships between the sector and Conservative governments. They did not, and realistically could not anticipate the nature of the relationships between the NFP sector and the yet-to-be devolved administrations in Scotland, Wales and Northern Ireland.

Thus, the Scottish, Welsh and Northern Ireland compacts acted as drivers of policy rather than responses to problems identified within sub-national policy communities or
solutions championed by policy entrepreneurs. It is also apparent that the elected executive in each jurisdiction sought, over time, to re-fashion the relationship framework to suit prevailing conditions and the preferences of local state and non-state actors.

In Scotland, the Scottish Compact quietly gave way over time to a much broader discourse emphasising the social economy and based upon a tripartite relationship between the Assembly government, local government and the sector. It appears from the record that the first minority Labour administrations in Scotland did attempt to implement the Scottish Compact in a meaningful way. However, a framework agreement predicated on relations between the Scottish government and intermediary organisations appeared to have less relevance in a jurisdiction where the nexus between the NFP sector and local government is of greater salience.⁹⁹

Of the devolved jurisdictions NFP sector policy in Wales has shown greater overall stability and continuity owing to its statutory foundations and a political consensus about the value of the VSS. The ‘Welsh compact’ was designed with a view to it becoming quickly redundant – which indeed it did. What replaced it was something altogether more durable, the VSS – the only cross-sector cooperation framework in the Anglo-Saxon world with a basis in legislation. Unlike Scotland, where the devolved Executive attempted to graft an inherited framework upon a new and evolving relationship, Welsh ministers had a statutory obligation to make a scheme in consultation with the sector from the outset. In this endeavour they were unconstrained by a framework document and were thus able to arrive at an accommodation agreeable to the Welsh Assembly and the NFP sector early in the life of the newly-devolved government.

Northern Ireland, on the other hand, had a far more fraught path to devolution, and continued under direct rule for the better part of the Labour decade. Interestingly, direct rule acted to tacitly anoint the NFP sector in Northern Ireland as both a crucial partner and unofficial opposition. In addition to its role as a service provider and partner in policy development, the sector has been an important source of conferred legitimacy for government and has played an important role in bridging the sectarian divide in the province. The Northern Ireland compact guided relations between the NFP sector and central government at Westminster (via the NIO) and the Northern Ireland government, until being replaced in 2012 by the Concordat (the adoption of which suggests that the
Northern Ireland power-sharing executive continues to see the sector as an important contributor to governance and, increasingly, service delivery.

The establishment by assembly governments of new instrumentalities to develop and deliver policies for the NFP sector has, according to Alcock, created new spaces for policy engagement, particularly as the remit of lead agencies in each jurisdiction extends beyond a narrow focus on the voluntary and community sector to embrace social enterprise and other organisational forms in a wider third sector (Alcock, 2012:225-226). Furthermore, the development of formalised government-sector relations where none had existed previously has given intermediary organisations more power and influence than they had before devolution, especially given the smaller scale of government in the devolved jurisdictions (Alcock, 2012:227).

Even after the passing of the ‘New Labour’ era there remains in all four of the constituent countries (including England) a continuing appetite for policy frameworks that support cross-sector engagement and collaboration. This is a testament to the durability of that element of the ‘Third Way’ doctrine and the extent to which it has served to politically de-contest the question of the NFP sector having a central role in the framing and implementation of social policy. Although the ‘Third Way’ has given way to new discourses, the third sector is still in the frame. A continuing interest in cross-sector working also underscores the incontestable fact that governments have come to depend on the NFP sector for the delivery of a significant share of mandated public services, and that the NFP sector is no longer content to act merely as a service agent for government.
PART THREE – SOUTH: NATIONAL AND SUB-NATIONAL COMPACTS IN AUSTRALIA AND NEW ZEALAND
Chapter Six – Formal relationship frameworks in Australia’s states and territories*

This chapter considers policy frameworks for cross-sector cooperation in Australia’s eight states and territories and examines the political and historical factors that brought them about. Owing to the number of jurisdictions covered in this chapter it is infeasible to examine each of the cases in detail.

In the discussion that follows, observations from each case are drawn together under the broad headings of the problem stream, the policy stream, and the politics stream, in order to identify significant commonalities and differences between the cases. Readers wishing to investigate in greater detail the history of cross-sector policy frameworks in each state and territory jurisdiction may look to the series of one-page vignettes at Appendix 5.

Not all of the policy frameworks considered in this chapter were fully implemented or realised their full potential: some were reshaped or relegated by incoming governments and some failed to live up to their initial promise and fell by the wayside. Others have exhibited durability and have enjoyed some success. All were pursued in order to give effect to agreed ‘rules of engagement’ between governments (and their instrumentalities) and the NFP sectors in each jurisdiction. Although some of the frameworks aim to embrace the ‘whole-of-government’ or ‘whole-of-sector’, in practice most give particular emphasis to those parts of the sector upon which governments have become increasingly reliant for the delivery of mandated public services. In general, these fall into the category of community-based social welfare and ancillary health services.

As discussed elsewhere in this dissertation, formal relationship framework documents in part represent a symbolic acknowledgement of the important contribution of civil society generally, and NFP service providers in particular, to the social well-being of the community. These frameworks are also intended to serve as a touchstone for agreed

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* This chapter is an expanded version of a paper first presented at the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) 40th Annual Conference in Toronto, Ontario, from 17-19 November 2011. An amended version of the original paper was peer-reviewed and accepted for publication in a forthcoming volume in the ANZSOG monograph series.
values, principles, attitudes and norms underpinning government’s relationship with the sector. In practice, most compacts have been framed as a means to remedy the perceived corrosive effects of past procurement and contracting practices and to give substance to the rhetoric of ‘partnership’.

Historically, the procurement and contracting practices of governments have tended to emphasise the accountability of service providers (agents) to governments (principals). Accountability is not unidirectional: Compacts have a role to play in balancing the flow of accountability between government, the NFP sector and the public: accountability from NFP service providers for performance; and the accountability of government for maximising the effective delivery of public policy in the public interest.

NFP service providers have never been comfortable with being cast in the role of mere ‘contractors’ or agents of state service delivery. To the contrary, NFP service providers see themselves – individually and collectively – as policy actors in their own right; as repositories of expertise and knowledge; and, importantly, sources of legitimacy. Indeed, it might be said that when entering into contracts with NFP providers for the delivery of publicly mandated services, governments are buying both capacity and the legitimacy that NFP providers bring to service delivery (Moore, 2000).

Elson (2011a:137) observes that there have been few comparative analyses of subnational relationship framework agreements within the same country, and this is certainly true of Australia. Although compacts have been part of the policy mix in Australian states and territories for over a decade, there have been few attempts at a systematic survey of relationship framework documents and relatively little has been published in peer reviewed journals, notable exceptions being Baulderstone (2008), Brown and Ryan (2003), Butcher (2006, 2011, forthcoming), Edgar and Lockie (2010), and Pugh (2007).

The analysis presented here is based upon an extensive review of relevant primary documents and a more limited secondary literature. The primary literature – as is the case with the other jurisdictions considered in this dissertation – is replete with policy documents, press releases, correspondence and reports (including Parliamentary Reports, reports by State Audit Offices and consultants). This literature is invaluable in re-constructing the policy histories of the relationship frameworks in each jurisdiction.
Insights drawn from the literature are corroborated by in-depth interviews conducted with senior public officials, senior NFP sector representatives and other elite policy actors in each jurisdiction (with the exception of the Northern Territory). In order to protect the confidentiality of interviewees none is identified by name or organisation.

**State and territory relationship frameworks in context**

When in March 2010 the Commonwealth announced the Australian National Compact it was traversing ground already well-ploughed by state and territory governments. From the mid-1990s all Australian state and territory governments have explored the potential of formal relationship frameworks with the NFP sector to resolve the tensions and contradictions inherent in the contract state.

The discussion that follows considers the range of factors influencing the adoption of formal cross-sector policy frameworks, as well as the factors contributing to their success and failure. This thesis contends that the processes underlying the diffusion and adaptation of these policy frameworks have as much interest for the researcher and policy practitioner as does their content or operational dimensions.

Although each of the frameworks discussed trace their provenance to the ‘English’ compact, each has deviated from that original template in response to local political, social or institutional factors (as indeed has the English compact itself over time). Some of the frameworks that have emerged are genuine bilateral agreements, while others are unilateral policy statements formulated with differing degrees of co-development. Each policy framework differs in its scope, institutional arrangements and operational frameworks.

Some are intended to encompass the ‘whole-of-sector’ or ‘whole-of-government’ (ACT, TAS, QLD), while others are expressly concerned with the health and social welfare sub-sectors (NSW, SA, VIC, WA). Some have effectively lapsed (NSW, QLD) owing to changes of government, or appear to have lost policy salience (SA). Others appear to enjoy ongoing or renewed policy salience (ACT, VIC). Two are relatively recent, and their performance is yet to be assessed (WA, TAS). A listing of current and lapsed state and territory framework documents is provided in Figure 6.1 below:
State and territory relationship frameworks – the problem stream

It should be no surprise that Australia’s state and territory governments have explored the potential of formal cross-sector policy frameworks to support a more cooperative relationship with the NFP sector. It one respect, this is a natural consequence of Australia’s constitutional division of powers which confers primary responsibility upon states and territories for the delivery of health and human services, housing and education (ACT, 2000:6, Casey et al., 2008c:4). This means that state and territory administrations have a much larger financial and operational exposure to the NFP sector by comparison with the national government.
The interdependence between the state/territory public sector and NFP service providers has been cemented by the former’s adoption of competitive tendering and contracting as a preferred service delivery modality. It might be argued, therefore, that resource dependence leads the NFP sector to seek accommodations with sub-national governments to assure income and to ameliorate the power imbalance between the purchasers and providers of mandated public services.

In the problem stream are found a similar mix of issues to those that apply in many of the other jurisdictions so far examined. In a series of semi-structured, in-depth interviews with elite-level sector representatives and public officials in six states and the Australian Capital Territory the following ‘problems’ emerged as having broad salience: contracting practices employed by public sector purchasers; compliance burdens on NFP sector providers; failure to fund providers for the full cost of services; marginalisation of the sector in policy formulation; and the effects of competition on NFP sector culture and behaviour. Each of these is discussed below.

**Principal agent contracting**

During the 1990s state and territory governments were under constant pressure to at once reign-in expenditure and expand services. In their attempts to respond to these conflicting imperatives most states and territories engaged in almost continual restructuring and re-organisation. Public sector agencies were re-profiled, re-configured and downsized. Mandatory across-the-board savings requirements were imposed in many jurisdictions and agencies were constantly challenged to do more with less.

Reducing programs by cutting expenditure and/or changing eligibility requirements or imposing fee-for-service arrangements had the effect of forcing people in need to seek assistance from NFP organisations. However, the change from grant funding to contract funding (for which there was seldom provision made for operational overheads) meant that the income base of NFP service providers was considerably narrowed, thereby constraining their capacity to respond to demand outside the bounds of contracted service delivery. Cost-shifting and cross-subsidisation were natural recourses for organisations seeking to fulfil their value mission.

In each of the jurisdictions examined, those interviewed – both from the NFP sector and the public sector – cited a variety of externalities associated with the service procurement and contracting regimes used by government instrumentalities. In many
ways, this was a re-play of the contracting experience in overseas jurisdictions such as the UK and Canada where the introduction of neoliberal approaches to public administration and governance had been underway since the early 1980s, including the progressive replacement of grant funding with POSCs with NFP service providers. One senior NFP sector administrator remarked that the impact of contracting on the altruistic mission of NFPs and upon diversity in values and modes of service delivery was ‘something we need to reflect on’ (personal communication, 1 April 2011).

In New South Wales it was argued that a compact might ‘help to ameliorate the [tensions inherent in] the great rush to market-based funding mechanisms’ (personal communication, 13 September 2011b). A compact might also assist the sector to respond to major structural changes begin driven, in part, by a shift from grants-based funding to performance-based funding under contract (personal communication, 13 September 2011b). A senior Western Australian government official conceded that past contracting practices not only served to diminish the ability of the NFP sector ability to innovate and provide alternate service delivery models (e.g. by being excessively prescriptive about inputs and outputs), but also asked NFP providers to deliver services ‘at a price that we knew was not sustainable’ (personal communication, 5 July 2011).

**Compliance burden**

Where public and NFP service providers had once co-existed in a state of complementary symbiosis, a growing emphasis on NPM-inspired reforms from the early 1990s led Australian state and territory governments to favour non-state service provision over in-house provision where it was politically and practically feasible. In part this was driven by a national policy preoccupation with competition policy underpinned by an orthodox principal/agent approach to competitive tendering and contracting (CTC). Contracting – coupled with the absence of mature markets for public services, a risk-averse public sector culture, and capacity and capability deficits in both the public and NFP sectors in relation to CTC processes – resulted in a range of problems, including: excessive reporting requirements; prohibitive tendering costs; poor contract management; and financial uncertainty. The adverse effects upon NFP service providers of the compliance burden – long acknowledged within the sector – has come to be recognised by the public sector. As observed by one South Australian official:
Decisions we make about how we describe that relationship, how we regulate that relationship, how we request information from them, directly affect their day-to-day operations. We get that wrong, they spend way too much time writing reports to us about things that really don’t matter (personal communication, 6 July 2011b).

The compliance burden is a common theme in NFP sector commentary across all jurisdictions. In 2006 the Victorian state Treasurer (under Labor) requested the State Services Authority to examine the impact of government regulation and other reporting requirements on the NFP sector. Overseen by Commissioner Susan Pascoe AM the report observed that regulation affecting the NFP sector had not received the same attention as regulation affecting the business sector. The review noted ‘growing concerns about the proliferation of legislation and rising burden of regulation’ and made a number of findings and recommendations aimed at reducing that regulatory and administrative burden while maintaining appropriate levels of accountability and transparency (Victoria, 2007).

**Full-cost pricing**

NFP service providers in all state and territory jurisdictions report the failure of commissioning agencies to fund the full-cost of service delivery. The impact of this ‘funding gap’ on NFP organisations has been considerable, especially considering the shift away from grant funding and a consequently narrowed income base.

Among the contributors to this situation are: (1) a presumption that community-based service providers will co-contribute to the cost of service delivery in accordance with their founding mission (but failing to take into account their limited ability to generate additional sources of income); (2) inexperience and lack of understanding in the tender preparation process, especially the calculation of an appropriate price/cost structure (including inadequate provision for overhead costs); (3) a presumption that cost structures are inherently lower in the NFP sector by comparison with the public sector (which they are, primarily because of a lack of wage parity under existing awards); and (4) a failure on the part of commissioning agencies to accept a responsibility to invest in the development of the NFP sector.

As one NFP agency head from Western Australia observed: ‘government just doesn’t understand what it actually costs to deliver these services and in fact many government
agencies would still believe that they should be delivering these services’ (personal communication, 4 July 2011).

In a number of jurisdictions the funding gap has been exacerbated by the failure of commissioning agencies to pass on indexed price adjustments to funded NFP service providers. Even when notionally obliged to do so (e.g. Western Australia and Victoria) public sector organisations have not consistently applied annual indexation to contract funding, sometimes choosing instead to use monies nominally earmarked for the purpose to defray mandated savings requirements in their own operations (personal communication, 18 April 2011). Failure to index funding had the effect of imposing real reductions in funding over successive years and potentially compromising the quality of services provided to clients.

The problem is further complicated by the fact that industrial awards in the NFP community sector are already substantially lower than in the public sector or equivalent industries, making the recruitment and retention of suitably qualified staff much more difficult (personal communication, 3 October 2011b, 5 July 2011, 7 July 2011a, 18 April 2011, 21 July 2011, 22 November 2010).

South Australian officials cited examples of sites where the public sector is obliged to continue providing services directly because NFP providers are unable to recruit and retain staff at a price they can afford:

> For example, we’re changing the arrangements for the delivery of anti-poverty programs in Families SA – now in Coober Pedy we’re NOT changing the arrangements, we are continuing to deliver the services across the spectrum in Coober Pedy because we know there’s no other organisation that would be able to do it and, interestingly enough, we’ve got the same situation at Victor Harbour – there are no organisations that can actually deliver the same service in Victor Harbour, so we’re continuing to deliver that service in Victor Harbour rather than contracting out (personal communication, 7 July 2011a).

Plainly, the funding gap severely constrains organisations in their attempts to grapple with significant structural bottlenecks in their labour markets.

**Marginalisation**

The late 1980s onwards witnessed a gradual substitution of a largely monopolistic welfare state directly providing a wide range of statutory public services for a largely monopsonistic state delivering services *via* third party providers where feasible. The
monopolistic state used its legislative and financial power to ensure the provision of a range of public services unable to be provided – so it was believed – by the private market or charitable sector. The monopsonistic state, on the other hand, uses its legislative and financial power to leverage the delivery of public goods by private and/or NFP sector providers. In some human services sub-sectors mature markets do not exist and new quasi-markets have had to be established in order to establish a contestable market environment in which competition between rival providers can generate choice, responsiveness to consumers and economic efficiency.

Under the monopolistic state NFP organisations were funded for the purpose of undertaking activities deemed to be complementary to the public sector, such as providing non-standardised forms of service. Cross-sector relationships were often cordial and collegial (although the public sector sometimes adopted a ‘state knows best’ position). The monopsonistic state was less inclined to engage with the sector as a policy partner. The contractual nexus reinforced a principal-agent dichotomy in which the state – as commissioner and purchaser – tended to be directive, authoritarian and controlling. This took the form of prescribing inputs and outputs and, perversely, stifling innovation.

**Competition**

The introduction of contracting brought with it a set of competitive behaviours that in times past were not much in evidence in the NFP sector. Although governments held out the promise of ‘healthy’ competition to deliver choice, better practice and innovation through benchmarking, competition between NFP service providers inhibited cooperation, information-sharing and other collaborative behaviours. Competition also encouraged predatory business practices such as under-cutting rival bidders and poaching staff (Butcher and Freyens, 2011).

One NFP sector leader from South Australia asserted that competitive tendering has resulted in the breakdown of collegiality around the sharing of resources and skills within the sector. As he put it, governments determine the level of resources they are prepared to commit and the sector is then invited to fight over those resources (personal communication, 6 July 2011a). Similarly, in New South Wales ‘throwing open’ human services markets to competitive tendering led to competition between organisations and a ‘great deal of tension’ (personal communication, 17 November 2010).
State and territory relationship frameworks – the policy stream

It is quite clear from the primary documents that in coming to their decisions, each jurisdiction has expressly taken into account framework agreements overseas or in other Australian jurisdictions. This is suggestive of a process of policy diffusion in which the preferred policy responses in one polity are systematically conditioned by prior choices made in others (Simmons et al., 2006:787) and describes well the succession of policy discourses around the issue of cross-sector collaboration and partnership in Australian states and territories over the past decade. It might also be suggested that interest in the possibilities of cross-sector framework agreements followed in the wake of the prior diffusion of public administration doctrines, such as those encompassed by NPM (Hood, 1991, Common, 1998, Halligan, 2011).

It is clear from the primary documents and from contemporaneous NFP sector commentary that framework agreements were intended to address a suite of problems that were substantially the same in each jurisdiction. For this reason the emergence of policy discourses around issues of cross-sector cooperation is also suggestive of processes of policy convergence – the tendency for policy formulations in different jurisdictions to grow more alike in response to commonly-shared problems (Drezner, 2001). In this light, the adoption of compacts or similar framework documents in different jurisdictions can be seen as a convergent response to the range of externalities associated with particular applications of NPM, such as the competitive tendering and contracting (CTC) of human service delivery.

Although the factors referred to above go some way towards explaining the emergence in state/territory jurisdictions of policy frameworks for cross-sector cooperation, they do not explain the often marked differences in their expression ‘on the ground’ in terms of their form, durability and impact. Closer consideration of the historical, institutional and political context within which these policy frameworks arise is, therefore, required. In order to do so, the following factors are taken into account: the influence of policy communities such as the state and territory Councils of Social Service (COSS networks), research communities (research centres and ‘think tanks’), and political parties (especially those of the centre-left); the influence of cross-sector policy frameworks in other overseas or Australian jurisdictions; and the role of policy entrepreneurs.
**COSS networks**

The most influential conduit of information about current issues in NFP sector-related policy and practice is via the Councils of Social Service (COSS) in each state and territory and through the national organisation, the Australian Council of Social Service. As a ‘peak of peaks’ the COSSs are the natural collecting point for information, research and shared experience in the health and human services sectors. The COSSs are important interlocutors with government on issues of sector reform, social welfare and the impact of public policy on the vulnerable and disadvantaged and for this reason the COSS leadership was also at the leading edge of adaptive responses to the challenges confronting the sector as a consequence of public sector reforms in the 1990s.

COSSs led the case within the NFP sector in favour of framework agreements as evidenced by the fact that they were signatories to most policy frameworks, either in their own right (SA) or as the lead organisation in a consortium of peak organisations (Qld, NSW, Tas, Vic). The ACT’s Social Compact does not have signatories, although it does include ‘endorsements’ from a variety of community sector organisations, including the ACT Council of Social Service. The WA Delivering Community Service in Partnership Policy, as a policy statement of government, does not have signatories although the document was co-developed with the WA Council of Social Service.

**Research communities**

A number of university research centres and non-profit ‘think tanks’ have had some influence in the NFP policy space. There are think-tanks with deep historical and institutional links to the ALP (such as the Evatt Foundation) or the Liberal Party (the Menzies Research Centre), just as there are those whose worldview is broadly aligned with either the left (the Australian Fabian Society), centre left (the Australia Institute), centre right (the Centre for Independent Studies) or the right (the Institute for Public Affairs) of the political spectrum, however none focus exclusively on the NFP sector or civil society (although they might occasionally venture in that direction). For example, there is no equivalent Australian organisation to Demos or Centris in the UK that have exerted influence on British Labour’s approach to the not-for profit sector.

A number of Australian universities do have centres with research streams on the NFP policy space. These include the Whitlam Institute (University of Western Sydney); the
Centre for Social Impact (a collaboration of the University of New South Wales, the University of Melbourne, Swinburne University of Technology and the University of Western Australia); Cosmopolitan Civil Societies (University of Technology Sydney); and the Australian Centre for Philanthropy and Nonprofit Studies (Queensland University of Technology). A relative newcomer to this research space, the Centre for Social Impact, whose inaugural CEO was former head of the Department of the Prime Minister and Cabinet Peter Shergold, has gained the ear of Australian governments since its establishment in 2008.

Although centres such as these are important sites for scholarly and commissioned research it is difficult to gauge the impact of their research output on policy in the NFP domain. In addition, the Australian and New Zealand Third Sector Research (ANZTSR) is a network supporting scholarly research on NFP organisations, volunteering and philanthropy. The ANZTSR is an analogue of similar organisations in the US (ARNOVA) and the UK (ARVAC) as well as the International Society for Third Sector Research (ISTR).

**Political parties**

The concept of ‘policy communities’ describes a process in which ‘extra formal’ organised interests and governmental actors meet at the interstices between formal governmental or social institutions in order to pursue particularistic matters of public policy that are instrumental to their interests (Miller and Demir, 2007:137). Policy communities arise in order to shape the direction and outcome of public policies in policy environments characterised by pluralism, complexity and fragmentation (Miller and Demir, 2007:137).

In the course of pursuing their interests, policy communities engage with a variety of (individual and collective) policy actors, including formal political parties. Such engagement can be mutually beneficial: political parties might benefit from the policy inspiration and intellectual legitimacy conferred by policy communities, and the latter might benefit from having their particularistic interests reflected in the formal policy platform of a political party.

In democratic countries political parties exist to elect their member to legislatures and are therefore an integral part of the formal governmental process. However, many political parties have origins in informal social movements with which they often retain
political or institutional links. In addition, political parties sometimes also enjoy strong historical and institutional links kindred parties in other countries. This is particularly true of the Australian and British ‘labour’ parties (Frankel, 1997, James and Markey, 2006).

Just as NPM with its emphases on markets, competition, consumer empowerment and choice resonated with the neoliberal critique of ‘big government’, centre-left political parities, such as the ALP, appear to have been strongly attracted to ‘Third Way’ policy formulations – often in a visceral reaction to the more extreme manifestations of the neoliberal policy doctrine.

**Influence of prior framework documents**

The policy conversations concerning policy frameworks for cross-sector cooperation in Australia’s states and territories have all at some point acknowledged the English or Canadian agreements. Knowledge of these seminal agreements was widely promulgated within NFP policy communities from their earliest days (PAEC, 2002). The 1998 English Compact in particular was long considered the exemplar agreement according to which others might be judged. It is true that some jurisdictions elected to depart from the English model, judging that a bilateral agreement might not suit their needs, however, even unilateral policy documents such as the Western Australian Delivering Community Services in Partnership Policy (Western Australia, 2011) bears in its text an imprint of the template pioneered by the English Compact.

Interestingly, there is little tangible evidence of policy transfer between Australian jurisdictions. Although informed NFP policy actors are aware of framework documents in other states and territories, that knowledge appears to of a highly superficial nature. Although this study did not set out to explicitly measure domain knowledge, conversations with policy actors in the NFP sector suggest that they are somewhat more aware of frameworks in other Australian jurisdictions (more by reputation than detailed knowledge) than are their counterparts in the public sector.

That said, there was evidence of both formal and informal knowledge transfer between particular jurisdictions – such as from Victoria to Tasmania, both as a by-product of professional mobility between the public sectors of the two states and as a result of the explicit transfer of policy discourses (for example, the transmission of discourses around social inclusion from South Australia via Victoria to Tasmania). The clearest
example of policy transfer in the NFP sector is the duplication in NSW of a community sector charter (FONGA, 2011) originally developed in Queensland (Futures Forum, 2007).

Policy entrepreneurs

As suggested above, there is little hard evidence for the explicit adoption of policy learnings between state and territory government agencies – even amongst those jurisdictions with Labor governments. What does emerge in the Australian context, is the importance of particular individuals who have acted as transmitters of ideas, constructs and norms from one jurisdiction to another.

Interviews with elite policy actors in the public and NFP sectors revealed instances where particular persons acting as policy entrepreneurs played an important role in placing the notion of a formal framework agreement on the policy agenda. Kingdon’s (1995) characterisation of a policy entrepreneur is that of an individual with the drive, commitment and connections necessary to wield influence in the policy arena. Indeed there are examples of such persons from the cases: in New South Wales, for example, it was clear from the recollections of all persons interviewed that one person above all is attributed with having placed a compact on the policy agenda in that state (personal communication, 13 September 2011b, 17 November 2010, 18 November 2010b).

Although this individual did not act alone, he had identified early on the evolving policy discourse in the UK and promoted a similar policy formulation here in Australia (personal communication, 13 September 2011b, 17 November 2010). Moreover, he used his high profile in the NFP sector in NSW together with contacts in the (then) Labor government to mobilise support for a compact within the NFP and the public sectors (personal communication, 17 November 2010, 18 November 2010b).

There are other examples of individuals who by virtue of their expertise and experience have served as influential ‘transmitters’ of policy ideas and practice. One is Professor David Adams, who prior to being appointed Tasmania’s inaugural Social Inclusion Commissioner had formerly worked on social inclusion strategies for the Victorian state government. Another is the former Secretary of the Department of the Prime Minister and Cabinet under Howard, Professor Peter Shergold, who as the inaugural CEO of the Centre for Social Impact, has been enlisted by the Western Australian and Tasmanian governments to facilitate the cross-sector dialogue leading to cross-sector policy
frameworks in those states. Both of these individuals have served as important conduits for the sharing and transmission of knowledge between jurisdictions.

In some states and territories the intervention of a first minister (Anna Bligh in Queensland, Colin Barnett in Western Australia, Laura Giddings in Tasmania and Jon Stanhope in the Australian Capital Territory) was regarded by the NFP sector and government as conferring authority and legitimacy on the processes of negotiation and implementation. Interestingly, policy frameworks for cross-sector cooperation have lost political and policy salience in jurisdictions beset by political instability and leadership change (as was the case with Labor governments in the Northern Territory, Western Australia, South Australia and New South Wales).

The passage of time, the turn-over of personnel and the ephemeral nature of collective memory in the public and NFP sectors means that it is difficult to identify or to confirm with precision the precise roles played by the range of policy actors involved in mobilising support for particular policy frameworks for cross-sector working. Undoubtedly, the signatories to framework documents – the state COSS directors and the leadership of affiliated peak organisations would have played a role, as would government signatories and the public officials advising them.

Professional mobility within the upper ranks of the state and territory public services might also contribute to the transmission of ideas and approaches between organisations and between jurisdictions. As a case in point, Tasmanian officials interviewed for this study in part attributed early support for a compact in the Tasmanian Department of Health and Human Services to the influence of senior public servants formerly employed by the Victorian state government (personal communication, 3 October 2011b, 4 October 2011b).

**State and territory relationship frameworks – the politics stream**

At one time or another formal cross-sector policy frameworks have been part of the policy palette in all Australian states and territories in states and territories and have in most cases been initiated by Labor administrations. This might be explained in part by the ALP’s historical and institutional associations with parts of what might be collectively termed ‘civil society’ (which includes the NFP sector), in particular the labour movement and ‘progressive’ social movements. The attractiveness for the NFP

Throughout the first decade of the new century state and territory Labor governments explored options to improve their relationships with the NFP service providers. The desire to find better ways of cross-sector working has two broad antecedents: first, in the problem stream there was a growing recognition by governments and thought leaders of the limitations, contradictions and externalities associated with the application of the policy nostrums associated with NPM (see Pusey, 2008); second, in the policy stream, there was a flowering of new policy thinking founded on notions of joined-up and networked governance (promoted at every opportunity by influential policy entrepreneurs both within and without the bureaucracy).

In Australia’s states and territories the problem, policy and politics streams came together at different times, under different circumstances and with different results. In most jurisdictions the convergence of the three streams resulted in formal cross-sector policy frameworks achieving policy salience. However, political and leadership change, structural change in the machinery of government and the turn-over of senior personnel (some of them the very policy entrepreneurs who caused compacts to be placed on the agenda in the first place) also contributed to the closing of policy windows and the crowding-out or relegation of cross-sector policy frameworks in those jurisdictions where the frameworks had not achieved sufficient political momentum or were not institutionally or practically embedded.

This section considers the characteristics of the political context in Australia’s states and territories along the following dimensions: the significance of Labor governments and the influence of election cycles and leadership change.

**Labor governments**

For the most part, the dialogue about formal policy frameworks for cross-sector working commenced under state and territory Labor governments. The one notable exception is the Australian Capital Territory (ACT) where Australia’s first compact was introduced in 2001 by an incumbent Liberal government in the lead-up to a territory
general election. It is difficult to say whether that document was a product of genuine policy conviction or political opportunism. What is known is that the ACT’s original compact was supported at the time of its introduction by the NFP sector and was subsequently re-branded and re-launched as Labor government policy in 2004 (personal communication, 1 April 2011).

The period during which the majority of these policy frameworks were discussed coincided with a period in Australian political history when there were ‘wall-to-wall’ state and territory Labor governments. In 1996 Labor held office in only one state – New South Wales. In 2001, only South Australia and the ACT still had Liberal-led governments. By 2004, Labor governments held sway in each state and territory – a situation that would prevail until September 2008 with the formation of a Liberal-led government in Western Australia (see Figure 6.2).

Figure 6.2 – State and territory governments 1996-2011

Thus, for much of the time that the Liberal/National Coalition governed nationally (1996-2007) Labor governed in the states and territories. This had the effect of raising hopes in the sector about the possibility of improved relationships between the sector
and government, and between levels of government. As one Victorian sector representative put it:

Of course we all had those high hopes when we had wall-to-wall Labor [governments], we had these high hopes that suddenly state-federal relationships would suddenly become easy. That the states would cede logical things to the feds; that feds wouldn't blame the states for service delivery going bad. I think we had fantasies that Federal Treasury would suddenly want to give money to the state housing bodies to actually do something about public housing …

That was probably the first time in, you would know, how many years we had wall-to-wall Labor [and] it only lasted a few minutes really, and now we’re back to ‘business as usual’, which means that probably the COAG [Council of Australian Governments] forums will become more difficult, more politicised, more grandstanding: Julia Gillard used to work for John Brumby so there was a moment there where you could have beautiful harmony (personal communication, 15 April 2011).

During this time the NFP sector, buffeted nationally by the Howard government’s enthusiastic embrace of neoliberal policy doctrines, sought to shore up its position as a trusted partner to ‘friendly’ state and territory Labor administrations.106

This period also coincided with the three terms of the Blair Labour government in the UK (1997-2007) whose third-way policy framings – including compacts in England, Scotland, Wales and Northern Ireland – had attracted the attention of Australian Labor politicians and the NFP sector. Seen at the time as an innovative approach to governance, the ‘Third Way’ helped to shape the Australian sector’s framing of its own relationship with the state (and offered a solution: compacts), and it provided an authentic social democratic policy response that Australian Labor governments could emulate.

The national Coalition government was certainly not prepared to contemplate any formal policy advisory role for the sector. One ACT government official suggested that it was a ‘strange irony’ that a federal government that so actively promoted purchaser-provider relationships and accelerated the shift towards third party contracting would not have seen the necessity of negotiating more constructive relationships between government and the sector (personal communication, 31 April 2011). In any case, it is unlikely that state and territory Labor governments would have elected to emulate the example of the federal Coalition.
The ACT Liberal government’s 2001 decision to introduce the first Australian compact might seem to have been out of character politically, at least at that time. Over a decade on it cannot be said with certainty what influences led to that decision. In a small jurisdiction like the ACT where there are few degrees of separation between elected representatives, public officials and NFP sector leaders, it would be unsurprising to find that policy strategists in either major party were conversant with the arguments in favour of formal relationship frameworks. The same might not have been true (at that time) of other, larger states and territories where the effects of scale might lead to different outcomes.

**Election cycles and leadership change**

The link between the election cycle and the pursuit of cross-sector policy frameworks does not appear to be especially strong, and this likely reflects a perceived low political salience of policies concerning the sector generally (there are few ‘votes’ in the NFP sector). Nevertheless, framework documents such as compacts might have some appeal owing to their symbolic content in that they convey an impression of action without necessarily binding government or incurring additional expenditure. In other words, they help to convey an impression of government doing positive things. However, a high level of symbolism might contribute to a low level of political attachment, especially under circumstances of leadership change, if only because the priorities and policy preferences of leaders differ. Take into account the following examples:

- **Australian Capital Territory** – The minority Liberal government in the ACT launched a compact in 2001 less than a year after Chief Minister Kate Carnell resigned in favour of her deputy, Gary Humphries, prior to a threatened vote of no confidence. Humphries faced polls that same year and possibly hoped that a compact would better his electoral chances by mending fences with the community sector. In any case, the Liberal Party lost the election and the new Labor government re-branded and re-launched a similar document as its own just months before the 2004 election. A ‘refreshed’ version of the *Social Compact* was re-launched in 2012, under a new Labor Chief Minister just months before fighting her first election in that role.

- **New South Wales** – During its first term the Labor government led by Premier Bob Carr responded to lobbying by the community sector by including a commitment to
a compact in its re-election platform in 2003. By the time the compact – *Working Together for NSW* – came to fruition in 2006, Carr had already resigned (2005). The document thus lost its original sponsor and further leadership changes in 2008 and 2009 possibly helped to seal its fate as a dead letter by the time of the 2011 election, which Labor lost to the Liberal/National Coalition.

- **Northern Territory** – In her first term Clare Martin, the Northern Territory’s first Labor and first female Chief Minister, promoted community engagement as an organising theme for her government. *Common Cause* (a precursor to a formal framework agreement) would provide a platform for cross-sector engagement. Although Martin was re-elected in 2005 with an increased majority, escalating tensions between the Territory and the federal government concerning entrenched social problems in the Territory’s aboriginal townships (which culminated in a dramatic federal intervention) contributed to Martin’s decision to resign in 2007. By that time, *Common Cause* appears to have been abandoned. The notion of a formal relationship framework re-emerged only briefly, just prior to the 2012 Territory election, which Labor lost to the Country Liberal Party.

- **Queensland** – Charismatic Labor Premier Peter Beattie led his party to four successive election wins in 1998, 2001, 2004 and 2006. Apart from its first term, Labor enjoyed strong majority government. During this time, apart from introducing a policy on volunteering, there was little pressure on government to entertain a formal cross-sector relationship with the sector. A compact only gained policy salience after Beattie resigned in favour of his deputy, Anna Bligh in 2007. The *Queensland Compact* took effect in November 2008, just months before Labor was re-elected at the 2009 general election. Bligh personally championed the compact as a signature policy of her administration, however a landslide win to the Liberal National Party in 2012 threw the compact into abeyance.

- **Tasmania** – Although government and the sector in the ‘Island State’ had for a number of years discussed the prospect of a compact or similar policy framework, there was little tangible progress until 2011 following the sudden resignation of the state’s third Labor premier, David Bartlett in favour of Lara Giddings. Bartlett had led Labor to a hung parliament at the 2010 election and left Giddings to lead a
minority government in coalition with the Tasmanian Greens. The Tasmanian Partnership Agreement took effect in 2012, ahead of the next election in 2014.

• **South Australia and Victoria** – These states offer a study in contrasts. In South Australia a stable Labor government first elected in 2002 and led by a Premier influenced by Blairite ‘Third Way’ politics, first initiated a compact in 2004. Both that first compact, *Common Ground*, and its 2009 successor, *Stronger Together*, are narrowly focused on the health and human services sub-sectors. In Victoria, government also made an early deliberate decision to utilise cross-sector agreements with the health and human services sub-sectors, starting in 2002. In South Australia, both agreements were signed on behalf of government by relevant ministers, whereas the partnership agreements in Victoria are signed on behalf of government by the chief executives of the relevant departments. In South Australia, the sector reports little success in gaining an audience with ministers and regards the agreement as largely ineffectual. In Victoria, where the agreements are stripped of their political branding they not only serve as a robust platform for addressing a range of policy and operational matters, but they have endured a change a government and continue as a valued policy instrument.

• **Western Australia** – In Western Australia another Labor Premier with strong personal and intellectual ties to the Blair government, Geoff Gallop, took a divergent path with that state’s *Industry Plan* (2004). The *Industry Plan* was intended to help build sector capacity and so enable it to better fulfil a role as a valued partner with government in service delivery. Although well regarded at its inception, the *Industry Plan* lost potency owing to the absence of a strong central agency steer and poor adherence by line agencies. By the time of Gallop’s resignation in 2006, the Plan had already waned as a force for change, and failed to revive under the new Labor Premier Alan Carpenter. The election in 2008 of a Liberal/National government led by Colin Barnett once again blew wind into the sails of cross-sector partnership. Picking up where the Industry Plan left off, the 2011 *Delivering Community Services in Partnership Policy* enjoys strong backing from the Premier, joint governance with the sector, targeted resourcing, and a strong central agency lead from the departments of Premier and Cabinet, Treasury and Finance.
Implementation issues and impact

The success or failure of any public policy measure very much depends on the manner in which it is implemented. Policy actors in both the public and NFP sectors nominate a wide array of factors that impinged on the performance of cross-sector policy frameworks. The following aspects of implementation were particularly salient: appropriate governance structures; bureaucratic resistance; domain boundaries and policy silos; financial resources; penetration and embeddedness; and expectation gaps. These are discussed with reference to the cases.

Governance structures

In most jurisdictions with some form of active cross-sector policy framework some form of joint government-sector body has been established to provide oversight in relation to implementation and on-going review, although these vary in terms of their actual impact. Examples of joint governance arrangements with which participants express a high level of satisfaction are those in the Australian Capital Territory (see Figure 6.3) and Western Australia (see Figure 6.4). Until the election of the Liberal National Party government in Queensland halted formal processes associated with the Queensland Compact, the governance structures in that state provided the benchmark for other jurisdictions (see Figure 6.5).

Figure 6.3 – The Social Compact (ACT) Joint Community Reference Group

In the Australian Capital Territory (the ACT) a Joint Community-Government Reference Group (JCGRG) provides a high level forum for government-sector engagement on a range of cross-sector issues. Established in 2002, the JCGRG meets at six-week intervals and is a valuable mechanism for monitoring the policy framework underpinning the Social Compact as well as addressing other matters arising in the context of the government-sector relationship (personal communication, 6 April 2011). Although the Social Compact derives legitimacy from the work undertaken by the JCGRG (an example being the 2012 ‘refresh’ of the compact) (personal communication, 1 April 2011), over the years consultation between the sector and government has become increasingly dispersed and fragmented (personal communication, 31 April 2011).

One central agency official suggested that if the JCGRG was the primary locus of consultation, overall performance with respect to engagement would be ‘outstanding’ (personal communication, 31 April 2011). Fragmentation, however, has affected the quality of consultation, leading to greater complexity and ‘chaos’: ‘In an ideal world, the JCGRG, if it had the buy-in that it ought to have, could have wrapped all those things into one’ (personal communication, 31 April 2011). To fragmentation can be added the turnover of personnel and associated impacts on collective memory, corporate knowledge and continuity (personal communication, 31 April 2011).
Although Western Australia does not have a bilateral agreement with the state’s NFP sector, it does have a joint government-sector Partnership Forum. The Partnership Forum was established in 2010 by the state government to help build the relationship between the public and NFP community sectors and address issues of mutual concern (Western Australia, 2012). The Premier selected its Independent Chair, Professor Peter Shergold, and the Forum itself is made up of state government agency CEOs and senior NFP community sector representatives. The Department of Premier and Cabinet provide secretariat support for the Forum.

The Forum’s first task was to establish a set of aspirational ‘principles’ to guide the government-sector relationship. According to one informant, the Forum reflected on underpinning the National Compact and was keen not waste time ‘wordsmithing’ a compact: ‘They wanted to just set something that they all agreed was ‘aspirational’, but that they would work towards …What was more important was than the principles was the behaviours that they would expect to test those principles against’ (personal communication, 5 July 2011). The Forum reports to the Premier every six months and to date has met on eight occasions. The range of matters addressed by the Forum include: funding and contracting; policy, planning and service design; self directed services; a social enterprise fund; and a social innovation grants program.

In Queensland a Compact Governance Committee (CGC) committee was established with an Independent Chair appointed by the Premier. The CGC worked to an action plan developed to give effect to the Queensland Compact. The CGC grew out of a Joint Working Party convened to develop the Compact and was supported by a secretariat located in the Queensland Department of Communities. Until its activities were suspended by the incoming Liberal National Party government in 2012, the CGC held three full-day meetings and two full-day inter-sectoral forums annually to progress activities from the action plan. In addition, the CGC spawned working parties and workshops targeting diverse issues such as a chart of accounts, governance and workforce development (personal communication, 22 November 2010). The CGC actively pursued ‘intractable issues’, it being the view of the Chair that if the committee ‘can’t have the hard conversations’ it’s not doing its job (personal communication, 20 December 2010b, 22 November 2010).

The CGC reported annually on progress with the action plan, which was scheduled to expire in 2010 pending a formal commissioned review of the Compact. Despite strong commitment to the CGC scepticism persisted in parts of the sector, in part owing to perceptions that non-government members did not represent whole-of-sector views (personal communication, 20 December 2010a). This perception led the Futures Forum – the coalition of peak organisations that spurred the development of the compact – to seek leave to make direct representations to the minister outside the CGC. This request was denied on the grounds that it would compromise the integrity of the CGC and the Independent Chair (personal communication, 20 December 2010a). That participants in a formal bilateral process should seek to by-pass agreed rules of engagement is suggestive of a legacy of deeply ingrained political behaviours in a sector conditioned more by the spirit of contest than collaboration.
In other jurisdictions, government-NPF sector forums have not enjoyed a similar level of confidence or had an appreciable impact on the resolution of the tensions inherent in the relationship. Examples are the cross-sector forum established in New South Wales to give effect to Stronger Together, which began with muddled objectives and poorly articulated mechanisms (Figure 6.6) and the Human Services Peaks Forum in South Australia, of which government and NFP sector officials give quite different accounts (Figure 6.7).

What becomes clear is that whether it is effective or not, the mechanism established to give effect to the relationship framework can become a site for contestation and conflict. Departmental officials in New South Wales commented that parts of the sector used that state’s compact in an adversarial way to confront and criticise government for perceived failures adding that, in general, it is the more ‘conservative’ parts of the sector (i.e. those most resistant to change) that appear to be most inclined to ‘wave the compact’ (personal communication, 18 November 2010a). One official suggested that...
parts of the sector saw Working Together in purely instrumental terms (a charge usually laid at the feet of government agencies): ‘I think that’s because they’ve had this history of, you know, advocacy, agitating, and then using whatever tools are available to them so I think when the Compact came along there was a sense of, “we’ll be able to use this to get at the table and, you know, get some dollars and whatever else”...’ (personal communication, 18 November 2010a). Even in the ACT where the Social Compact appears to be working well, public servants report that ‘sometimes it does feel it is used against government when we’re really trying to work collaboratively’ (personal communication, 6 April 2011).

Conversely, in South Australia peak organisations, fearful about losing their funding, have been accused of a ‘lack of preparedness to really take up the issue in a vigorous debate’:

Figure 6.7 – Stronger Together Peaks Forum

In South Australia the Human Services Peaks Forum is the body responsible for reviewing the operation of that state’s principal cross-sector policy framework, Stronger Together. The Chair of the Peaks Forum rotates between the chief executives of SACOSS, the Department of Health and the Department for Families and Communities. The Forum’s agenda is shaped by ‘structured discussion’ of issues arising at the program level (personal communication, 7 July 2011b). Departmental officials contend that the Forum is characterised by goodwill and constructive feedback, and that the sector looks upon the attendance of the Chief Executives as ‘high value’ (personal communication, 7 July 2011b). A key product of the Forum is an annual Action Plan: although it has been referred to from time to time in annual reports there is no specific internal reporting on the performance of Stronger Together. Departmental officials report that Stronger Together is cross-referred in policies and procedures and is used to provide guidance on managing relationships with NFP organisations in the context of a ‘performance partnership conversation’ (personal communication, 7 July 2011a).

However, there are reservations within the sector about the capacity of the Forum to support a ‘deep conversation’ about Stronger Together (personal communication, 6 July 2011a). Said one key sector informant: ‘Over the years it’s had various functions, much of which has been dominated by “information-giving” and never as much dominated by real whole-hearted discussion of key issues ... Over the years, many of the peak bodies turn up at the Peaks Forum only because they fear that if they don’t their funding might get cut rather than because they see it as being one of those meetings it’s really important to be at because it actually provides such a vital contribution’ (personal communication, 6 July 2011a).

Citing peak organisations as an ‘easy source’ of consultation, coordination and feedback, the same informant suggested that unless agreements are driven by a senior figure such as the premier or a minister well versed in the principles of community engagement, their purpose will be largely symbolic and they will not be effective in driving meaningful change: ‘What you then end up with is this alienated relationship, despite whatever’s written on the paper, basically the sector’s being told what to do’ (personal communication, 6 July 2011a). The proof of government intentions is always in its actions not words and the minute there is a mismatch between what is said and what is done, there is an opening for a lack of trust to emerge: ‘Trust is one of those things that takes years and years to build up and can be shattered in a matter of seconds ... These relationships mean much more than just a vision statement ... they need constant attention, and they need deep respect and sometimes they need opportunities for good old fashioned plain speaking ... maybe even remedy!’ (personal communication, 6 July 2011a).

Conversely, in South Australia peak organisations, fearful about losing their funding, have been accused of a ‘lack of preparedness to really take up the issue in a vigorous debate’:
In practice, we know that there are instances where organisations that have bitten the hand are abandoned or do lose funding … This brings about silence’ (personal communication, 6 July 2011a).

The effects of sector acquiescence are exacerbated by a public sector that no longer fulfils its historical role as a source of ‘fearless advice’ on public interest grounds about alternatives to the preferred positions of the government (personal communication, 6 July 2011a). Instead, the public sector’s first response is to protect the minister from negative commentary and as a result, there is a lack of healthy, serious discussion of important issues (personal communication, 6 July 2011a).

**Bureaucratic resistance**

Interviewees from the public and the NFP sectors in all jurisdictions have underscored the challenges of achieving cultural change on both sides. In part, the challenge is to put aside those parts of organisational memory in which distrust and contention have become reified in the form of knee-jerk behaviours and procedures. In the realpolitik of public sector governance, some government line agencies might be reluctant to be bound by central agency directives or to be bound by the provisions of a framework agreement. Similarly, in the NFP sector some (mainly larger and older) organisations with established relationships with government might not see the relevance of a compact to their interests.

It is in public sector agencies, however, where the demands of systemic and process adjustment are most keenly felt. In Western Australia for example the policy framework encourages a culture of partnership between government line agencies and the NFP sector founded on more flexible contract mechanisms and a fair price for services (personal communication, 4 July 2011). Despite a strong policy steer from central agencies, it was anticipated that the policy might meet resistance from line agencies sceptical about the capacity of central agencies to understand the operational reality of commissioning and delivering services. One sector official summed up this concern in the following terms:

I am hesitant about how line agencies are interpreting being pushed down a path by central agencies they perceive as not understanding as much about service delivery as, obviously, they do. You know, ‘the bean counters in Treasury don’t know what it takes to contract a child protection service, so why are they trying to tell us how to do this?’ (personal communication, 4 July 2011).
Other line agencies, believing that they already enjoy good relationships with the sector, might resent perceived imputations from central agencies about their contracting or engagement practices:

So don’t tar us with the same brush just because other agencies have not been playing fair (personal communication, 4 July 2011).

The reluctance of public sector organisations to cede authority to non-government actors is not new, nor is it a thing of the past. As one of the key proponents of Working Together for New South Wales observed:

Even today, in New South Wales, there would still be solid resistance to dealing with the not-for-profit sector as a partner, let alone an equal, in any sort of regard (personal communication, 13 September 2011b).

In some respects the doubts entertained by public sector agencies about the value of a formal cross-sector policy framework can be a by-product of ineffective communication about policy objectives and the means by which they are to be achieved. For example, an early attempt to gain government support for a compact in Queensland foundered after meeting resistance within the state bureaucracy: ‘What’s the point of this? What purpose would it serve?’ (personal communication, 20 December 2010a). Such doubts are likely to be heightened when relationship frameworks are pursued for narrow political or transparently symbolic reasons and have not been grounded in a coherent policy narrative.

As was pointed out by a central agency official, ‘push-back’ from parts of the public sector is only to be expected when well-entrenched service models are under challenge – particularly when one of the aims of reform is a shift in the power balance between players: ‘When you start to ask people to think differently about the traditional systems and processes they’ve had in place … of course we expect resistance’ (personal communication, 5 July 2011). Resistance to change can be founded on: fears that change will ‘undermine the public sector’; perceptions of risks to public accountability; recognition of the inherent difficulties of working across domain and organisational boundaries; and doubt about government’s resolve to follow-through (personal communication, 5 July 2011). One central agency official in Western Australia summed-up the challenges in the following terms:

You know, for the first six months people are like, ‘just duck your head, this’ll go away’, next six months, ‘ah, gotta go to another boring workshop, this is just another imposition’, and then the first six months of
this year, now we’re into implementation, and you could see people go, ‘oh really?’ and then, we go through the cabinet process, and people go, ‘wow!’

And then you get a big government announcement: the Premier and two of the relevant ministers did a forum with 200 people from the not-for-profit sector – we made sure we had key line agencies in there, we had the key D-Gs [Directors-General]; we’ve been engaging with the D-Gs for six to twelve months, we’ve been listening to them … when they heard the Premier and the ministers speak to the not-for-profit sector, they heard the same message, which is ‘this is going to happen’.

… One of the public sector cultural issues is shifting people from the ‘oh here we go again’ (and in the public sector it’s a lot easier to go ‘nah, it ain’t gonna happen’) to the ‘right! It’s happening!’ and then you just keep going back with information, workshops, presentations (personal communication, 5 July 2011).

Domain boundaries and policy silos

Although a number of persons interviewed for this study – in both the NFP and public sectors – referred disapprovingly to the persistence of organisational silos between and within public sector agencies. It is also clear from these accounts that silos also feature in the NFP sector and are similarly demarcated by functional or policy domain boundaries. As one NSW official remarked:

The inherent problem with the compact and the ambition in NSW is that that it tried to bring everyone together around something that just wasn’t tangible because the sector is not a single entity (personal communication, 18 November 2010a).

In both sectors functional and organisational demarcation is portrayed as problematic by some, and as unavoidable by others. Moreover, differences in organisational culture, history and operational norms can be difficult to reconcile with the rhetorics of ‘joined up government’ and of cross-sector engagement which often assume a capacity for seamless working across boundaries. NSW officials stressed that it is valid for agencies or portfolios to establish parallel and relationships strategies with particular sub-sectors and to continue to use existing consultation mechanisms or engagement mechanisms regardless of any over-arching framework because ‘trying to corral programs into some kind of consistent engagement model … is never going to work’ (personal communication, 18 November 2010a).

All of the cross-sector relationship frameworks so far examined in this dissertation have come about largely as a response to the tensions arising from contracting practices. In Australia’s states and territories, the preponderance of contracting with the NFP sector 192
concerns the purchase of community-based social/human services by human services departments. This can result in ‘domain capture’ by those public sector entities who claim a leading role in that policy space, even though the same or similar activities might also form part of the suite of functions performed by other agencies or departments (personal communication, 6 July 2011c). A leading NFP sector spokesperson in Tasmania portrayed the situation as follows:

In this jurisdiction some … line agencies have been excluded by others [from] even participating in the discussion [about the relationship agreement]. I think an example would be a business unit – such as those that work in our human service component of Health and Human Services – really think that that’s where the work of the community sector is done. Rather than having an understanding and knowledge of the breadth of the human and health services system. To even have to remind people, for example, that the youth agenda crosses a number of government agencies – so does health promotion … And people think aged care and they just think ‘nursing homes’ rather than thinking ‘housing’, ‘hospitals’, ‘social inclusion’, for example. So, some of those are sidelined because ‘it’s not our business’, sort of attitude (personal communication, 4 October 2011a).

Often left out of the equation are government departments of education, sport and recreation, the arts and the environment that often have separate long-standing relationships with NFP organisations and are engaged in activities that complement the policy objectives of human service and health agencies. Examples might include a state government arts and culture agency providing financial support to NFP theatre groups or visual arts organisations offering programs designed to promote social inclusion; or a state government department of sport and recreation offering specialised programs for people with disabilities; or an education department working with local community services organisations to offer outreach services to at-risk students; or a department of the environment working with volunteer LandCare groups providing opportunities for participation by at-risk youth.

South Australian officials interviewed for this study affirmed the importance of raising awareness across government of the role of the NFP sector and portrayed the challenge as one of mobilising support and building coalitions across administrative silos (personal communication, 7 July 2011a). In South Australia, this means using influence and personal relationships with key players as opposed to official processes to build relationships across the bureaucracy (personal communication, 7 July 2011a):
We’re not going to get up an interdepartmental committee – we’re not going to get one of them approved to do something about the NGO sector: it’s not going to happen. It’s going to be networking that will get this stuff happening. Whereas in New South Wales or Victoria you’d probably get an interdepartmental committee approved by Cabinet, and work would be done and proposals would be put to Cabinet and decisions would be made, it’s not going to happen here (personal communication, 7 July 2011a).

In Victoria this problem was addressed by negotiating separate agreements with the community services and early childhood sub-sectors. In New South Wales the Department of Premier and Cabinet initially wanted a consistent and homogeneous approach across government in relation to funding, contracting, tendering processes and consultation. However, this was subsequently considered to be infeasible owing to historical, cultural, operational and institutional differences across the various sub-sectors. Instead of a whole-of-government framework, Working Together for New South Wales embraced only those sub-sectors under the human services portfolio umbrella: ageing, disability, community services and juvenile justice (personal communication, 18 November 2010a). Even so, awareness of and attachment to the compact varied amongst even those sub-sectors to which it directly applied:

The disability sector, which is in fact the largest in size – not in the numbers of providers but in the scale of their businesses – if you asked them what the compact was they couldn’t tell you, and I’d be pretty hard pushed with a lot of the home and community care providers if I asked them ‘what is Working Together for NSW?’ for them to tell me. A number of the CSGP [Community Services Grants Program] providers in community services would know exactly what it was and would give you an ‘ah, well, but that turned to nothing’… (personal communication, 18 November 2010a).

Although it is at the frontline of service delivery that relationship issues most often arise, governments are also sensitive to the needs of the broader NFP sector. There are numerous examples of grassroots NFP organisations or informal groups whose activities confer a genuine public benefit and who are not dependent upon government funding. Unlike contracted service providers that rely on paid employees, most church or community-based organisations rely upon volunteers to undertake activities that the public might otherwise look to government to perform. Apart from the tangible direct benefits associated with these activities, governments are also mindful of the less tangible social capital gains such as social cohesion and are therefore concerned to preserve the viability of voluntaristic endeavour.
A number of jurisdictions accept the need to address issues of sector capacity that are broader than the specific concerns of NFP organisations providing contracted services on behalf of government. Some states (Western Australia and South Australia) have a minister with designated portfolio responsibilities for volunteers. Others offer support for volunteering through departments or functional areas (such as special offices or divisions) for community development and/or engagement. In Victoria an Office for the Community Sector (OCS), created in 2008 and located in the Department of Planning and Community Development, supports sector sustainability by driving cross-government efforts to reduce unnecessary accountability and compliance burdens and supporting capacity-building. A Tasmanian Office for the Community Sector set up in 2008 along similar lines within the Department of Health and Human Services was disestablished after less than two years.

**Resources**

The English and Canadian compacts came attached with a dedicated pool of funds for the purpose of investing in sector development. With the notable exception of Western Australia’s *Delivering Community Services in Partnership Policy*, none of Australia’s state and territory framework agreements comes with any such commitments. States and territories *do* invest in sector development as an integral part of policy and program delivery and some have earmarked resources to support the implementation of a range of activities in furtherance of aims set out in framework agreements, but these investments have been on a modest scale.

By contrast, the Liberal government in Western Australia has breathed new life into the government-NFP sector relationship with a settlement – backed by a major investment of tax dollars – that empowers rather than marginalises the sector. There the government and the sector have eschewed a bilateral compact in favour of a comprehensive policy statement. Western Australia is distinguished by the fact that a centre-right government appears to have succeeded in negotiating a settlement with the sector where a centre-left government demonstrably failed.

In its 2011/12 State Budget the state government announced a $1 billion ‘social services package’. This includes an investment of $604 million over five years to ensure the sustainability of those NFP organisations that have funding agreements with the state, comprised of: $491million to close the ‘funding gap’ for eligible service agreements;
$96 million for the provision of indexation to eligible human services; and $18 million to support the implementation of the policy. In addition, the WA government has made major investments (about $400m) in new service provision as well as earmarking grant funding to support social innovation and social enterprise development.

**Penetration**

The anecdotal accounts of various policy actors interviewed for this study suggest that framework agreements in the different jurisdictions suffer from low levels of penetration and embeddedness, both horizontally across the sector/government and vertically. Cross-sector policy frameworks in Australia’s states and territories are most closely associated with human or community services. It would be unsurprising, therefore, to find that interest in and awareness of such frameworks is largely confined to that policy domain, in both the NFP and the public sectors.

Much of the language used to describe and refer to NFP organisations contributes to an illusion that the ‘sector’ is a monolithic or unitary entity. Nothing could be further from the truth. Although NFP organisations have common attributes, the NFP sector is variegated and fragmented. Broad domains like human services can be further segmented into sub-domains with quite different histories, clinical praxis, legal frameworks, policy agendas and professional cultures. Examples of sub-domains within human services include disability, family relationships, child protection, homelessness, mental health, ageing and juvenile justice. In addition, policy and programmatic responsibility for these sub-domains might reside in different departments.

Awareness of and attachment to cross-sector policy frameworks at the sub-domain level might depend on a variety of factors, including sector ‘politics’ and where the various actors sit in relation to the ‘machinery of government’. For example, New South Wales officials observed of the disability sub-sector: ‘if you asked them what the compact was they couldn’t tell you, and I’d be pretty hard pushed with a lot of the home and community care providers if I asked them “what is Working Together for New South Wales?” for them to tell me’ (personal communication, 18 November 2010a).

Promoting awareness and demonstrating the benefits of cross-sector policy frameworks is an important aspect of implementation. Both the *Queensland Compact* and the Western Australian *Delivering Community Services in Partnership Policy*, for example, included a communication strategy as an integral component of their policy
implementation process. However, in both the NFP and the public sectors the effectiveness of communication about cross-sector policy frameworks can be compromised by a variety of factors, such as policy or functional silos, poorly targeted messaging, information overload, staff turnover and reorganisations.

In the Australian Capital Territory both the government and the NFP sector acknowledged that awareness and understanding of the Social Compact have diminished over time (personal communication, 1 April 2011). Although the Social Compact was well-promoted at the time of its original launch in 2004, the communications effort waned over time and the document itself became increasingly difficult to find on ACT government websites. By 2011, a survey undertaken by the ACT Council of Social Service (ACTCOSS) found that a significant proportion of workers in the public and community sectors were not aware the compact existed which became a factor in the decision to ‘refresh’ the framework (ACTCOSS, 2011).

In New South Wales, a survey by Dalton et al. (2008) of selected human service organisations operating in the family services, homelessness and disability sub-domains research found that only two years after being announced, organisations exhibited a low level of awareness and a lack of attachment to Working Together for NSW. The research also revealed a lack of confidence in the capacity of the compact to ‘make a difference’ as well as fears that the negotiation process served to divide the sector into ‘insiders’ and ‘outsiders’ (Dalton et al., 2008). These observations were corroborated by Casey et al. (2008a) who observed that:

> It is not clear how widely Working Together is known/understood outside a core group of bureaucrats and [Forum of Non-Government Agencies] FONGA regulars. There appears to be a lack of knowledge at both ends of the spectrum (i.e. among bureaucrats outside the group who negotiated the agreement, and among community sector workers outside the FONGA/NCOSS working groups) (Casey et al., 2008a:7).

Similarly, research by Edgar and Lockie found that, owing to the failure of the government to provide supporting structures for Working Together for NSW and in the absence of a senior government ‘champion’, awareness of the agreement was low in both the public and NFP sectors (Edgar and Lockie, 2010:355).
**Expectation gaps**

In some cases state/territory frameworks appear to have taken shape without considering the quite different policy legacies attached to the many NFP sub-sectors they purported to embrace. It also seems that in some jurisdictions the peak organisations driving the compact agenda initially harboured somewhat idealistic (and perhaps unrealistic) expectations about the possible scope and likely impact of a framework agreement.

The reflections of a number of NFP sector policy actors interviewed for this study strongly suggest a late appreciation of the limits of framework agreements, whereas the accounts of policy actors in the public sector for the most part suggest a far more measured (and in some respects pessimistic) view about their likely efficacy. These accounts also leave an impression that government agencies – caught between an activist minority of influential peak organisations, and elected representatives for whom compacts represent ‘good politics’ – acceded to cross-sector frameworks without much enthusiasm or conviction.

The following account given by a senior NSW government official is instructive in that regard. This is a rich narrative account of the environment in which that state’s compact gained impetus. The official offers insights that, in many respects, align with the experience of other jurisdictions and for this reason is quoted in full:

> I don’t think they [the sector] really knew what it was that they wanted ... in hindsight and now seeing how the sector relationship has evolved, I don’t think they wanted a compact at all, I think they wanted a better relationship and they saw the only way to do that was through a piece of paper, and we were unable to understand at the time, because we were driven forward by competition policy, and you know, in the early-mid ‘90s the Department of Premier’s desire for there to be a completely consistent and homogenous approach to grants administration across NSW, so we were focussed on sort of fighting the fight to say ‘no actually ... we can do some degree of consistency but in fact our relationships across this sector are inherently different because the sector is not a homogenous thing,’ and so we had really fantastic relationships, for example in the home and community care space, because we had really empowered peaks ... in the community services side not so great, and in the disability side not so great either, because we had all these legacy historic funding issues from the Commonwealth-State in the 80s with the transfer of that responsibility in the early 90s, which we were only just trying to grapple with.
So, there was that incredible environment of change going on, and really what the sector was saying was ‘we want to be at the table’. In some places they were already at the table, and therefore the compact or the notion of a compact was completely superfluous, so people just went ‘why would we want that, we’re not engaged in that’. There are other parts of the sector like the disability sector that saw no value in a compact because all they wanted to do was to get viable businesses up and running because they had unviable services from the legacy funding, so all they were interested in was competing for money. So they didn’t see it either. And it was the small, sort of community … the [Forum of Non-Government Agencies] FONGA style that was taking this agenda forward.

… At the end of the day … the lobby was so strong people were just a bit tired of it, and we actually saw some benefit in it … it’s a funnily-crafted document [Working Together for NSW]… there were all these drafting committees but when it was drawn together there was no cohesion to the document, so … I think we got a little bit worn down to be honest … and then there was a decision taken by Community Services then … to sort it out … what harm could it do? … it would be a measure of good will to bring this about … but with the most minimum infrastructure around it. So the deal was that it would be a statement of intent almost, a principled statement, and that what we would do would be to sit around the table once a year only and have a yarn about the kinds of things we might do together (personal communication, 18 November 2010a).

Compacts are often portrayed in the literature and in the accounts of participants as providing a platform for a longer term ‘conversation’ about the nature of the cross-sector relationship. However, those in the NFP sector not directly engaged in the negotiation, drafting or roll-out of the policy framework might have high expectations about what government might bring to the relationship in terms of financial certainty or participation in policy development (personal communication, 6 July 2011b). NFP sector expectations have a corollary in the form of public sector apprehensions about the implications of cross-sector agreements for the integrity of financial accountability frameworks or the confidentiality of internal policy processes. Furthermore, the absence of immediate and concrete actions can contribute to disillusionment (on the part of NFP sector actors) or complacency (on the part of public sector actors).

**Implications**

Cross-sector framework documents can be effective, provided policy actors in both sectors have a clear – and shared – understanding about where they are starting from, where they want the framework to take them and by what route. The cross-sector policy framework in New South Wales, by the common admission of actors in the public and
NFP sectors, did not pass this basic test. The South Australian framework document endures on paper, but there is a major disconnect in the public and NFP sector accounts of its usefulness. Both frameworks lacked genuine investments of political capital.

That said, political capital can be ephemeral and even well-considered frameworks will fail when political commitment fails (conversely, political commitment can revive dormant or dysfunctional relationships). In Western Australia a well-considered unilateral policy approach by a previous Labor government failed to sustain the confidence of the sector owing to a lack of leadership and commitment. However, the new Liberal-led government has so far succeeded where Labor failed because of the strong backing of the premier and central agencies of government. Queensland took a different approach: rather than a unilateral policy (albeit one co-developed with the sector) it took the route of a bilateral agreement backed by a realistic and achievable action plan. That initiative – which largely enjoyed sector confidence but was closely tied to the fortunes of an incumbent Labor premier – did not survive a change of government.

A number of issues arise repeatedly in conversation with policy actors in the public and NFP sectors that have implications for the longer-term viability of formal cross-sector framework agreements. These are: managing expectations; dispute resolution and governance; political access; the political orientation of the governing party; the effects of leadership and/or regime change; and the limitations of frameworks that are largely ‘symbolic’ in nature and have few practical measures attached.

**Managing expectations**

Australia’s states and territories offer up examples of success and failure and much in-between. Of all the state and territory cross-sector policy frameworks *Working Together for New South Wales* is widely acknowledged as probably the least successful – not least by key policy actors in that state. The foregoing observation is also corroborated by the findings from scholarly research by Casey *et al.* (2008a), Dalton *et al.* (2008) and Edgar and Lockie (2010).

While it is true that the NSW government *has* invested in sector development, reduced the regulatory burden on NFP organisations, invested in new service delivery and worked collaboratively with NFP providers to improve the quality of community services, officials contend that such efforts have had little to do with the compact and
offer the view that success on the ground has more to do with personalities and relationships (personal communication, 18 November 2010b). Said one official:

I think it's singularly un-useful to talk about Working Together for NSW as a thing in and of itself ... how do we make a document useful? ... What’s the end result we want from it and I’ve yet to understand that. I struggle with the notion that the first point of discussion is ‘how do we make Working for NSW useful?’ ... That’s not the right question ... the question is, ‘how do we make sure that government is working effectively and well ... with the non-government sector to maximise its contribution to the NSW community’. How do we do that? ... How do we draw the best benefit out of that sector, who do things government would never do, but that government absolutely needs in communities of disadvantage and in other places? (personal communication, 18 November 2010a).

Another agreement that appears to have fallen short of expectations is South Australia’s compact, Stronger Together, about which the NFP and public sectors appear to have quite divergent views. Although the agreement is cast in a favourable light by public sector policy actors (personal communication, 7 July 2011b), a key NFP sector actor paints the agreement in a quite different terms, portraying it as cynical and ineffectual (personal communication, 6 July 2011a). This level of disconnect alone supports a conclusion that the policy framework – which has been in place for a number of years – has failed to deliver a more equable relationship between government and the community sector in that state.

Expectations in the NFP policy space are often very high (personal communication, 18 April 2011). Interviewees in a number of jurisdictions alluded to the gap between what the parties to a compact believe it can deliver and its actual impact. If the gap is too large, disillusionment and apathy set in. In the NFP sector this might take the form of cynicism, disengagement and a lack of attachment to the framework. In the public sector, it might take the form of defensiveness or denial.

Nevertheless, there is still an appetite for these kinds of frameworks, even in New South Wales where the sector called upon the (then) opposition to commit to a reinvigorated compact should it win the 2011 state election (NCOSS, 2010). In Tasmania, the most recent jurisdiction to implement a compact (2012), there is an acceptance that expectations will vary within the NFP sector about what the new Partnership Agreement might deliver:

There is a lot of hope resting on a partnership agreement, but it is not the first time we’ve attempted to have one where the sector has gone to the
government cap-in-hand and said, ‘We would really like to have some form of agreement between both groupings’ …

Peak bodies have to walk a very fine line in terms of making sure that people who have that governance of that partnership agreement understand what the messages and needs and wants are of our constituents, but also communicating up and down very clear messages about what the Partnership Agreement is, what it’s for, what it can do: and I think it would be fair to say that some of us would be working with some of our key industry leaders – for example, if workforce development or sector capacity is part of that agreement, using that agreement to really get that on the agenda in a way that does see some shift. So of course we would be using it as a bit of a lobbying tool as well (personal communication, 4 October 2011a).

Similar observations might also be made about understandings within the public sector:

We’re sort of doing this by subterfuge, ‘coz I honestly think that’s the only way that it can happen because – a couple of reasons – one: the policy imperative to deliver an agreement like this hasn’t been properly articulated or understood across government and in some of those other agencies, whilst these issues are not unimportant, they’re down the pecking order of their priority lists. And I don’t think a case has sufficiently been made to just go to [other state government departments/agencies] now and say, ‘why don’t you be part of this?’ I think, you can’t just turn up and say to people, ‘have we got a deal for you!’ – come in and join this big happy family because they’ll say, ‘well, what’s in it for us? Why would we do that?’

… in some other agencies, like Education for example, it’s not a mainstream issue or mainstream concern. So the value proposition needs to be demonstrated for those agencies – and if it were, it would make perfect sense for … the number of organisations and agencies involved in [a relationship agreement] to grow. But it was quite a deliberate conversation that happened between people currently involved not to be too ambitious and drag everyone in until we actually knew we had something in the content and governance sense ourselves that was actually working and of some value (personal communication, 4 October 2011b).

Appropriate and effective messaging is very important – both within and between government and the NFP sector, as attested by a key sector representative in Western Australia:

There’s a real communications challenge for the peaks and also for the sector because if we don’t use these monies wisely, we’ll have burned our bridges. We’ve run this campaign for a long time. We’ve done all the hard work. We have persuaded government this is the right thing to do and they have made the money available. If we don’t make the most of it I don’t think we can come back with our cap in our hand and say ‘sorry’ (personal communication, 4 July 2011).
In Queensland, managing the expectations arising from the compact was a constant challenge. The Compact Governance Committee (CGC) and regional forums convened to discuss progress and priorities for action were important mechanisms for meeting that challenge (personal communication, 20 December 2010b). One South Australian official warned of the danger of raising expectations within the sector about commitments to on-going funding or expectations that government will bear the ultimate burden for resolving perceived problems (personal communication, 6 July 2011b).

**Dispute resolution and governance**

A recurring issue for many in the NFP sector is the absence of mechanisms for the resolution of disputes about the operation of, or adherence to the policy framework. None of the policy frameworks for cross-sector cooperation in Australia’s states and territories set out a dispute resolution mechanism.112 Some agreements acknowledge the possibility that disputes will arise from time to time and note that this is natural considering the differences of perspective, operational environment, priorities and mission. One might go so far as to say that tolerance of disagreement is a prerequisite for an effective cross-sector policy framework.

There are those in the NFP sector who see compacts as a mechanism for legalistically prosecuting historic grievances with government. Equally, there are cases where governments, having signed up to compacts or similar instruments, are accused of failing to act in the spirit or to the letter of the framework. In general, the weight of opinion in the NFP sector runs in favour of 'binding' dispute resolution processes. Their public sector partners, by contrast, generally do not favour binding processes; arguing that they are unnecessarily restrictive and that their very existence gives rise to adversarial – as opposed to cooperative – behaviour.

A framework document or compact is functionally akin to a memorandum of understanding (MoU) such as might be entered into between two or more government entities or levels of government. Although considered to be morally binding on the parties, an MoU is not normally legally binding. As defined by the Victorian Solicitor General’s Office:

> An MOU is a document that records the common intent of two or more parties where the parties do not wish to assume legally binding
obligations. An MOU is usually less complex and less detailed than a contract, but provides a framework and set of principles to guide the parties in undertaking a project or working arrangement (VGSO, 2008).

A prime example of exactly this sort of framework document is the MoU between Victoria’s ‘independent health, housing and community sector’ and the Victorian Department of Human Services (DHS, 2009). Although the MoU does not set out a dispute resolution process, it is nevertheless acknowledged by as having set a standard for effective cross-sector working. The MoU states:

This MoU outlines the framework of a working relationship between the parties. It is not intended to constitute a contract; it is built on goodwill and binding in honour only. The activities outlined in this MoU are illustrative only, and any working arrangement in respect of these or other activities or projects may, if deemed necessary, be defined in separate agreements or in separate governance structures (DHS, 2009).

The MoU goes on to commit the parties to: ‘participate collaboratively in a range of partnership forums to raise and address partnership-related issues as well as service planning and coordination issues including high-level forums to be convened by the Secretary of the department’ (DHS, 2009).

Most agreements do articulate the respective roles and responsibilities of the parties including expectations about the conduct or behaviour of the parties with respect to timely communication, ethical behaviour and so forth. To the extent that agreements acknowledge the potential for disagreement, they tend to rely on broad language to express the understandings encompassed by the agreement. The 2009 Partnership Agreement between the Victorian Department of Education and Early Childhood Development and the Municipal Association of Victoria offers a case in point:

The parties agree to work constructively to honour the terms of the Agreement. The parties agree that in the event of a party stating that one or more undertakings in the Agreement is not being fulfilled that the parties will use best endeavours to ensure that the undertaking is satisfied or that an alternative solution is agreed. The parties agree to monitor the implementation of the Agreement and evaluate its effectiveness on an annual basis (Victoria, 2009).

On-going governance is another commonly neglected aspect of compacts. The absence of a dedicated governance framework not only makes difficult the task of addressing areas of disagreement or concern, it also heightens cynicism and contributes to the escalation of issues that otherwise might have been more effectively managed. There are examples of compact forums (New South Wales being one) without useful terms of
reference, poorly articulated aims, weak reporting requirements, poor transparency, little or no authority and, ultimately, no real impact.

The proper function of a compact governance group is really more akin to a board of management authorised to undertake broad oversight functions, such as setting the tone and broad aims of the endeavour, reporting to shareholders in the form of the responsible minister(s) and other signatories to the agreement (who are the 'authorisers').\textsuperscript{113} As the Queensland Compact demonstrated, not having a statutory basis does not prevent the establishment of a governing body or the tabling of an annual report.

Government’s NFP sector partners generally feel that dispute resolution mechanisms are necessary to ensure compliance by relevant public sector entities and are ever ready to offer anecdotal accounts government departments’ failures to align their practices with common understandings of the policy framework. In Western Australia this has been addressed by the departments of Premier and Cabinet, Treasury and Finance sharing the policy lead and mandating adherence by line agencies to common form contracts and the like. The bottom line is that without an effective governance framework - call it a board or a compact governance committee or a partnership forum - there is no oversight and where there is no oversight there is no accountability for performance and no mechanism for preventing or resolving disputes.

**Political access**

Framework documents that are/were bilateral in nature and endorsed on behalf of government by a first minister or relevant portfolio ministers (New South Wales, Queensland, South Australia) create expectations that the NFP sector – or at least those sector groupings that have endorsed the framework on behalf of the sector or some part of it – will have direct access to ministers. The reality, however, is that once the framework is signed, the job of engaging with the sector around the framework is most often delegated to senior bureaucrats and ministerial access falls by the wayside. In the case of Australian states and territories, this is perhaps more true of the larger jurisdictions where the physical and political distance between elected representatives and the population is greater.

A senior Tasmanian NFP sector representative portrayed their state as the envy of peak organisations elsewhere in Australia:
They are absolutely envious of … our ability to be able to access political leaders and community leaders whenever we want to. They often will have situations in their own states and territories where they’ve never actually met the Premier’ (personal communication, 3 October 2011a).

The same individual noted that Tasmania has five members of the federal House of Representatives who, ‘if they don’t remain very accessible to their constituency, well then, they’ve got real problems’ (personal communication, 3 October 2011a). Another NFP sector leader affirmed this assessment and added that Tasmania’s ‘smallness’ sometimes means that, ‘you know your ministers personally – you probably went to school with them’ (personal communication, 4 October 2011a). Although this has obvious advantages for the NFP sector, one senior public official alluded to the pitfalls of navigating a political terrain where inter-personal relationships assume great importance: ‘Everybody does know everybody. There’s also a lot more easy access to the Minister and even us [the bureaucracy]. In terms of outsourcing our services, you can get caught up in a bit of micro-management’ (personal communication, 3 October 2011b).

The Australian Capital Territory is another jurisdiction with a small population that occupies a small geographical area. There are fewer ministers and fewer layers of government, and senior executives are also quite accessible (personal communication, 6 April 2011). In some ways this makes the government-sector relationship both easier and harder. On one hand, an NFP sector leader observed that, ‘The minister will be in the same fruit market as the lobbyist’ (personal communication, 1 April 2011). On the other hand, a senior official observed that the accessibility of ministers in this jurisdiction contributes to a propensity on the part of NFP policy actors to ignore ‘due process’ and ‘common courtesy’ by going over the heads of departmental officers to raise matters directly with the minister (personal communication, 6 April 2011).

Access to decision-makers appears to be more problematic in South Australia where the sector reports a lack of success in obtaining meetings with ministers to discuss matters of concern. Peak organisations meet principally with senior bureaucrats who, it was alleged, have few incentives to consider representations from the sector. One senior NFP sector representative noted that the first response of the South Australian public sector is to ‘protect’ ministers from negative commentary, resulting in a lack of healthy, serious discussion of issues (personal communication, 6 July 2011a). Referring to failed attempts to obtain a meeting meet with the Minister for Families and Communities to 206
discuss a series of budget measures; the same sector representative said that the minister ‘has effectively locked the door’:

… it seems to me that if the Minister was genuinely interested in and genuinely committed to the Stronger Together agreement, that the door would have been open to those conversations a long time ago, and in fact the minister probably would have worked to establish a process of catching up with the sector on a regular basis that was outside of any specific issues that needed conversation. However, that’s not how, in this instance, the Minister for Families and Communities has operated in a South Australian context (personal communication, 6 July 2011a).

The ‘disconnect’ between public sector and NFP sector views of Stronger Together has been referred to elsewhere in this chapter. Interestingly, there is a similar disconnect on the issue of access. One senior central agency official offered a contrasting view to that of the NFP sector representative cited above:

Where you have a place where ministers can be so close to the public [and] where the public can get so close to the minister – our ministers will meet with anybody, really, who makes an appointment with them – wherever that occurs you do find situations where personality or persona can play more of a role than it does, possibly, in a larger jurisdiction (personal communication, 21 July 2011).

However, what the sector might regard as intransigence or gatekeeping on the part of the bureaucracy can also be characterised as part of the normal working of Westminster style governance. One South Australian official affirmed that ‘we need a strong sector – and every government needs a strong sector’ whilst cautioning that the public sector has an obligation to implement government decisions, ‘but the sector that we fund might not appreciate that’ (personal communication, 7 July 2011a). The same official offered the following insight, which in many ways goes straight to the heart of the tensions between executive government, the bureaucracy and the NFP sector:

I keep thinking of Habermassian circles, you know, political government, civil society and administrative government and sometimes the fight between civil society and political government gets in the way of us having a partnership at the administrative government level (personal communication, 7 July 2011a).

In New South Wales, the fact that executive government delegated its part in the relationship with the NFP sector to public sector officials was, in the words of a key NFP sector representative, ‘one of the failures of the compact’ (personal communication, 17 November 2010). It is alleged that under Labor ministers were ‘highly protected’ and that after 15 years of Labor government the bureaucracy had
become very effective gatekeepers: ‘and if you look at some of the criticism of government generally, particularly Labor government and the federal Labor government as well, the policy advisers are the worst gatekeepers’ (personal communication, 17 November 2010):

You almost have – with some notable exceptions – a coterie of political advisers that manage and control in a way that’s not as conducive to open discussion as you might have done in the past (personal communication, 17 November 2010).

Bilateral frameworks such as those in New South Wales, South Australia and Queensland followed the lead of framework agreements in Britain and Canada by having first ministers and/or portfolio ministers as signatories. This introduces what a New South Wales official called a ‘disconnect’ between ‘who signed’ and ‘who meets’ (personal communication, 18 November 2010a) – a disconnect that can lead to unfulfilled expectations, defensiveness and dissatisfaction.

The refreshed version of the Australian Capital Territory’s Social Compact breaks new ground by having no signatories (and unlike the earlier version no longer has a even a foreword from the Chief Minister, making it politically neutral). The Tasmanian Relationship Agreement contains a foreword from the Premier and the Chair of the Tasmanian Peaks Forum but is endorsed by relevant departmental Secretaries and representatives of peak organisations. In both jurisdictions this signals the intention that the primary relationship for operational purposes will be between the bureaucracy and the NFP sector. However, it is also likely that the sector will elect to occasionally exercise its prerogative to make direct representations to ministers.

**Political orientation of the governing party**

As has already been discussed, where a governing party sits on the political spectrum can be a factor in whether or not a cross-sector relationship framework is admitted onto the policy agenda. Although state and territory Labor governments are strongly associated with the implementation of compacts, such overtly collegial exercises can mask underlying tensions between government and the sector. As put by one Australian peak organisation:

For many peak bodies, sometimes there’s a perception that Labor governments are ‘friendly towards [the sector]’, but in fact, in lots of instances Labor governments expect peak bodies to be friendly towards [government] … Oftentimes Liberal governments – I mean genuine
liberal governments – sometimes appreciate the place of advocacy in a much clearer and less emotional manner and as a result are sometimes able to have much clearer relationships with bodies like peak bodies, because they see their place and they understand what it is. Oftentimes, governments – particularly modern Labor governments – have often misinterpreted that the place of peaks is to support them, and not to apply critical analysis and provide policy guidance from a point of independence (personal communication, 6 July 2011a).

Another agreed with the proposition that Labor governments expect loyalty from the sector, whereas Liberal governments – where they adhere to traditional liberal values – accept the sovereignty of the sector and its right to an independent view:

I can remember people on the Left of the ALP in New South Wales [expressing] exactly that view, you know, ‘you should be damn grateful we’re in and do what we want’ – that sort of view, and I think the Left of the ALP still suffers from that in that ‘we’re the repository of all the good policy ideas’ and at the end of the day the public sector still knows how to do it best. Sorry, I don’t think either of those things are true … My 35 years working in human services, as I said, in the early years of the Wran [Labor] government and the years of the Fahey [Liberal] government were the two periods of time when I could say truly there’s been progressive social policy enacted by government. The rest of the time it’s either been totally confused and muddle-headed, or just very conservative, residual welfarism (personal communication, 13 September 2011b).

In opposition Labor sometimes looks to the sector for political support, especially in relation to its social policy agenda. This was true of the Bracks Labor government in Victoria and the sector was duly rewarded with a commitment to take a fresh look at the government-NFP sector relationship (personal communication, 18 April 2011). In New South Wales the dynamic was quite different. A key insider commented that Labor in New South Wales singularly failed to understand the value of partnership with the NFP sector:

[Premier] Bob Carr himself, at the end of the day, had a really residual notion of welfare … It was all residual welfare stuff. You never had in New South Wales, like obviously you had with the Labour opposition under Blair and then in the first period of the Blair government in the UK, or even let’s say in Victoria, just not that appreciation.

… The best period of social policy in New South Wales, in my memory, happened between 1992 and 1995 under the Fahey minority [Liberal] government. As I said before, the early years of the Labor government – the first two terms under Bob Carr – were so dismal in terms of social policy – they were marked by traditional welfarism and the total dominance of running up Budget surpluses and running down debt, et
...cetera, but really in a sense it was still the ‘deserving poor’ view of the world (personal communication, 13 September 2011b).

This is a view echoed in the reminiscences of former federal Labor leader, Mark Latham (2003-2005), who laments the ‘unreconstructed state paternalism’ that pervades the thinking of his erstwhile Labor colleagues (Latham, 2005:163).

**Leadership and regime change**

Over the last two decades the governing political parties in Australia have exhibited an increasing willingness to change leaders in the midst of a parliamentary term. State Premiers have resigned in favour of an anointed successor (Queensland, New South Wales, Victoria and Australian Capital Territory), been encouraged to resign amid controversy (Australian Capital Territory, Northern Territory, South Australia), resigned for health or family reasons (Western Australia, Tasmania) or have been ousted in party coups (New South Wales, Northern Territory, Victoria).

This observation is relevant to the analysis for the reason that framework agreements are often initiated within a first minister’s department and the authority and legitimacy of that agreement is seen to cascade directly from the premier or chief minister. Of course, this is not always the case: the South Australian and Victorian agreements are signed, respectively, by relevant portfolio ministers and the chief executives of affected departments (although in the case of Victoria the dialogue leading to the current arrangements began in the Department of Premier and Cabinet).

Leadership change creates a moment of political opportunity in which new ideas can be elevated to the policy agenda. In Queensland the proposal for a compact gained policy salience Peter Beattie resigned in favour of Anna Bligh. In Tasmania progress towards a compact gained impetus when Lara Giddings took over from David Bartlett. On the other side of the coin, existing policies can lose their high agenda status following a change in leadership.

In New South Wales, the compact signed just months before the resignation of Premier Bob Carr afterwards lost policy salience. One sector observer reported that the new premier, Morris Iemma, was ‘perhaps not fussed’ about the practical framework for how the compact might operate, adding that it was commonly considered that the Compact was ‘Carr’s thing’: ‘You almost immediately saw the Compact being put in the bottom drawer’ (personal communication, 17 November 2010).
Similarly, in Western Australia, the resignation of Labor Premier Geoff Gallop saw the wind drop from the sails of that state’s Industry Plan. Movement towards a framework agreement in the Northern Territory ceased upon the sudden and unexpected resignation of Chief Minister Clare Martin.

Another factor in the fortunes of cross-sector policy frameworks is regime change. Since 2010 long-term state and territory Labor governments in Western Australia, New South Wales, Victoria, Queensland and the Northern Territory have fallen to conservative Coalition, Liberal-national or Country Liberal governments. Said the former Independent Chair of the Queensland Compact Governance Committee: ‘there is no real way to future proof documentation that carries a previous Premier’s and Minister’s picture’ (personal communication, 2012).

A change of government has dealt a blow to some cross-sector frameworks, but not all. Western Australia is the stand-out exception of a conservative administration that elected to co-produce a new settlement with the NFP sector that takes on board elements of the previous government’s policies and commits significant new resources for sector development. In Victoria, a new conservative administration chose to not only continue with the existing sub-sector-specific ‘MoU’ approach, but has repeated the approach in other policy domains.

In New South Wales, the incoming Coalition government has ignored an already moribund compact and shows no sign of going down the same path. The views of senior New South Wales government officials interviewed for this study would suggest that the public sector would be entirely comfortable with this approach. In Queensland, the incoming Liberal National Party government acted immediately to shelve the Queensland Compact and its associated governance mechanisms. The government has also imposed strict requirements on contracts with NFP service providers preventing them from commenting on public policy. The government has indicated that consideration is being given to whether a new compact is required, and it will be interesting to see what form that might take.

**Symbolic policy**

Formal relationship frameworks carry the added attraction of embodying signature elements of the social democratic ethos and having few direct financial implications. A key actor involved in the development of *Working Together for New South Wales*...
characterised compacts as symbolic ‘markers’ or exercises in ‘branding’ which might be very appealing to parties when in opposition, but when confronted with the reality of governing, their attraction might wane (personal communication, 13 September 2011b). In South Australia, a senior NFP sector representative also expressed the view that *Stronger Together* was a largely symbolic, hollow gesture (personal communication, 6 July 2011a). In Victoria, on the other hand, a senior NFP sector representative reported the substance of discussions with a former Victorian (ALP) minister for community development, Peter Batchelor:

> [Batchelor] is a smart fellow and he and I had a number of discussions at the time and he said ‘well it will be fine words but what do you actually want to see achieved?’ and the things that the sector wanted were practical things, they weren’t ‘fine words’. So Peter, I think thought quite pragmatically, ‘I don’t want to spend six months negotiating fine words with the sector when they want some practical stuff’. So I think that was Peter's take, which seems reasonable (personal communication, 15 April 2011).

This particular informant added: ‘there were other things on our agenda that we would also die in a ditch for ahead of a written compact. So for us [the community sector] it was a “non-die-in-a-ditch” thing when it came down to the practicalities’ (personal communication, 15 April 2011).

Remarks like these underscore the importance of focussing on practical measures necessary to give effect to a compact’s aims. Similar reservations were expressed by a number of interviewees from both the NFP and the public sector. Without action plans or sector investment strategies, there is a risk that a framework agreement will be looked upon as being more symbolic than practical in terms of its content or intent. A document that commands neither the respect nor the confidence of NFP and public sector actors and will eventually fall into irrelevance.

**Conclusion**

Do governments and the NFP sector need formal policy frameworks for cross-sector cooperation? Clearly, key players in Australian states and territories have at various times concluded that they do. It is also clear that faith in the potential of such instruments to materially re-shape the relationship between governments and the NFP sector is frequently challenged.
It might well be argued that the emergence of network governance as a central organising theme in the formulation and implementation of public policy lends a degree of inevitability to the pursuit of cross-sector frameworks. The ‘hollowing out’ of the state over the past two decades (Rhodes, 2000, Di Francesco, 2001, Rhodes, 2007) coupled with the marketisation of social provision has deepened the mutual dependency between governments and the NFP sector: governments are increasingly dependent upon the NFP sector to deliver services, while NFP organisations are increasingly dependent upon government contracts for their income.\textsuperscript{114}

\textbf{‘horses for courses’}

The cases examined in this chapter reveal that the form, content and implementation processes of formal cross-sector policy frameworks differ in each jurisdiction, and sector confidence in the frameworks is mixed. That Australian state and territory cross-sector policy frameworks differ from one jurisdiction to another is unsurprising given the complexity of the political and policy environments within which they arise, and the different perspectives and priorities brought to the table by the parties.

In some jurisdictions central agencies and/or line departments have assumed the lead in top-down approaches to the development of cross-sector agreements (South Australia and New South Wales), largely driven by a desire to resolve tensions arising in their contractual relationships with funded agencies. Where government takes the lead the NFP sector sometimes expresses a diminished sense of ‘ownership’ over the resultant policy frameworks. Meanwhile the NFP sector’s government ‘partners’ sometimes exhibit a ‘mission accomplished’ mentality and a corresponding lack of commitment to on-going governance.

In other jurisdictions the agreement-making process has been initiated either by the sector itself in a bottom-up process (Queensland) or has come about as the result of a ‘bottom-up and top-down’ convergence of government and sector interests (Australian Capital Territory, Tasmania, Victoria, Western Australia). In these instances, the NFP sector is often able to exercise a greater degree of political or policy leverage and is in a better position to negotiate for the establishment of durable governance and operational structures to further the aims of the policy framework.
Successes and failures

Examples of effective policy frameworks for cross-sector cooperation can be found: those in Victoria and Western Australia appear to be making a positive, and important contribution both to the quality and durability of the relationship between government and the human services sector, and to the sustainability and adaptability of the sector itself. Both jurisdictions also have dedicated units (the Office for the Community Sector in the Victorian Department of Communities and the Community Engagement Unit in the WA Department of Communities) focused on issues of sustainability and capacity-building for the broader NFP sector. In the Australian Capital Territory where the Social Compact had declined in visibility and relevance since its launch in 2004 (ACT, 2004) both the sector and government remain committed to its core principles and have since ‘refreshed’ the compact and, by extension, the relationship.

Examples of ineffective frameworks can also be found. In South Australia for example the divergent accounts of public officials and NFP sector representatives suggest a deep disconnect in their respective perceptions of Stronger Together (South Australia, 2009). Although the agreement is currently under review, it is far from clear that the sector has much confidence in the process. And New South Wale’s 2006 compact, Working Together for NSW (NSW, 2006), is acknowledged by the public and NFP sectors as ineffectual – full of laudable words, but having had little discernable effect on the operations of government or the sector.

Cross-sector policy frameworks under centre-right governments

The compact concept has not yet run its course. Whether a framework agreement exists or not, governments and parts of the NFP sector are still engaged in a highly symbiotic relationship. To the extent that the relationship is sometimes vexed by a lack of trust or lapses of good faith, there will be incentives to formalise or regularise aspects of the relationship. Thus, in October 2012 Tasmanian Premier Lara Giddings launched that state’s Partnership Agreement as a kind of policy coda to a decade long conversation about the government-sector relationship.

Notably, most states and territories have recently seen long-standing Labor administrations replaced by centre-right Liberal-led governments. There are, however, few indications of a wholesale return by centre-right governments to the NPM inspired ‘market fundamentalism’ that prevailed during the 1990s. For example, Liberal-led
administrations in Western Australia and Victoria recognise the value to government of ensuring the sustainability of NFP enterprises in particular sub-sectors and have breathed new life into the policy foundations established by their predecessors.

There is some evidence in policy statements of a rhetorical shift away from terms such as ‘civil society’ and ‘social capital’ towards the language of ‘social enterprise’ and ‘social innovation’. This is suggestive of policy borrowing from the Cameron government’s ‘Big Society’ agenda in the UK and can be read as centre-right governments restoring the ‘natural order’ by placing the policy framework firmly in the service of the commissioning environment without entirely discarding the notion of partnership.

Still, no two succeeding Liberal-National administrations exhibit identical policy responses. Both New South Wales and Victorian Liberal-National coalition governments have continued to steer a course set in train by previous Labor administrations: in New South Wales a moribund agreement has been ignored by the new government whereas, in Victoria, the government appears set to continue the constructive policy track established by Labor. In Western Australia the government and the sector have eschewed a bilateral compact in favour of a comprehensive policy statement that has breathed new life into the relationship. This new settlement – backed by a major financial investment – empowers rather than marginalises the sector.

The situation in Queensland is different again. At the time of writing, the Queensland Compact is being held in abeyance. The first-term Liberal National Party (LNP) government is firmly focussed on reducing public sector outlays and debt. Tensions have emerged between government and the sector over public sector cutbacks and the re-imposition of ‘gag clauses’ in service delivery contracts. Tellingly, the LNP government is being guided in its policy formulation and implementation by the former Howard government Treasurer, Peter Costello, whose own views on the sector have a strongly residualist flavour (Costello, 2001, 2002, 2003, 2004). An apparent absence of vocal sector concern about the fate of the Queensland Compact is suggestive of both its dependence upon government funding (and therefore, a natural reticence to antagonise a new government already focussed on reducing public expenditure) and the NFP sector’s lack of political potency.
Success factors

For governments, adherence to the spirit and letter of compacts appears to prove problematic: not only have such instruments no legal force, the evidence suggests that compacts are frequently plagued by waning commitment and idiosyncratic or selective application by line agencies. Although underpinned by presumptions of partnership, cross-sector collaboration and co-production, success in aligning practice with the rhetoric is often elusive. Compacts also raise thorny questions about the nature, role and composition of the NFP sector as well as questions about representation and legitimacy. The NFP sector is after all a diverse, variegated and unruly political space.

Public sector organisations seem at times to strive to preserve an increasingly anachronistic attachment to ‘command and control’ notions of governance, even when they are patently dependent upon third parties for the implementation and delivery of programs and services. NFP organisations, on the other hand, sometimes appear to regard contractual compliance and reporting as both an affront to their cultural and operational autonomy and an unnecessary regulatory impost with no intrinsic value (Shergold, 2008a:7).

This is tricky terrain in which compacts also confront and challenge prevailing notions about the respective cultural and operational norms that shape the identity and modus operandi of both sectors. Compacts are intended to provide the roadmap for navigating this terrain. Where they come into existence against an historical backdrop of cross-sector cooperation; where they demonstrate joint ownership and a commitment to a concrete program of meaningful actions; where they are guided by sound governance and exhibit vertical and horizontal policy integration, compacts provide a space in which governments and the NFP sector can work collaboratively towards shared aims.

Each of the state and territory frameworks have ‘mutualist’ elements, such as statements about the respective roles and contributions of the parties; shared principles, aims and objectives; and the standards of conduct expected of government and the sector. There are also notable differences between jurisdictions in terms of the role played by central agencies; the presence (or absence) of influential ‘champions’; the existence of effective governance structures (including reporting and evaluation requirements); ‘action plans’ and dedicated resources; and the degree of vertical and horizontal integration with related policy frameworks.
These factors can be important determinants of success or failure. Their absence heightens the risk of fragmentation, inconsistency, irrelevance and cynicism. Although each of the framework agreements examined articulate the respective roles of the public and NFP sectors, a clash of roles can still occur as described by a South Australian official:

We have consistently taken that line, we say ‘look, our job is to implement government decisions, we want to work with you to do that the best we possibly can, and want to engage with you to do that, but the bottom line is we must implement the government decision’, and they’re saying ‘we’ve got an advocacy role and we’re not going to play in the sandpit when the sandpit’s been cut in half’, and that’s where removing the central advocacy and representation components from the service delivery end would make the relationship, in my view, operate a lot more smoothly (personal communication, 7 July 2011a).

Finally, unless formal framework agreements are institutionally embedded, they can be marginalised and rendered inconsequential as emergent issues crowd them off the policy agenda. Even those policy frameworks that enjoy strong support within the NFP and public sectors can falter at critical moments in the politics stream (e.g. the Queensland Compact).
### Figure 6.8 – Status of state & territory cross-sector frameworks

#### Framework documents exhibiting some effectiveness & durability

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<thead>
<tr>
<th>Document/Agreement</th>
<th>Description</th>
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<tbody>
<tr>
<td>Memorandum of Understanding (MOU) 2009-12 / Partnership Agreement 2010-14 (VIC)</td>
<td>Formal bilateral agreements between Victorian government line agencies (health and human services and early education) and relevant parts of the NFP sector. Policy lead resides with individual line agencies. Complementary but separate cross-sector initiatives (Office for the Community Sector, 2008) exist alongside agreements. MOU model well regarded by sector.</td>
</tr>
<tr>
<td>Queensland Compact 2008</td>
<td>Bilateral agreement between state government and the Futures Forum on behalf of community services sector, developed in response to sector mobilisation around the Community Services Sector Charter (2007). Focus on structural reforms to improve the government-sector relationship and to build the capacity of the community services sector. Policy lead resides with Department of Communities with oversight by Compact Governance Committee (CGC) (now lapsed). Independent Chair appointed by Premier (now lapsed). Compact in abeyance following defeat of Bligh Labor government in 2012 state election. LNP government led by Premier Campbell Newman is giving consideration to the possibility of a new compact.</td>
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#### Framework documents exhibiting mixed effectiveness

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<th>Document/Agreement</th>
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### Framework documents exhibiting minimal impact

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<tr>
<td>Agreement between community services and health line agencies and relevant sub-sectors.</td>
<td>Bilateral agreement between the state government and the Forum of Non-Government Agencies (FONGA).</td>
<td>Partnership Agreement between DHHS, DPAC and the Community Sector launched by Premier Laura Giddings in October 2012.</td>
<td>No formal instrument for cooperation in place.</td>
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<tr>
<td>Policy lead resides with line agency.</td>
<td>Purpose was to strengthen working relationships between government and the sector.</td>
<td>The Departments of Health and Human Services (DHHS) and Premier and Cabinet (DPAC) represent the government.</td>
<td>An early attempt to develop a formal partnership framework (Common Cause, 2004/05) was abandoned, possibly as a result of leadership change (resignation of Chief Minister, Clare Martin) and the Commonwealth government’s 2007 Northern Territory Emergency Response (NTER).</td>
</tr>
<tr>
<td>Initiated by the human services line agency as a mechanism to manage relationship with the sector.</td>
<td>Focus mainly on human services and procurement relationship.</td>
<td>Agreement is aligned with the National Compact and has whole-of-government implications.</td>
<td>A ‘conversation’ about a ‘social participation framework’ initiated by Labor government shortly before the 2012 election.</td>
</tr>
<tr>
<td>Little evidence of vertical and horizontal integration with complementary policy frameworks for social inclusion and volunteering.</td>
<td>Policy lead resides with human services line agency.</td>
<td>Governed by the Peaks’ Network and Government Strategic Forum, which will prepare an implementation plan outlining specific actions and measurable targets.</td>
<td>Policy direction unclear following the formation of the Country Liberal Party government following the 2012 general election.</td>
</tr>
<tr>
<td>Evidence of disconnects in both awareness and application.</td>
<td>Oversight by Joint Reference Group.</td>
<td>The Forum will prepare an annual report and commission an independent review and evaluation at the end of the first two years.</td>
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<tr>
<td>About to be reviewed in 2012.</td>
<td>Few attributable impacts.</td>
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<td>Low levels of awareness and perceived relevance.</td>
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<td>Policy widely regarded by sector and government agencies as a ‘dead letter’.</td>
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<td></td>
<td>Incoming Liberal-National government (2011) has not indicated its position on the compact.</td>
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Chapter Seven – The National Compact: civilising the relationship between government and the not-for-profit sector in Australia*

This chapter considers the origins of and prospects for Australia’s National Compact. Intended as a signature policy achievement of the first Rudd Labor government (2007-10), the National Compact, like its better-known predecessors the ‘English’ Compact and the Canadian Accord, is a formal, deliberate policy framework intended to establish new rules of engagement between government and the NFP sector.

The launch of the Compact in March 2010 marked an important milestone towards fulfilment of a 2007 pre-election promise by the Australian Labor Party (ALP) to ‘repair’ the relationship between the federal government and the NFP sector (Gillard and Wong, 2007). The ALP’s commitment to canvass sector support for a compact was an important plank in a broader policy agenda for ‘social inclusion’. Notably, the National Compact – unlike the English Compact or the Canadian Accord – was not accompanied by a major investment component for sector development. Labor’s intention was to achieve NFP sector reform aims as much as possible within existing resources. This needs to be seen in the broader context of Rudd’s 2007 campaign vow to cut spending on administration and to exert tight control on outlays (Schubert and Shanahan, 2007).

In his 2010 foreword, then Prime Minister Kevin Rudd hailed the compact as an expression of his government’s desire ‘to embrace new ways of governing – including forming innovative partnerships with the Third Sector to tackle the nation’s long-term challenges’ (Australia, 2010b). This chapter examines the policy antecedents and the political events that helped to bring about the National Compact, the policy entrepreneurs who contributed to shaping the policy discourse on which it is founded, and the trajectory of sector reform in uncertain political times.

At its launch at Parliament House in Canberra on 17 March 2010, Rudd said of the National Compact:

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* This chapter draws together and expands upon two peer reviewed papers (including one co-authored paper) and one book chapter – all based on research undertaken for this dissertation (Butcher, 2011, 2012, Butcher et al., 2012).
This compact sets the framework for all of the Government's work with Third Sector organisations as we tackle some of the greatest challenges facing Australia, an era of collaboration that will fundamentally strengthen and improve the way we work together, that will strengthen civil society and that will help the organisations which help many of the most needy and disadvantaged people in Australia.

... This Compact gives community organisations, large and small, real input into Government policy and program delivery. It enables true collaboration on key social, economic and environmental challenges facing our communities and it allows the broad range of Australian not-for-profit groups to work with Government to achieve a shared vision (Rudd, 2010).

In order to corroborate the broad narrative suggested by a reading of the primary and secondary literatures, in-depth interviews were conducted with five elite policy actors working at senior levels in the national NFP policy space. The interviewees represent a range of views from within government, the bureaucracy and the NFP sector. Interviews with elite policy actors at the sub-national level also solicited views on the National Compact and, where relevant, their views also inform the analysis. In order to protect the confidentiality of interviewees none are identified by name.

The Australian National Compact in context

The micro-economic reforms of the Hawke and Keating Labor governments (1983-1996) laid the platform for the rise of NPM in Australia. However, the shift towards neoliberal governance in Australia accelerated with the election in 1996 of a Liberal-National Coalition government led by John Howard. Howard rejected Labor's brand of state interventionism in favour of neoliberal and managerialist discourses.

At the heart of this new policy discourse were the values of fiscal rectitude, self-reliance, mutual obligation, public choice, a preference for private enterprise over public sector provision and the utilisation of market instruments to leverage choice and competition – all generously leavened with appeals to ‘conservative populism’ (Ryan, 2005, Singleton, 2005:1-2, Mendes, 2009).

In a 1998 speech, Howard declared that the increasing demand for greater choice was a driving force behind the transformation of economic, political and social life, and that:

… more and more people who have more knowledge and information at their disposal … are demanding more choice in the workplace, more choice in education, more choice in their own telecommunications – in
short, more choice in how they and their families live their lives (Howard, 1998).

In its first two terms the Howard government’s enthusiasm for market-based approaches to public administration drove a massive program of public asset sales, the privatisation of government business functions, and the outsourcing of a variety of corporate support services (Aulich and O'Flynn, 2007a:160-163, Aulich and O'Flynn, 2007b). The same logic was applied to the delivery of human services, beginning in 1998 with the creation of a quasi-market to replace a long-standing system of (primarily) publicly operated employment services (Thomas, 2007).

Branded as the ‘Job Network’, the new system was ‘one of the first comprehensive attempts internationally to apply market mechanisms to the provision of subsidised employment services’ (Productivity Commission, 2002:XXII). Tenders were invited from for-profit and NFP providers for employment services contracts valued at $1.7 billion (1998-2000). With the second tendering round in 1999 the total value of employment services contracts offered to the market had grown to $3 billion (Productivity Commission, 2002:4.8-4.9). The Job Network thus became the template for the expansion of third party contracting and the creation of quasi-markets in areas such as family relationship and migration services (Wanna et al., 2010:160-167, Butcher and Freyens, 2011:16).

Many NFP service providers participating in the newly established human services quasi-markets experienced a significant expansion of their market-share. However, rapid growth also accentuated endemic capacity deficits within the sector. Larger NFPs participating in these new markets became more ‘professional’ and ‘business-like’. In contrast, many small to medium sized organisations were excluded from competitive tendering by high transaction costs. Those parts of the NFP sector unable to participate in the new human services markets languished in a capacity doldrums.

In general, the Howard government applauded the contributions to society and communities of churches, community groups, social clubs, philanthropic and charitable organisations. Yet, despite its growing dependence on the sector as an agent of service delivery, the government offered little in the way of practical support for capacity development. In part, this reflects a degree of distrust of parts of the sector within Howard’s administration. One respondent interviewed for this dissertation suggested that, had the Howard government been re-elected in 2007, there would have been no
program for NFP reform, such was the ‘deep suspicion of the sector’ on the part of Howard and certain of his ministers ‘that goes back decades’ (personal communication, 11 May 2011).

Although prepared to acknowledge a role for government in ‘facilitating linkages between individuals, communities, voluntary associations and business’ and accepting the need to be alert to potential threats to voluntary activity (Howard, 1998), the Howard government considered it unnecessary to intrude into the essentially private activities of NFP organisations. This ‘hands-off’ approach was neatly summed-up by Howard’s Treasurer, Peter Costello:

... social networks are neither established by, nor controlled by government. They are voluntary. That is their strength. So while the Government cannot establish these associations and should not force engagement it should be careful to do no harm (Costello, 2003, emphasis added).

Howard considered his government ‘reformist’ in market and economic terms, however, it was also socially conservative (Singleton, 2005:4-5, Johnson, 2007, 2010). In her book, God Under Howard, Maddox draws attention to a consensus amongst political observers that:

[W]hile Howard’s economics were a matter of considered political conviction developed through his career, his social policy was a kind of default mechanism, ingrained in [his Methodist] childhood and never rethought (Maddox, 2005:2-3).

Accordingly, the Howard government cultivated relations with large, socially conservative NFPs, such as The Smith Family, Mission Australia, or the Salvation Army, who were broadly sympathetic with elements of its social policy agenda (Mendes, 2005:147, Boucher and Sharpe, 2008, Mendes, 2008:130, Manderson, 2011:234).

The Howard government, according to one interviewee, did not like independent NFP peak bodies and did not like Commonwealth funds being used for systemic advocacy (personal communication, 11 May 2011). The same person noted that some of Howard’s ministers ‘intensely disliked’ the welfare sector ‘because it challenges them in so many ways’, adding that they were also ‘thin skinned and had really long memories … and they never, never move on’ (personal communication, 11 May 2011).
Under the Howard government commissioning agencies adopted a fairly rigid approach to contractual oversight and accountability with the aim, it was argued of imposing political as well as financial discipline on NFP organisations in receipt of government funding (Sawer, 2002, Maddison et al., 2004, Mendes, 2005, Staples, 2006, Hamilton and Maddison, 2007). Funding agreements, for example, included so-called ‘gagging clauses’ that enjoined contracted NFP service providers from commenting on public policy, and in 2003 the Howard government tried – and failed – to legislate a definition of ‘charitable purpose’ that threatened the tax deductible status of organisations ‘attempting to change the law or government policy’ (Charities Bill 2003).

By its fourth term (2004-07) a ‘re-balancing’ of policy emphasis was already underway, away from the nostrums of NPM towards inter-agency coordination and cooperation, and working across portfolio boundaries (Halligan, 2008:16-17). The practical challenges of program design, policy implementation and service delivery in complex environments required the incorporation of relational elements into funding agreements with NFP service providers, albeit still within stringent accountability frameworks (Butcher and Freyens, 2011:28-29).

Australia was a relative latecomer to what Halligan calls ‘new wave coordination’ in the form of horizontal, integrated or joined-up government (Halligan, 2008:16). Any significant progress towards cross-sector cooperation would have to await a change of government. This was the backdrop against which the opposition ALP in 2007, under the leadership of Kevin Rudd, set out a ‘social inclusion’ agenda in which it committed to righting the alleged wrongs of the Howard government – including a commitment to consult with the NFP sector about a compact (Gillard and Wong, 2007).

**The National Compact – the problem stream**

Through the 1970s and 1980s, the contribution of Australia’s NFP sector to policy development and delivery was valued and supported by state and federal governments (personal communication, 11 May 2011). From the late 1980s, however, Australian governments – Labor and Liberal – adopted a largely instrumentalist view of the NFP sector as a useful, but ultimately substitutable, input into the delivery of public policy and the production of services, while at the same time extolling the virtues of voluntarism and philanthropy.
By the time of the 2007 general election the relationship between the Howard government and parts of the NFP sector was fraught with tensions. There were a number of contributing factors, including: the absence of a coherent regulatory framework (which contributed to uncertainty and inequitable taxation treatment of organisations); the inherent social conservatism of the Howard government’s social policy (which clashed with the values of the ‘progressive’ elements of the NFP sector); and the government’s tendency towards selectivity when inviting NFP sector input into the formulation and delivery of policy.

As a consequence, the sector became disenchanted with the ‘unequal’ nature of its engagement with government and the ‘disconnect’ between how the government and the sector viewed the relationship (Productivity Commission, 2010a:309). One interviewee characterised the relationship thusly:

![Figure 7.1 – Timeline and synopsis, Australian government-NFP sector relationship](image)

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<th>1980s</th>
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<td>Hawke/Keating Labour government elected in 1983 initiates major structural and micro-economic reforms entailing de-regulation of the financial sector and monetary system. At the federal level, support for micro-economic reform is assured via a corporatist Accord with unions and industry. Federal and state/territory governments commence an incremental process of public sector management reform. In the federal sphere, this comes to be known as ‘economic rationalism’. The relationship between NFP and public sector service providers is still largely symbiotic: the privatisation and marketisation of public sector functions is in its infancy.</td>
<td>Managerialist discourses in the form of NPM exert increasing influence on public policy during the 1990s at all levels of government. Further structural reforms of the economy in the form of competition policy drives the privatisation of public utilities and subjects government functions to business logics in order to introduce elements of choice, performance, responsiveness and competition. Reform gathers pace with the election in 1996 of the 1st Howard Coalition government. Both federal and state governments press community and voluntary organisations into service as contracted service providers. A ‘contract state’ emerges, governed by the precepts of principal-agent theory. NFP organisations are enlisted as state service delivery agents and have little input into either public or operational policy.</td>
<td>During the 11 years of the Howard Coalition government relations with the NFP sector are strained. In the federal sphere public sector ‘purchasers’ are paternalistic and focussed on compliance regimes that impose operational burdens and transaction costs on NFP sector service providers. Although the experience is similar at the state and territory level, from 2001 Labor governments begin to initiate dialogue with the NFP sector about formal relationship frameworks. Federally, the Labor opposition promises to repair the relationship and offers the prospect of a compact. The Rudd Labor government elected in 2007 commissions the Productivity Commission to produce a study of the NFP sector and simultaneously initiates consultations about a compact. The National Compact is launched in 2010 and the Gillard Labor government commits to a program of further legislative and structural reform for the sector.</td>
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Government was colonising the sector as more and more of the services were being devolved to the sector to run, but with government still wanting to have total control, and not respecting the autonomy, or the independence, or the democratic processes within the organisations themselves (personal communication, 13 September 2011a).

Said another:

[The sector] just wanted the goal posts not to keep shifting; they wanted to have a sense of understanding what the government wanted from them; they wanted to be listened to, and consulted with appropriately. Consultation under the previous government had got to the stage of ‘We’re consulting on the new arrangements – and here it is. This is what’s going to be coming today on the first of July’, and that was consultation! So it was never actually participation by the sector in shaping-up a policy or a program (personal communication, 29 September 2011).

Concerns frequently canvassed by the NFP sector throughout the Howard years included:

- A lack of trust, open communication mutual respect between government and parts of the sector;
- A perception that government gave little credence to the knowledge and expertise of NFP organisations when formulating policies and designing programs;
- Problems of isomorphism as NFP providers take on the practices and behaviours of the government organisations they deal with, thus subverting the very qualities that commended them as service providers;
- The corrosive effects of competitive tendering upon relationships within the sector, including tendering practices that favoured larger organisations;
- Inconsistencies and conflicts between government agencies and levels of government seen to contribute to high transaction costs and leading to administrative burdens and impaired service provision;
- Problems of ‘mission-drift’ as NFP service providers seek to be responsive to their government ‘clients’, and as a consequence become distracted from their founding purpose;
- Failures to fund the full cost of service provision coupled with a failure to factor administrative overheads into the ‘price’ paid for services;
- Perceptions that NFP service providers are virtually an arm of government; and
• The erosion of NFP organisations’ independence through over-regulation, a lack of transparency, and overly-prescriptive approaches to contracting – including contractual provisions limiting the ability of organisations to engage in systemic advocacy (Australia, 2010a, Productivity Commission, 2010a:309-310).

The greatest source of tension, however, was competitive tendering and contracting for mandated public services and the manner in which it was practiced by the Howard government (Productivity Commission, 2010a:308, Butcher and Freyens, 2011). As expressed by one interviewee, the Howard government’s contracting practices were ‘the lightning rods for a whole lot of dissatisfaction in the sector’ (personal communication, 29 September 2011).

Whilst government and the bureaucracy employed ‘partnership rhetorics’, NFP organisations with a long-standing presence in particular human services industries felt as though they had been frozen-out of policy formulation and service design processes (Goddard, 2006, Melville, 2008). ‘Government knows best' was the dominant mantra: ‘[government] had the answers, that they could in fact determine how, what, when and by whom service delivery would occur’ (personal communication, 11 May 2011). One interviewee observed that governments traditionally see themselves as the policymakers, and described the situation as follows:

The policy is made within the government: ‘we only want you to tell us, just in case we aren’t the fount of all wisdom, that there might be no unintended consequence here. We don’t want you to tell us whether you like the policy or not – whether you like it or not, this is the policy or, whether you like it or not, this is the problem (we determine what the problem is) and we are telling you this is THE solution (not A solution, this is THE solution) and all we want to know is if there’s going to be some big problem for someone that we might have missed.’ (personal communication, 13 September 2011a).

Another, recalling the dissonance in messaging emanating, respectively, from government and the NFP sector, observed: ‘I’ve never seen such a disconnect – never!’ (personal communication, 11 May 2011).

That some intermediary organisations found themselves outside the policy ‘tent’ while others were invited in heightened discord and division in a sector that prized organisational autonomy while at the same time striving to preserve collegiality. The lack of a single entry point to government resulted in a pattern of ‘learnt behaviour’ in the form of ‘forum-shopping’:
[Y]ou know, if you don’t get what you want from one minister, go to the next. [This occurred] because there was no overarching strategy, or rules of engagement, or anything (personal communication, 29 September 2011).

In a 2006 essay the then Labor Opposition Leader (and soon to be Prime Minister) Kevin Rudd castigated the Howard government’s pursuit of ‘free market fundamentalism’ in which the ‘ruthless economic utilitarianism’ of an ‘unrestrained market capitalism’ runs roughshod over traditional social values of family and community (Rudd, 2006:46-47). Calling upon Labor to ‘reclaim the centre of Australian politics’, Rudd foreshadowed the opportunity to ‘form fresh political alliances with other groupings alienated by this new form of market fundamentalism, which is blind and indifferent to its social consequences’ (Rudd, 2006:50). Rudd called on a ‘new coalition of political forces’ to join in the task of humanising markets and ‘fostering new forms of social capital’ (Rudd, 2006:50).

The marketisation of services, together with procurement and contract management regimes that accentuated competitive pressures between erstwhile collaborators in the NFP sector, represented to some in the NFP sector a debasement of earlier time when the sector complemented government as a partner and not regarded a merely an agent. Whatever the objective truth of those halcyon days of government-NFP sector partnership, what was clear was that the NFP sector wanted to place the relationship on a better, more equal footing. And this is what the Labor opposition announced it would work towards should it win the 2007 general election (Gillard and Wong, 2007).

The National Compact – the policy stream

By the time of the 2007 election the Australian public was palpably weary of the decade-long policy preoccupation with economic ideology (Brown, 2007, Langmore, 2008). Rudd’s critique of neoliberalism seemed to have captured ‘the vibe’ of the dying days of the Howard era, characterised by the oft-cited catchphrase ‘we live in a society, not an economy’. It is possible to see in Rudd’s call-to-arms the nascence of Labor’s future policy agenda for the NFP sector. In a later essay (published after becoming Prime Minister) he characterises neoliberalism as ‘that particular brand of free-market fundamentalism, extreme capitalism and excessive greed which became the economic orthodoxy of our time’ (Rudd, 2009:26) and castigates neoliberals as being ‘intrinsically suspicious of all forms of multilateral governance’ (Rudd, 2009:28).
The Rudd government’s policy announcements in relation to social inclusion and the compact were redolent of the ‘Third Way’ agenda charted in the United Kingdom by Blair’s ‘New Labour’ a decade previously. Even the language was similar: the term ‘compact’ was a direct borrowing from the UK, and while the Blair government spoke about the problem of ‘social exclusion’, the Australian policy rhetoric spoke about strategies to promote ‘social inclusion’.

However, it would be simplistic to suggest that the policy framework proposed by Australian Labor was a direct appropriation of the Blair-era policy framework. Certainly, the ALP’s 2007 commitment to a national compact is in some respects a product of policy transfer via exchanges of people and ideas between British Labour and Australian Labor (personal communication, 29 September 2011). This is hardly surprising given the ALP’s deep historical, political and ideological ties with the British Labour Party (Frankel, 1997, Scott, 2000, James and Markey, 2006).

Also, as we have already seen, the diffusion to Australia of ‘Third Way’ policy thinking had by that time already been well under way for almost a decade. The strong ties between the ALP and the British Labour Party – including exchanges of policy ideas and campaign expertise during general elections (Button and Murphy, 2007, Wilson, 2008) – coupled with half a decade of prior experience with compacts initiated by state Labor governments123 – meant that by 2007, a national compact was a ‘ready to go’ policy solution awaiting the right political conditions (Lyons, 2001a, Casey et al., 2008c, Casey et al., 2008b, Casey et al., 2010, Edgar and Lockie, 2010, Butcher, 2011, 2012, Butcher et al., 2012). As observed by one interviewee:

[The National Compact] came around political connections and political discourse around options and alternatives. You had a lot of work going on in the Bracks [Labor] government around the relationship with the sector and repositioning the sector, so at the time I would have said in the 90s under [Premier] Carr, New South Wales was leading the thinking around service delivery, and then in the 2000s it then went to Victoria and the ‘head space’ was Victoria. We’re a pretty small country and we don’t have … that big a ‘brains trust’ really. Once it was indicated that there was a willingness, and an interest, and an appetite [for] moving to this more collaborative approach, those people who’d been interested – and frustrated – for a while, surfaced (personal communication, 29 September 2011).

A number of persons interviewed for this study confirmed that the views of sub-national policy actors indeed cascaded upwards to inform discussions at the national level. One
interviewee, citing the successes of state and territory Councils of Social Service in getting compacts on the agenda sub-nationally, suggested that much of the impetus behind a national compact would have come from peak organisations in the welfare sector (personal communication, 11 May 2011). Another observed that the eventual form of the National Compact was strongly influenced by the 2008 Queensland Compact (personal communication, 14 April 2011).

As for federal Labor’s decision to frame its policy in terms of social inclusion, one interviewee suggested that:

[The] notion of social inclusion, and the use of the words social inclusion rather than social exclusion, came directly from [Social Inclusion Commissioner] David Cappo and the [SA Premier, Mike] Rann experience in South Australia where they had been actually working on an agenda for about three years. They were looking to an ‘asset-based model’ rather than a ‘deficit/exclusion model’, so they were trying to create a different kind of mind-set around the issue of inclusion. So, the narrative was pretty thin and the language was pretty ‘clunky’ [and] poorly defined … so then, to try and frame what social inclusion was about, there was a decision taken by Julia [Gillard] and Penny [Wong] … that social inclusion would find its traction in the issue of workplace participation … what was a ten-point plan became a stronger narrative around participation … (personal communication, 29 September 2011).

Despite the tense relationship between the Howard government and the NFP sector, the NFP policy space was the site of lively discussion, debate and research. The era of the Howard government produced a vast grey literature in the form of official inquiries, studies and working papers addressing the relationship between government and the NFP sector contributed to the evidentiary base upon which Labor would craft the value proposition for a national compact.

Among the major inquiries in the federal sphere up until 2007 were: an Industry Commission report on charitable organisations (1995); an inquiry into the definition of a charity (Charities Definition Inquiry, 2001); a report by the Board of Taxation on the definition of charity (Board of Taxation, 2003); and a report by the Productivity Commission on social capital (Productivity Commission, 2003). These inquiries also stimulated much discussion amongst NFP organisations, many of which would have invested significant effort in the preparation of formal submissions – mostly with little expectation that their representations would be heeded (personal communication, 13 September 2011a).
To these might be added various state government reports, including reports by state auditors general addressing issues associated with contracted service provision (Auditor General Western Australia, 2000, PAEC, 2002, QAO, 2007, VAGO, 2010) and a range of material emanating from ‘think tanks’ and university-affiliated research centres (Melville, 2003, Maddison et al., 2004, Edgar, 2008, Sidoti et al., 2009).

Thus one can see in the policy stream evidence of significant discussion and deliberation within and between various policy communities about the nature and role of the NFP sector and about the kinds of policy responses necessary to give effect to a more productive relationship between the sector and government. This raised the temperature in social policy circles around finding solutions to pressing problems in Australia’s NFP policy space.

The National Compact – the politics stream

By the middle of the last decade, policy interest in collaborative approaches to governance was growing steadily (Huxham et al., 2000, Entwistle and Martin, 2005, Huxham, 2005, Agranoff, 2006). Wanna suggests that by the turn of the century, the vocabulary of governments – particularly in the Anglo-Saxon world – had begun to change in anticipation of a ‘new era of public administration’ in which collaboration would be ‘the next wave of public-sector reform’ (Wanna, 2008:7).

124 In the Australian policy scene collaboration with the NFP sector has often been framed in social capital terms, although proponents sometimes offer diametrically opposed constructions of the concept (Butcher, 2006). Collaboration discourses paralleled and complemented discourses in the NFP policy space around the capacity of the sector to contribute to policy formulation and to ‘co-produce’ service delivery. ‘Collaboration’ could not only answer the ‘disconnect’ between the NFP sector and government, it also offered a core principle around which a national compact might be framed.

According to Johnson (2010), Rudd presented as someone who was both ‘economically conservative’ and ‘influenced by social democratic ideology, particularly in regard to his critique of extreme neoliberalism’. The notion of cross-sector collaboration lay at the heart of the proposed compact and, by extension, the broader social inclusion agenda. This offered the ALP an opportunity to differentiate its political brand from that of the incumbent government (but without a major commitment of expenditure). That collaboration discourses were broadly consistent with so-called ‘Labor values’ and
had a strong precedent in the experience of the British Labour Party enhanced their appeal to the ALP leadership.

Like Blair’s New Labour – whose communitarian agenda devoted considerable policy attention to the voluntary sector (Kendall, 2003:56) – the ALP’s policy conversation with the NFP sector began while in opposition. In November 2006, the then Leader of the Opposition, Kim Beazley, invited a cross-section of NFP sector leaders to attend a Community Sector Forum to coincide with the launch of Labor’s ‘Strong Communities Partnership’ policy statement (Staples 2008). The statement included commitments about consultation on policy, sustainable funding, capacity building, consistency in the sector’s dealings with government, recognition of sector diversity and an acknowledgment of its advocacy role (Staples 2008:279). The policy statement was a product of the ALP’s National Policy Forum earlier that year, and was welcomed by the sector (Welfare Rights Centre, 2006:5).

However, at the same time as Beasley was offering to consult the sector about the likely form of a partnership with government, the leadership of the Labor Party was in the balance. Less than a fortnight after the Forum, Beazley was replaced by Kevin Rudd. Although the immediate aftermath of the leadership spill deflected attention away from the issues raised at the forum, and both Beasley’s speech and the Strong Communities Partnership quietly consigned to obscurity, Rudd would nevertheless appropriate Beasley’s core commitments in a re-branded policy.

In January 2007, Rudd requested New South Wales (NSW) Labor Senator, Ursula Stephens to distil the recommendations arising from the forum and map out a plan. Appointed by Rudd as his Shadow Parliamentary Secretary, Stephens was a sound choice for such a task. She was familiar with the challenges of cross-boundary and cross-sector coordination by virtue of her previous work in the NSW Premier’s Department and her PhD research on issues of regional service delivery.126 By May 2007 Stephens had laid out a strategy to establish the foundations for cooperation and trust in the government’s relationship with the sector.

The broad dimensions of that strategy were subsequently outlined by the then Shadow Minister for Social Inclusion, Julia Gillard, in a speech to the Sydney Institute in July 2007. Gillard set out a framework for social inclusion in which a traditional ‘welfarist approach’ would be replaced with a focus on investing in human capital in order to
bring disadvantaged Australians into the mainstream market economy (Gillard, 2007:103). Gillard acknowledged the provenance of Labor’s approach to social inclusion with references to the record of the Blair Labour government in the UK and to Canadian efforts (Gillard, 2007:108). She also cited social inclusion policy frameworks operating in other Australian Labor jurisdictions, most notably South Australia and Victoria, crediting them with providing the needed ‘direction and drive’ (Gillard, 2007:108).

Gillard built upon Beasley’s earlier overtures by undertaking to ‘form new partnerships with the community sector’ (Gillard, 2007:111). She affirmed that Labor wanted to ‘modernise’ policy thinking in this space by acknowledging the NFP sector as an important driver in the social economy, and by committing to a model of governance exhibiting both vertical and horizontal integration (Gillard, 2007:111).

In the lead-up to the November 2007 general election, the Federal Labor Party released its policy platform document, *An Australian Social Inclusion Agenda* (Gillard and Wong 2007: 5-6). Labor pledged to take a ‘whole of government approach’ in which ‘partnerships with State and local governments, the not for profit and private sectors’ would be the *modus operandi* of government (Gillard and Wong, 2007:6).

Labor acknowledged the capacity pressures on the NFP human services resulting from an increased reliance on purchaser provider contracts (Gillard and Wong, 2007:10) and asserted the necessity of ‘rebuilding trust and reciprocity’ while criticising the Howard government for having:

... attacked both the right and capacity of community sector organisations to advocate and [rejecting] their contribution or role in public policy development or debate. The breakdown of the relationship between the community sector and government diminishes Australia’s democracy but also undermines our capacity to effectively combat disadvantage (Gillard and Wong, 2007:11)

Labor undertook to remove restrictive clauses in funding agreements that constrain the sector’s advocacy role and to establish ‘a truly independent and effective voice for the community sector’ (Gillard and Wong, 2007:11). Labor also promised to ask Australia’s premier publicly-funded economic advisory body, the Productivity Commission, to ‘construct a new tool to measure the contribution of third-sector organisations to our economy as the starting point for maximizing the sector’s contribution to social inclusion, employment and economic growth’ (Gillard and Wong, 2007:11) – an
emphasis that some interpreted as indicative of the ‘neoliberal’ underpinnings of Labor’s policy, one in which ‘the worth of the sector is measured in relation to its economic productivity, rather than its democratic/social value’ (Staples, 2008:281).

Labor argued that under Howard there had been a ‘breakdown’ in the relationship between government and the sector (Gillard and Wong, 2007:10). To repair the relationship, Labor offered to consult the sector about whether ‘a compact, such as those that operate in Canada and the UK, could or should be developed in Australia, and what might be included in such a partnership’ (Gillard and Wong, 2007:11). Following the election of the Rudd government in 2007, Senator Stephens, now federal Parliamentary Secretary for Social Inclusion and the Voluntary Sector, confirmed Labor’s commitment to, ‘building (and in some cases re-building) trust, strong relationships and partnerships’, adding:

We want to be partners in this journey, not contract managers (Stephens, 2008a)

The institutional and cultural challenges faced by those making the journey was encapsulated by former head of the Prime Minister’s department, Peter Shergold, in the following terms:

My experience has been that too often bureaucrats behave as if they are managing a contract rather than a relationship (Shergold, 2008a:7)

Not only did the bureaucracy have a poor understanding of the NFP sector (personal communication, 11 May 2011, 29 September 2011), the new government was to some extent hamstrung by a legacy of federal government departments’ incapacity to think and act collaboratively across portfolios, and by institutional resistance to change (personal communication, 29 September 2011). As one interviewee observed of the Howard era:

… each department, or each agency was highly competitive in its own space – they were all competing for funds. There were agencies contracting to each other to do work, so the whole model of government was not around collaboration, it was actually competition, and that ‘competition is good and it drives costs down’ – it was kind of ‘the market rules’. But in a policy space the challenge for actually trying to get anything up was extraordinary – just too difficult (personal communication, 29 September 2011).

After 11 years of the Liberal/National Coalition government it came as ‘a bit of a shock’ to senior ranks of the public service when Labor won the 2007 election: there was also a
sense that senior echelons of the bureaucracy believed that ‘the “natural order” would be restored in 2010 when everything went back to normal’ (personal communication, 29 September 2011):

That level of resistance existed [for] quite a long time. And the perfect example of that was when FaHCSIA was providing the secretariat support to the Compact and the Compact Working Group and they arrived at one of these Expert Panel meetings with a draft Compact: written! Composed! For the sector Panel to sign-off on! [In November 2008]. So, in their mind the behavioural shift had not occurred at all. They really hadn’t embraced the notion of ‘it would be done collaboratively’ (personal communication, 29 September 2011).

Implementation, issues and impact

During its first two years in office the Rudd Labor government consulted widely on the form and content of the proposed national compact. As mentioned previously, the government was assisted in this task by the Australian Council of Social Service (ACOSS), the national peak body representing the community services and welfare sector and ‘the national voice for the needs of people affected by poverty and inequality’. On the government side, the policy lead for the consultation phase was assigned to the federal Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), itself a an important commissioning agency with a significant portfolio of funding and service agreements with the NFP sector.

The choice of ACOSS and FaHCSIA as the key interlocutors in the consultations served to confirm in the minds of many stakeholders that the proposed compact was primarily concerned with managing the government’s funding relationship with the community services sub-sector. In fact, ACOSS was the obvious entry point to the NFP sector because there was at the time no other national organisation or grouping capable of facilitating a broad dialogue about the compact. For its part, FaHCSIA was assigned the policy lead largely because of its legacy of engagement with the community and welfare sector and the absence at the time of an appropriate central coordinating agency within government (personal communication, 14 April 2011, 29 September 2011).

Overcoming NFP sector distrust

The proposal to develop a compact was initially greeted with some cynicism in parts of the sector. One interviewee said the challenge was ‘to empower a sector that had been disempowered for a decade’ (personal communication, 29 September 2011). The same
person suggested that: ‘in fact, you have to teach people that advocacy is not saying ‘no’’, and pointed to a loss of collaborative skills within the sector ‘because they’ve been working against government for so long’ (personal communication, 29 September 2011).

Eventually, however, due in no small part to the efforts of Senator Stephens – a ‘passionate advocate’ for and ‘driving force’ behind the compact (personal communication, 13 September 2011a, 14 April 2011) – support for the compact began to build to the point where ACOSS, in its final report on the results of consultations, found ‘overwhelming interest’ in improved relationships ‘with and across Government and within the Sector’, ‘a strong desire for a changed relationship with Government’ and ‘substantial momentum’ in both awareness of and support for the development of a compact (ACOSS, 2008:9).

As described by one close observer, Stephens’ overtures to the NFP sector were:

… a real refreshing change from the previous Howard government ministers just barking at the sector … I think it was a reconciliation process with the sector, after the Howard years really, which is quite lovely. She spoke with respect, she spoke with acknowledgement of all hard work that people do. You know, there’d been some pretty hard years there, where you had to sit in meetings and just get barked at by people who are just rude and obnoxious, and there was more than one of those Howard government ministers that was just rude and disrespectful and obnoxious … So that process was quite a nice little reconciliation sort of thing around telling people that the government had changed (personal communication, 15 April 2011).

**Productivity Commission study**

One of the Rudd government’s first acts in this policy space was to make good on a promise foreshadowed in the Labor Party’s pre-election platform (Gillard and Wong, 2007) and reaffirmed after the election by the Parliamentary Secretary for Social Inclusion, Senator Ursula Stephens (2008b), to commission a comprehensive study of the economic contribution of the NFP sector. Terms of reference for the study, led by Commissioner Robert Fitzgerald – himself a highly regarded and respected figure in the NFP sector – were transmitted in March 2009. The study would focus on ‘improving the measurement of the sector’s contributions’ and ‘removing obstacles to maximising its contributions to society’ (see Appendix 4, Figure A4.1).128
The Commission’s report (Productivity Commission, 2010a) exerted a major influence on the eventual form and content of the Labor government’s NFP reform agenda. One interviewee said of the report that it ‘was highly regarded by the sector and by government as being a very measured and strategic way forward … when the Compact was signed in March 2010, there was a massive sense of achievement, but that was the beginning, not the end’ (personal communication, 29 September 2011). The report contained 14 major recommendations and all recommendations were accepted ‘in principle’, apart from those requiring actions by other levels of government (House of Commons Public Administration Select Committee, 2008b).

Drawing on the experience of other jurisdictions the report suggested that while ‘top down’ processes have value in setting the ‘tone’ of engagement, complementary ‘bottom up’ measures are necessary to build support and gain buy-in from the sector and other stakeholders (Productivity Commission, 2010a:375). Importantly, the report recommended the establishment of an ‘Office for Not-For-Profit Sector Engagement’ to support the implementation of the proposed compact and other reforms. Although the Commission refrained from commenting on the advisability of a compact, it did recommend that compacts needed to be supported by ‘well documented plans of action’ and ‘practical measures including monitoring and evaluative processes that give concrete expression to the proposed relationship’ (Productivity Commission, 2010a:378).

The Commission supported proposed reforms ‘necessary’ to reduce the ‘uncertainty and tension that characterises the underlying relationship between governments and [NFPs]’. It also noted that government would need to drive a cultural change agenda to address the legacy of ‘attitudes, norms, and values’ that ‘are corrosive to the underlying relationship between government and NFPs’ (Productivity Commission, 2010a:378). The Commission also suggested that the sector would need to re-think commonly held views that government should ‘get out of the way’ and allow NFP organisations to pursue their own formulations of community interest without regard to taxpayer’s expectations of accountability for the expenditure of public funds (Productivity Commission, 2010a:384-385).
The National Compact

The National Compact was launched originally in March 2010 and re-issued in 2011. In addition to a foreword and separate messages from the Prime Minister and the Minister for Social Inclusion, the document is divided into a number of sections, summarised below:

- **Context** – the Compact is an agreement setting out how the government and the NFP sector want to work together to achieve their shared vision and a starting point for a stronger, more productive relationship.

- **Shared vision** – government and the NFP sector will work together to improve social, cultural, civic, economic and environmental outcomes, building on the strengths of individuals and communities.

- **Shared principles** – including working for a fair, inclusive society; demonstrating mutual respect and trust; striving towards genuine collaboration; valuing diversity as a significant strength of the sector; promoting engagement with marginalised and disadvantaged Australians; ensuring the availability of culturally responsive services; making thoughtful decisions using sound evidence; accountability for the effective, pragmatic use of available resources; investing in the development of an innovative, appropriately resourced and sustainable NFP sector; and investing in accountability and developing appropriate measures to demonstrate the effectiveness of joint endeavours.

- **Shared aspirations** – the Compact is a starting point for a stronger, more productive relationship in which government and the sector will work together to achieve nominated goals pertaining to the relationship; improving engagement and consultation; achieving better results; and work towards a more sustainable NFP sector.

- **Priorities for action** – through engagement and collaboration address the following eight priorities: document and promote the value and contribution of the NFP sector; protect the sector’s right to advocacy; recognise NFP sector diversity; improve information sharing and access to publicly-funded research and data; reduce red tape and streamline reporting; simplify and improve consistency of financial arrangements; improve paid and unpaid workforce issues; and improve funding and procurement processes. (The full text of the National Compact is reproduced in
Appendix 6, Figure A6.1).

**Compact reception**

Unlike framework documents in many other jurisdictions, the National Compact is not countersigned by intermediary NFP sector representative organisations – such as ACOSS – or any of the other NFP organisations that had contributed to its development. Instead, NFP organisations were invited to voluntarily sign up online ‘to show their support and commitment to the Compact’s shared vision, purpose and principles’ (Office for the Not-for-profit Sector, 2013c) – a model since adopted by the New Zealand government for its own Relationship Accord. As at the end of June 2013 – just over three years since the launch of the National Compact – over 920 organisations representing a wide variety of sub-sectors have signed up as National Compact Partners.

All Commonwealth government portfolio departments are signed up to the National Compact and Compact Advocates have been appointed at the Deputy Secretary level ‘to ensure that their agency adopts the principles of the Compact and commits to implementing the Compact’s priority action areas’ and to ‘foster a culture that considers the impacts and opportunities for NFP organisations when developing and implementing policies and programs and oversee any mediation processes where complaints have been made by not-for-profit organisations regarding non-compliance with the National Compact’ (Office for the Not-for-profit Sector, 2013a).

Although the National Compact was warmly welcomed when it was announced in March 2010, and the major building blocks of the reform package are being put into place, many in the NFP sector have expressed impatience for change. That impatience breeds frustration, especially in the light of anecdotal reports from the coalface about the stubborn persistence in government departments of the very attitudes, behaviours and practices that the compact was meant to address. That frustration is evident in the following response from a national peak organisation to a request for an interview about the National Compact:

> In truth, there is far more academic activity in relation to the contribution of the National Compact than there is activity from governments in reshaping their relationships with not-for-profits, at least in terms of the community sector that we represent. This is very frustrating, particularly given the time and effort that [name of peak organisation] and many of our members invested in the process. But given that this is the case, we are trying to conserve our limited energies to focus on areas of sector
reform that are underway. As a result we are limiting our involvement with the Compact (and the number of projects relating to it that are underway) to a watching brief only at this time. (Email correspondence, 03-11-2011)

One interviewee commented that the National Compact was seen by the sector as a ‘sign of good faith’ from the government, however, they also remarked that in parts of the sector, the compact was seen as an ‘outcome’ whereas, in reality, it is simply an ‘output’:

> It’s a framework document – that’s what compacts are, they set up a set of principles; at best, they are a guiding framework for the way in which governments should engage (personal communication, 11 May 2011).

The same informant suggested that cynicism can be self-fulfilling and added that the sector needs to ‘start the conversation differently’ by using the framework document as the starting point, rather than focusing primarily on funding and contracting issues.

**A broad reform agenda**

Government officials interviewed for this study point out that the staging of reforms has been of necessity sequential and cumulative. They stress that the National Compact is, in fact, the ‘foundation stone’ for the reform measures now in train and argue that there is logic in the sequencing of policy implementation (personal communication, 19 August 2011, 29 September 2011). The National Compact, or to be exact, the consultation process upon which it is founded, provided the platform required to support the broader reform agenda:

> … the investment of the three years in relationship-building was a really necessary precursor to the institutional changes and the structural changes that we’ll start to see play out. So it’s like a maturing of the relationship now and we can actually talk like big boys and girls about some of the hard stuff (personal communication, 29 September 2011).

Conversations with the sector about the ‘hard stuff’ are being facilitated by the 14-member Not-for-Profit Sector Reform Council. Established in December 2010 and chaired by former Queensland (Labor) Attorney-General, Linda Lavarch, the Council’s membership is drawn from across the sector and includes as an *ex officio* member Robert Fitzgerald (who had previously headed the Productivity Commission’s study of the economic contribution of the sector). The Council reports to the Minister for Social Inclusion in accordance with broad terms of reference.
In order to manage its workload, the Council has established five working groups to progress the following key components of the reform agenda:

- the implementation of a national regulator (the Australian Charities and Not-for-profits Commission, or ACNC) and harmonising fundraising legislation
- red tape reduction
- the National Compact and other reforms
- better targeting tax concessions and financing the sector, and
- not-for-profit future workforce issues.  

Other important elements of the implementation apparatus for these reforms are an Australian Charities and Not-for-profits Commission (ACNC) Advisory Board (Chaired by Robert Fitzgerald), and the ACNC Taskforce comprised of officers seconded from the Australian Taxation Office (ATO), The Treasury, the Department of the Prime Minister and Cabinet (DPMC,) and the Charity Commission of England and Wales (ACNC, 2012). In addition, an Interdepartmental Committee on Not-For-Profit Reform chaired by the DPMC is focusing on cross-portfolio issues arising from the National Compact and the government’s volunteering policy.

As to the impact to date of Labor’s reform agenda, one needs to look to the National Compact itself, which enunciates a series of eight ‘priorities for action’. A cursory survey of the government’s actions to date against these action statements both confirms the foundational nature of the compact and the government’s resolve to pursue an ambitious reform agenda (see Figure 7.2 below).
### Figure 7.2 – Mapping policy actions against Compact Priorities for Action

<table>
<thead>
<tr>
<th>National Compact (March 2010) Priorities for Action</th>
<th>NFP sector Reform Initiatives</th>
</tr>
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<tbody>
<tr>
<td>Document and promote the value and contribution of the Sector.</td>
<td>Productivity Commission Report into the Contribution of the NFP Sector, published in January 2010. The government accepted ‘in-principle’ all but one of the recommendations relating to the Commonwealth. The one exception being recommendation 9.5 to establish social innovation funds at the program level. While innovation is critical, the government believes it should be pursued in other ways.</td>
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<tr>
<td>Protect the Sector’s right to advocacy irrespective of any funding relationship that might exist.</td>
<td>The government encouraged the establishment of a new peak organisation, the Community Council for Australia, to act as a voice for the sector (launched March 2010). In fulfilment of the Labor government's pledges to remove restrictive ‘gagging clauses’ from federal government contracts, the Not-for-profit Sector Freedom to Advocate Bill 2013 was passed on 28 May 2013, and received Assent on 13 June 2013. The Act is retrospective, and removes any ‘gagging clauses’ from existing contracts. In her second reading speech, Senator Jacinta Collins confirms that the legislation: ‘protects the rights of the not-for-profit entity to engage in debate and advocate on Commonwealth policy. It recognises and supports the critical role that the not-for-profit sector has in developing public policy and advocating on behalf of the community.’ (The Senate, 2013).</td>
</tr>
<tr>
<td>Recognise Sector diversity in consultation processes and Sector development initiatives.</td>
<td>The Not-for-Profit Sector Reform Council was appointed in December 2010 with a membership representing diverse perspectives. The Council led the co-creation of a Code of Best Practice for Engagement with the not-for-profit sector to ‘provide a framework for how the government and the NFP sector should work together to achieve better outcomes for all Australians’. A draft of the Code was released for final comment in March 2013 (Office for the Not-for-profit Sector, 2013b) and approved in August 2013 for use as ‘an operational tool for Government and NFP organisations to support the work of the National Compact’.</td>
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<tr>
<td>Improve information sharing including greater access to publicly funded research and data.</td>
<td>The new national regulator (the ACNC) will establish and maintain a public information portal. The Australian Bureau of Statistics commenced work with the Reform Council on improvements to statistical data on the NFP sector including a framework for measuring the contribution of the sector.</td>
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<tr>
<td>Reduce red tape and streamline reporting.</td>
<td>The Council of Australian Governments (COAG) agreed a Standard Chart of Accounts for commencement on 1 July 2010. The Department of Finance and Deregulation has developed a standard short form contract template for procurement purposes and is developing streamlined funding processes and simplified funding agreement templates for low risk grants. The ACNC will implement a ‘report-once use-often’ reporting framework for charities.</td>
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<td>Simplify and improve consistency of financial arrangements including across state and federal jurisdictions.</td>
<td>The ACNC commenced operation on 3 December 2012 (an exposure draft of the Australian Charities and Not-for-profits Commission Bill was released in December 2011 and was assented to in December 2012). A discussion paper on the harmonisation of Charitable Fundraising was released in February 2012. Negotiations with state and territory governments on national regulation are to be progressed through the COAG. A consultation paper on a legislative definition of charity was released in 2011, followed by the release of an exposure draft of the Charities Bill 2013 on 8 April 2013. The final version of the Charities Bill 2013 passed both Houses on 27 June 2013, thus putting into place a statutory definition intended to provide greater clarity and certainty for charities, the public and regulators in determining whether an entity is charitable.</td>
</tr>
<tr>
<td>Act to improve paid and unpaid workforce issues.</td>
<td>A National Volunteering Strategy (30 November 2011) set the direction for volunteering and supports organisations to adapt to and accommodate emerging forms of participation. In May 2011, Fair Work Australia, the national workplace relations tribunal, concluded that employees in the Social and Community Services industry do not enjoy remuneration for work of equal value by comparison with workers in state and local government employment. On 10 November 2011, the Gillard government announced its preparedness to provide over $2 billion to fund its share of any wage increases awarded. On 1 February 2012, Fair Work Australia made an order for equal remuneration for work of equal or comparable value to be phased in from 2012 to 2020.</td>
</tr>
<tr>
<td>Improve funding and procurement processes.</td>
<td>The Appointment of Compact Advocates at the Deputy Secretary level in all federal government departments is intended to ensure adoption by all agencies of Compact principles and commitment to priority action areas. In 2012 the Department of Finance and Deregulation commenced work with stakeholders to develop a whole-of-government grant agreement template, to be used by agencies when entering into low-risk grants. The template is currently being piloted.</td>
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Source: based on Butcher 2012b
Implications

In a 2007 essay, Tom Bentley – a former adviser to the Blair government and a former director of DEMOS – set out as a possible scenario for the future of ‘British’ politics:

A period of instability, minority government and electoral disenchantment, in which Prime Ministers of different parties fail to establish working majorities or electoral respect … (Bentley, 2007:113).

Bentley could not have known as he wrote these words that they would so presciently foreshadow the political fortunes of his soon-to-be employer, Julia Gillard. Bentley had come to Australia in 2006 to work for the Bracks Labor government in Victoria. He subsequently took up a position as a senior adviser to Julia Gillard when she was still Deputy Prime Minister, before going on to become her Deputy Chief-of-Staff when she seized the leadership from Kevin Rudd in June 2010.

Political instability

Within the Rudd government’s first year in office the deepening global financial crisis (the GFC) loomed as an existential threat to the Australian economy. Fortunately, the fundamentals of the Australian economy were sound, and these provided a strong platform from which to mount a response to the worsening global economic downturn. Firstly, the government had a healthy balance sheet by virtue of having inherited a $21 billion surplus from the previous Liberal-National Coalition government (Wanna 2009:584). Secondly, as the United States’ sub-prime mortgage market began to collapse in February 2007 Australian GDP rose against the global trend to a high of 4.2% in the September quarter of 2007 and unemployment fell to a low of 4.1% in the March quarter of 2008 (McGregor-Lowndes 2011:1).

On the domestic front, the government announced an initial stimulus package in 2008 of $10 billion, followed by a second stimulus package in 2009 of $42 billion – in the process incurring a deficit – the second since 1997 (the Coalition government incurred a deficit of 0.1 per cent in 2002). The resultant deficit of 4.3 per cent of GDP exceeded a previous high of 4.0 per cent in 1993 (also under a Labor administration), a fact exploited by the Opposition, which portrayed the government’s stimulus measures as gross profligacy and the Labor administration ‘addicted to tax and spend’ government (Hockey, 2011b, a). The mobilisation of the GFC stimulus task was a major distraction for the new government and quickly became the centre of policy concern, to some extent crowding-out other aspects of its legislative and policy program. The scale
of the stimulus package and speed with which it was rolled out severely stretched the capacity and capability of federal government departments, their state government partners and affected industry sectors.

Throughout 2009 and 2010, despite having ‘saved’ Australia from the worst effects of the GFC, controversy about apparent deficiencies in the administration of high profile components of the stimulus package, coupled with the political ‘optics’ of a rapid return to budgetary deficit and the inability to secure support for a number of the Rudd government’s signature policies,134 fed an opposition narrative of a confused and inept Labor administration (Abbott, 2011).

By mid-2010 the government had reached a point of policy and political paralysis and Rudd’s approval ratings were described as being ‘in free-fall’. At the urging of influential members of the Labor caucus his then Deputy, Julia Gillard challenged Rudd for the leadership. Realising he did not have the numbers to win a caucus ballot, Rudd resigned and on 24 June 2010, Julia Gillard became Australia’s first female Prime Minister. Gillard explained her decision to challenge the leadership by saying that, ‘a good government was losing its way’ (Levy, 2010, Rodgers, 2010, McKew, 2012). Twenty-three days later, amid rising public unease over the unseating of a sitting Prime Minister in only his first term – another ‘first’ for Australia – Gillard called a general election for 21 August, 2010.

**Continuing commitment to NFP sector reform**

During the campaign, the government announced its intention to pursue important reforms for the NFP sector. A re-elected Gillard Labor government would:

- establish a Not-for-Profit Sector Reform Council made up of representatives from across the sector to ‘provide an important government-to-sector interface through which those most affected by these reforms can help shape their implementation’,

- establish an Office of the Not-for-Profit Sector within the DPMC ‘to drive and coordinate the policy reform agenda within government’ and provide secretariat support to the Reform Council,

- commission a ‘scoping study’ for a national ‘one-stop-shop’ regulator for the NFP sector to remove the complex regulatory arrangements currently in place and streamline reporting arrangements,
• build on work already underway through the Council of Australian Governments (COAG) in relation to the implementation of a National Chart of Accounts ‘to improve consistency in financial reporting by organisations to funding agencies and departments, and harmonising fundraising legislation across States and Territories’, and

• cut ‘red-tape’ by streamlining tendering and contracting processes, in part by developing ‘a new, common form contract or “master agreement” for use between the Australian Government and non-profit organisations’ and through a cross-agency review ‘of the efficiency and effectiveness of tendering, contracting and acquittal arrangements between the Australian Government and non-profit organisations’ (ALP, 2010).

**Continuing instability**

During the election campaign, Labor struggled in the face of damaging leaks that tainted Gillard’s role in the Rudd government and the leadership challenge. Said Gillard’s Treasurer, Wayne Swan, ‘We had a hard campaign where everything that could go wrong did go wrong’ (Ellis, 2011). The election resulted in a hung Parliament, in which the balance of power in the House of Representatives rested with the cross-benches, including one Greens MP and four independents. After 17 days of tough negotiation, the Greens MP and three of the independents opted to support Labor by guaranteeing supply.

A ministerial re-shuffle following the election saw Ursula Stephens stripped of her role as Parliamentary Secretary for Social Inclusion and the Voluntary Sector. Credited with leading consultations with the sector ‘at a time where some big thinking about the sector was needed’, and praised as an architect of the NFP sector reform agenda, her demotion came as a shock to many in the sector (Woodward, 2010).

Gillard had herself held the Social Inclusion portfolio in the Rudd government but passed the portfolio to senior Labor stalwart, Simon Crean shortly after the leadership coup. In her second ministry, Gillard awarded the social inclusion portfolio, along with the Human Services portfolio, to former Minister for Housing and Minister for the Status of Women, Tanya Plibersek, which also had the effect of removing social inclusion to the outer ministry. In this role, Plibersek also inherited responsibility for overseeing the implementation of the National Compact.
At the same time, former Parliamentary Secretary for Disabilities and Children's Services, Bill Shorten, (previously a Parliamentary Secretary) was appointed Assistant Treasurer (also in the outer ministry) in which capacity he would have responsibility for what might be thought of as structural elements of the reform agenda. Former Parliamentary Secretary for Social Inclusion and the Voluntary Sector, Ursula Stephens, was later brought in from the cold as a ‘specialist adviser’ to assist Shorten with consultations on a new definition of charity (Shorten and Plibersek, 2011).

Between October 2010 and February 2011 Shorten invited comment on a series of discussion papers concerning the roles and functions of a national regulator (The Treasury, 2011d), a proposed statutory definition of charity (The Treasury, 2011b), options for better targeting NFP tax concessions (The Treasury, 2011c) and NFP governance arrangements (The Treasury, 2011a). Some in the sector regarded an expanded role for Treasury as marking a shift in the reform emphasis from collaboration towards compliance. Others took comfort in the fact that both Plibersek and Shorten are well regarded in the sector by virtue of their previous ministerial roles in relation to homelessness (Plibersek) and disability (Shorten).

Amid the sudden flood of discussion papers emanating from The Treasury, there was a concern within the sector that the National Compact had been left behind. Shorten, perhaps sensing the unease in a sector overwhelmed by the pace of change, offered the following assurances:

… further big reform in the not-for-profit space is long overdue because too many reforms have previously been considered a low priority or been put into the too hard basket. ... [T]he sector has lacked some unity in purpose and voice, and the reform agenda has lacked necessary leadership. But I'm standing here now to say that this Government is ambitious to be the champion the sector has patiently waiting for.

... That we ‘get it’ is why we've put so much energy into developing better public policy in this space and have, with a road map of independent and sector-supported recommendations, moved so quickly since the August 2010 election. It's why we stood by the sector in tough times, why we stood beside you during the global financial crisis. We were right alongside you in the tough times because you are right beside ordinary, modest Australians every day (Shorten, 2011)

A further ministerial re-shuffle in December 2011 saw Plibersek appointed to the Health portfolio and Shorten given the portfolios of Financial Services and Superannuation as well as Employment and Workplace Relations. Responsibility for social inclusion was
added to the Mental Health and Aged Care portfolio held by Mark Butler, who was also elevated to cabinet. A new Assistant Treasurer, Senator Mark Arbib, would be responsible for matters pertaining to the taxation and regulation of the NFP sector (although he would resign amid further leadership controversy just over a year later). Parliamentary Secretary to the Treasurer, David Bradbury, would take the running on the harmonisation of charitable fund-raising legislation (The Treasury, 2012).

**The leadership question**

Meanwhile, the minority Labor government continued to be dogged by political blunders and controversy about the prime minister’s leadership (for a comprehensive account of the Labor government's travails see Wanna, 2012). In late 2011, respected political journalist for the Sydney Morning Herald, Lenore Taylor wrote:

> When Gillard knifed Kevin Rudd she said she was doing it because ‘a good government had lost its way’ but eight months later, it wasn't so much lost as hopelessly mired, with seemingly intractable policy problems still hanging, a minority government to manage and an opposition that had smelt political blood (Taylor, 2011).

On 22 February 2012 a maelstrom of rumour and speculation about active internal destabilisation of Gillard’s leadership culminated in the dramatic resignation of Australia’s Foreign Minister, former Prime Minister Kevin Rudd. In response Gillard called for a leadership ballot on 27 February, which she won convincingly with 71 votes to Rudd’s 31. Rudd’s resignation, together the subsequent caucus ballot and a post-ballot announcement by Assistant Treasurer Mark Arbib of his intention to resign from Parliament, triggered yet another portfolio re-shuffle on 2 March, 2012. In the re-shuffle, Mark Butler retained the Social Inclusion portfolio while David Bradbury took Arbib’s place as Assistant Treasurer. The sector was, therefore, largely spared the pain of having to break-in a new set of ministers.

Instability within the governing Labor Party did not cease. On 30 January 2012, Gillard took the unprecedented step of announcing that the next general election would occur on 14 September that year. Although this was possibly intended to ‘settle the troops’ and focus the Party’s attention on preparing the groundwork for the election, speculation about the leadership persisted. On 21 March 2013 in the wake of anonymous ‘backgrouding’ to journalists about disquiet within the Labor Party, Gillard again called for a leadership ballot to settle the matter. On this occasion, perhaps
sensing that he could not command a majority of the Labor Caucus, Rudd failed to stand, resulting in Gillard being re-elected unopposed.

Again Gillard and her supporters asserted that the instability was at an end. However, polling results steadily worsened as the date of the election drew nearer, as did confidence in Gillard’s ability to turn the situation around. On 26 June 2013, three years and two days after replacing Rudd as Prime Minister, Kevin Rudd defeated Gillard in a leadership ballot by 57 votes to 45. Rudd would now lead his party and his government to an election on 7 September, 2013.

**Labor’s policy narrative on the NFP sector**

Like New Labour in Britain, Australian Labor under both Rudd and Gillard has sought to distance its approach to civil society from that of its predecessors. Driver and Martell (1997:36) suggest that New Labour’s emphasis of on civil society gave the Blair government a ‘post-Thatcherite edge’, although its ‘brand’ of communitarianism leaned towards the individual, conservative and morally prescriptive ‘at the expense of less conditional and redistributational, socioeconomic, progressive and corporate communitarianisms’ (Driver and Martell, 1997:43). Similar observations have been made of the Rudd-Gillard formulation of social inclusion and its ‘near identical embrace’ of the Blair government’s social inclusion agenda (Wilson, 2008:8).

The policy rationale for the Labor government’s pursuit of social inclusion and NFP sector reform (including the National Compact) has been founded on two contrasting political narratives. On the one hand is Rudd’s discourse of civil society, joined-up government, cross-sector cooperation and participatory governance – aspirations never fully realised by a government whose decision-making and policy formulation was highly centralised and hierarchical (Marsh et al., 2010:157). On the other is Gillard’s emphasis on a ‘participatory economy’ (as opposed to participatory government) – an idea she has consistently espoused since her time in opposition and which became a central organising theme of her government (personal communication, 11 May 2011).

The NFP sector has been guarded in its appraisal of the policy emphases inherent in the Gillard government’s NFP reform agenda. In addition to the sector’s concerns about the reform agenda being ‘hijacked’ by Treasury and infused with a compliance agenda, the NFP sector was apprehensive that the Gillard government represented a ‘turn to the right’ for Labor (Johnson, 2012). Although a member of the ALP’s Left faction, Gillard
was less antagonistic to neoliberalism and market capitalism than was Rudd (Johnson, 2012).

Gillard’s policy thinking bears the traces of her Baptist upbringing and the working class sensibilities of her Welsh migrant family (Malkin, 2010). In her 2007 speech to the Sydney Institute, Gillard declared that in order to meet Australia’s future economic challenges, ‘we're going to need every Australian on board pulling their weight, rejoining the workforce, gaining new skills’ (Gillard, 2007:111). As Prime Minister she employed populist messaging directed at ‘working families’ and offered a prescription of welfare reform and workforce participation to ‘break persistent cycles of social and economic exclusion’.

Claiming the ‘dignity of work’ as ‘a deep Labor conviction’, Gillard declared:

> The party I lead is – politically, spiritually, even literally – the party of work … The party of work not welfare, the party of opportunity not exclusion, the party of responsibility not idleness (Gillard, 2011).

This appears to signal a contemporary Australian analogue of the shift in (British) Labour ideas away from social democracy towards ‘liberal conservatism’, characterised by Driver and Martell as an adherence to a ‘conservative prescriptive moral communitarianism’ coupled with a ‘positive celebration of the dynamic market economy’ (Driver and Martell, 1997:43).

Bentley (2007) makes similar observations about British politics and these too resonate with the Australian scene. Bentley argues that while Blair and Brown decisively shifted British politics away from the ‘operating framework’ traditionally dominated by the right (personal taxation, economic management and national sovereignty) they did not succeed in establishing ‘deep, strong institutional underpinnings’ for their new communitarian framework, making it vulnerable to fragmentation, loss of coherence, public cynicism, disillusionment and non-participation (Bentley, 2007:111-112).

It might be said that Australian Labor has not been able to sustain either a coherent political narrative or establish the deep institutional underpinnings of which Bentley speaks. Although the Labor government, first under Rudd and then under Gillard, has attempted to articulate a broad ‘fairness agenda’ (Carey et al., 2012:54) and commentators, such as former Labor Premier of Western Australia, Geoff Gallop, argue that in the aftermath of the GFC, ‘[t]he idea of redistribution in the interests of a fair go
for all is back on the agenda’ (Gallop, 2011), others point to the difficulty inherent in ‘so many social policy promises and a budget so squeezed’ (Taylor, 2012a).

Figure 7.3 – Political and policy trajectory of Rudd/Gillard governments 2007-2013

Source: adapted from Butcher 2012b
There are numerous possible explanations for Labor’s inability to gain political and policy traction with the electorate. First, federal Labor has had to carry a share of the weight of incumbency with long-standing state Labor governments that reached their use-by date (guilt by association). Second, federal leadership ructions undermined the authority and legitimacy of the prime minister and by extension, the government. Third is the persistence of economic unease in the community, despite having been spared the worst of the GFC and the country having enviable economic fundamentals. And fourth, the minority government’s need to appease a range of interests – not least the cross-benches – has distracted the electorate from its core messages (see Figure 7.3 above for a diagrammatic representation of the trajectory of the Rudd/Gillard governments to date).

Conclusions

The Gillard Labor government continued the ambitious, complex reform agenda in the NFP policy space begun under Kevin Rudd. Some would suggest that Rudd’s ‘Third Way’ communitarianism (or at least his profession of it) has been de-emphasised along the way. Johnson, for one, concluded that there was at the 2010 election ‘less explicit differentiation on social issues’ between Labor and the Coalition, and described Gillard as ‘Rudd-lite’ in relation to certain policy issues (Johnson, 2012:53). Another possible reading is that, lacking Rudd’s flamboyance, Gillard’s approach has been pragmatic and workmanlike, designed to steer a middle path and present a ‘small target’ electorally.

Working with a fragmented NFP sector

The NFP sector is fragmented, variegated and diffuse and therefore a challenging space within which to achieve policy traction. The sector is susceptible to distrust in government, which makes it an uncertain bedfellow. This distrust arouses doubts and second-guessing about the government’s motives and a lack of confidence in the government’s determination to achieve reform. Confidence in government is sometimes compromised by the persistence of the very behaviours and practices intended to be remedied by reforms.

The bureaucratic ‘juggernaut’ has been slow to turn, and this has proved vexing for many in the sector. There is, however, some recognition within the public sector of the need for cultural change:
... bureaucrats don’t often get it to be honest … and the fact that their ministers want things all happening today or tomorrow morning, not in six months time. You know, it is the bureaucracy sometimes (personal communication, 19 August 2011).

The NFP sector also labours under the weight of public indifference. As one interviewee pointed out, despite its civic and economic contributions, the public is not generally aware of the NFP sector as a sector:

Most people in some way are touched by a third sector service that is paid for by government, by a government program whether it’s state or federal … and [do] not know it. It’s a real interesting dilemma – it’s the intrinsic ignorance around how the system in our country works (personal communication, 14 April 2011).

NFP sector reforms do not generate headlines or rank high on the list of issues of immediate concern to electors. Although the NFP sector touches the lives of thousands of Australians every day and is often cited by the policy cognoscenti as an invaluable pillar of Australian society, there has been little public discussion of Labor’s NFP sector reform initiatives. The diversity of civil society in Australia is one of its great strengths (personal communication, 29 September 2011). However, the fact that the NFP sector has not one voice but many, impairs its ability to be heard (personal communication, 14 April 2011).

The fragmented nature of the NFP sector also impairs its ability to act collectively in its own interests. If the NFP sector is to be taken seriously as a partner by government, it needs to collaborate more effectively within its ranks, and to share knowledge and expertise. As one interviewee said:

Government, for all its faults, can harness and direct [effort] across agencies – the sector doesn’t do it, and it can’t do it and won’t take responsibility for it (personal communication, 14 April 2011).

At various times, NFP sector actors have exhibited a capacity to simultaneously entertain apparently contradictory positions: expressing impatience with the amount of consultation (too much) and the roll-out of reform measures (too slow) (personal communication, 19 August 2011). This has been a source of frustration for a government striving to work constructively with the NFP sector and hamstrung by the uncertainties of minority government. Remarking on the one-sided nature of the NFP sector’s expectations of the government, a senior policy actor observed:
The big challenge for the sector is to understand that with the signing of the Compact comes some responsibilities for them … (personal communication, 29 September 2011).

Another observer commented that it might take ‘an awful lot of time’ to rebuild trust between the NFP sector and government, and added that it sometimes suits an organisation’s membership to ‘be at loggerheads with government’ (personal communication, 13 September 2011a). The same observer pointed to a danger that ‘the sector’s cynicism gets in the way and the government loses its enthusiasm’ and underlined the need for culture change ‘on both sides’, subject to the following note of caution:

For Labor governments, if you have a sector – that you were fully funding and fully supporting in both philosophy and resources – turn on you and were forever critical, then it wouldn’t be too hard to imagine some ministers asking the question ‘why are we paying these organisations to turn on us?’ (personal communication, 13 September 2011a).

**Using the National Compact**

Although the visibility of the National Compact has diminished somewhat in the face of an ambitious federal reform agenda in the NFP policy space, the Labor government nevertheless asserts that the National Compact provides the ‘foundation for action to improve working relationships, strengthen sector viability, and develop and deliver better policy and programs’ (Australia, 2011).

To many in the NFP sector the National Compact has been of lesser importance than the Productivity Commission’s recommendations. Said one interviewee:

I remember the COSS directors all had a teleconference and we said ‘we don’t really care what the compact does, just tell ‘em to do what the Productivity Commission says needs to happen, you know, just implement their recommendations we don’t want another set of recommendations to implement’ … our writing instruction … was just make sure that the PC inquiry report gets implemented, we don’t really care about the rest of the wording, and no we don’t want to give feedback on this draft that draft because it felt like ‘fine words’ and there was a bit of cynicism as to where it was all going. So to be honest, I'm more interested in the creation of a regulator than I am in the fine words and the oversight arrangements (personal communication, 15 April 2011).

However, an interviewee who is very close to the reform process cautioned against complacency or over-reaching:

I have a view that this was is a once in a generation opportunity to join with a government that is passionate about reforming the sector for the
positive benefit of the sector and the Australian community as a whole, but may have limited time to do it. So, like holding onto mum’s skirt if she’s in a hurry, we’ve just gotta keep up. We may not come this way again (personal communication, 13 September 2011a).

Another key policy actor offered the view that a professed lack of interest in the National Compact is symptomatic of an NFP sector that is generally not very good at using bilateral policy frameworks:

You’ve got to use it. If you’re going to have a meeting about contracts you’ve got to pull the compact out: ‘Before we start, what are the principles in the compact that’s going to guide this discussion, going to guide these funding arrangements, going to guide this program design?’ Well, I can tell you, nobody does that.

… So if you’ve got a government that’s at best disinterested in the process and you don’t use it, well, frankly, what do you think is going to happen?

… The skilled operators understand that the compact has to become a living document, and if it is a living document you have to have the means and mechanisms to ensure that that life is sustained, and then I think, compacts have relevance … Compacts are valuable, but not in and of themselves.

… The smart operator says, ‘well, we’re going to keep this alive’ and you do it formally and informally – it is true to say that the sector, however, is waiting for the reforms highlighted in [the Productivity Commission report] and other reports, and they see the compact as a sign of good faith, but frankly, nobody’s very excited about the Compact itself, I can tell you … [and] why should they? It’s a framework document – that’s what compacts are, they set up a set of principles, at best they are a guiding framework for the way in which governments should engage, but the really substantive issues are the issues that [the Productivity Commission] and others have addressed in multiple reports (personal communication, 11 May 2011).

**The fortunes of political turbulence**

The Rudd and Gillard Labor governments have pursued a comprehensive suite of reforms in the NFP policy space that are unprecedented in Australia and ambitious even by international standards. Despite being supported for the most part by the NFP sector, the longevity of the reform agenda ultimately depends on the government’s political fortunes. Should the Liberal-National Coalition win the 2013 election, as it has been widely predicted to do, many of Labor’s policy initiatives in this area will likely be reversed.
Ironically, the internal political turbulence that has been a hallmark of the minority Labor government since 2010 has its roots in the first Rudd government's successful response to the global economic downturn. Despite the fact that the economic stimulus package almost certainly prevented Australia going into recession, the opposition has successfully purveyed the impression of a government beset by policy and implementation failure – impressions that the messy spectacle of leadership struggles in the Labor Party have done nothing to allay. Rudd’s sacking, followed by near defeat at a general election in 2010 and three years of constant political brinksmanship, severely damaged the Labor 'brand'.

On 30 January 2013 Prime Minister Gillard made an unprecedented advance announcement that the next general election would be held on the 14th of September that same year (ABC, 2013). With polling consistently showing the Labor government in a losing position, few political observers believed Gillard could win the election. Persistent leadership speculation continued to fuel perceptions of dysfunction (Griffiths and Atherton, 2013). Although a leadership spill on 22 March 2013 saw the Prime Minister and her Deputy returned unopposed, on-going instability finally led to Rudd making a further, and successful, challenge to the leadership. On 26 June 2013, Rudd was elected Leader by a majority of the Labor Caucus. Although Labor’s standing in the polls revived, the government would still have to come from behind to win the next federal election, now brought forward by one week to 7 September 2013.

**Liberal-National Coalition policy**

The Opposition has announced that a future Coalition government would reverse key Labor reforms. For example, that it will dismantle the ACNC and repeal the *Charities Act* 2013 if it gains office (Andrews, 2011, 2012, Pro Bono News, 2013).

In a June 2012 speech Shadow Minister for Families, Housing and Human Services (and a former Howard government minister) Kevin Andrews signalled the opposition’s intention to ‘reverse the nanny state’ (Andrews 2012). Andrews described Labor’s ACNC as ‘monolithic’, and a ‘power grab by government’, and derided the rationale for its establishment as ‘mischief’. 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.
Andrews also sounded a warning about ‘unnecessary state control of the civil sector’ and the danger that a sector dependent on government funding would be politicised and co-opted as ‘another arm of government’. 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 NFP organisations, not direct them ‘as an arm of the State’ (thus signalling, possibly, some relaxation of the Coalition’s past embrace of marketisation). This messaging suggests a ‘smaller government’ agenda comprising a generous portion of state paternalism with just a dash of principal-agent theory.

As was widely expected, the Coalition won majority government in the 7 September 2014 federal election. The new government’s first act in the NFP policy space was to disband the Social Inclusion Unit and the Office for the Not-for-Profit Sector in the Department of the Prime Minister and Cabinet (Office for the Not-for-profit Sector, 2013d). This was followed by an attempt to defer the commencement of the Charities Act 2013 (Parliament of Australia, 2013) (although a Bill including provisions to delay commencement passed in the House of Representatives, it was defeated in the Senate). In early 2014, the government introduced the first of two bills aimed at abolishing the ACNC (Parliament of Australia, 2014a). Again, the bill passed the House of Representatives, but was referred to the Senate Economics Legislation Committee for inquiry and report (Parliament of Australia, 2014b).

**An Australian ‘Big Society’?**

The Leader of the opposition, Tony Abbott, sees the political discourse in Australia as a contest between advocates of ‘bigger government’ (i.e. Labor) and ‘empowered citizens’ (Abbott, 2012). The opposition has flagged its intention to repeal key structural reform measures (principally, Labor’s carbon and mining taxes) and to focus on the ‘bottom line’ by accelerating debt retirement, delivering successive budget surpluses, and the consolidating the federal public sector (Hockey, 2012).

In August 2012, Phillip Blond, the purported ‘driving force’ of the Cameron government’s ‘Big Society’ agenda (Hennessy, 2010), briefed Coalition members of Parliament on developments in the UK (Kelly, 2012), leading to speculation that a future Coalition government led by Tony Abbott might pursue its own version of ‘Big Society’ (Adams, 2012, Whelan, 2012). In an April 2013 speech to the centre-right
think tank, the Centre for Independent Studies, Kevin Andrews offered views with a Big Society flavour:

Philanthropic endeavors (sic) strengthen and empower communities, harness the inherent virtue of Australians and encourage a greater sense of purpose and belonging across communities and incomes. Our volunteer services, welfare, environmental, sporting and community groups are living testimony to the Coalition’s belief in empowered communities. We believe that a community that freely gives of its time and its financial resources is a community with a stronger social fabric and more social capital.

We don’t necessarily want government to do less for people but we certainly want people to have the capacity to do more for themselves because that’s the way that stronger communities are built (Andrews, 2013).

Interestingly, there is support within the Australian NFP sector for the ideas embodied by ‘Big Society’, with the socially conservative Christian community service organisation, Mission Australia, reported to be actively promoting the adoption of a Big Society model in Australia (Karvelas, 2013).

There is also evidence of the adoption by non-Labor state governments of ‘conservative’ social policy prescriptions being implemented in the UK – such as social impact bonds (CSI, 2012) – thus continuing a ‘tradition of policy exchange between Australia and the UK’ (Sullivan, 2012). The transfer to Australia of these building blocks of Cameron’s Big Society can be viewed as the neoliberal analogue to the adoption by Labor governments of Blair’s Third Way.
Chapter Eight – New Zealand’s Relationship Accord

By comparison with Australia, New Zealand has moved cautiously with regard to a framework agreement between government and the NFP sector. Although New Zealand is often cited as a policy laboratory in which successive governments have experimented with radical public sector reforms (Castles et al., 1996, Sherborne, 2008), it did not rush into a compact despite shared desire to ameliorate sources of tension between government and the NFP community services sector.

The New Zealand government under former Labour Prime Minister Helen Clark (1999-2008) supported close engagement with the NFP sector, however, for a variety of reasons a bilateral framework agreement between government and the sector was never formalised. It was not until May 2011 that a cooperation framework document – Kia Tūtahi (Standing Together): The Relationship Accord between the Communities of Aotearoa New Zealand and the Government of New Zealand – was ratified by the National Party government led by Prime Minister, John Key, thus marking the culmination of a decade-long national discussion.

Throughout much of the period of the Clark Labour government, the centre-right Liberal/National Coalition governed nationally in Australia (1996-2007). Although national governments in both countries embraced market-based approaches to the delivery of public services, the policy discourse around the nature of the relationship between government and the NFP sector differed markedly. Whereas the Australian government policy and practise emphasised government’s contractual relations with the sector, the New Zealand government ostensibly accepted the desirability of a settlement with civil society sectors. That the Relationship Accord was over a decade in the making was largely a consequence of the reticence of the principal national umbrella organisations operating in the NFP policy space rather than reluctance on the part of government.

New Zealand offers an interesting contrast to Australia: it is a unitary state with a unicameral system of governance, compared to Australia’s federal state and bicameral system of governance; New Zealand has become a genuinely bi-cultural nation in which indigenous peoples – the Iwi/Māori, enjoy both a special status in the polity and
exhibit a greater degree of political and social integration by comparison with the original inhabitants of Australia; and its electoral system – mixed member proportional representation (MMP) – consistently delivers minority/coalition governments reliant upon confidence agreements with minor political parties, unlike Australia where, until recently, majority government has been the norm.

As another important point of difference, New Zealand’s political system has been described as an ‘elected dictatorship’ (Mulgan, 1990, Bray and Walsh, 1998). Similarly, Evans et al. have observed that:

In New Zealand a governing party with a clear parliamentary majority can legislate its program with few constitutional impediments. The major nonconstitutional constraints on the executive are internal party unity, electoral support, and the disciplines imposed by external financial flows (Evans et al., 1996:1856-1857).

The unitary nature of the state and the absence of institutional checks and balances in the form of an upper house or a robust committee system (as exist in Australia) leads to a concentration of power in executive government and a tendency towards ‘control’ that has often resulted in an adversarial relationship with the sector (personal communication, 13 December 2010a).

As with the Australian cases examined for this study, the broad policy and political narrative contained in the primary and secondary literatures has been corroborated with in-depth interviews conducted with elite policy actors working at senior levels in the national NFP policy space. The interviewees represent a range of views from within the New Zealand public sector and the NFP sector. Interviews were conducted with senior officers from the Office of the Community and Voluntary Sector and the Department of Internal Affairs. In addition, interviews were conducted with representatives from five national umbrella organisations. To protect the confidentiality of interviewees none are identified by name or, in the case of the NFP sector, by organisation.

**New Zealand – The Relationship Accord in context**

The broad trajectory of public sector management reform in New Zealand over the last three decades is similar to that observed in the United Kingdom, Canada and Australia (Coddington, 1993, Castles et al., 1996, Nowland-Foreman, 1997, Shaw and Allen, 2006). As occurred elsewhere in the Anglo-Saxon world, the dominant governance paradigm in New Zealand has evolved from one of state-interventionism under the
National government of Sir Robert Muldoon (1975-1984) and its post-WWII predecessors, to one having a distinctly neoliberal caste, commencing with the extensive microeconomic reforms initiated by the Lange Labour government (1984-1989) and continued by its successors.

New Zealand was an early and enthusiastic adopter of the suite of neoliberal approaches to public administration that would come to be called, collectively, ‘new public management’ (Larner, 2000). The economy-wide reforms initiated by the Lange Labour government also laid a platform for major public sector reform (Evans et al., 1996). These included an increased reliance on market-oriented strategies such as deregulation, privatisation, outsourcing, the structural separation of purchasers and providers, an enhanced emphasis on performance measurement and management, a shift from input to output-based funding, and the performance of publicly mandated functions – such as the delivery of public services – by third parties under contract (Boston et al., 1996, Boston et al., 1999, Boston, 2008).

The reformist zeal of Labour governments under prime ministers Lange, Palmer and Moore (1984-1990) was somewhat constrained by the Party’s historical, institutional and political ties with the labour movement – at least in relation to labour market deregulation (Bray and Walsh, 1998:368-369). Succeeding National governments under prime ministers Bolger and Shipley (1990-1999) were not similarly constrained, however, and responded to calls for further radical deregulation of labour markets (Bray and Walsh, 1998:371-372, Cheyne et al., 2005, Perry, 2008:12). This was, according to Larner, a more recognisable ‘authoritarian version of neoliberalism and neo-conservatism’ (Larner, 2000:17).

The implementation of contracting and tendering regimes for the provision of health and human services also gathered pace during this period. The express aim was to leverage market forces to encourage greater competition among service providers, including those in the NFP sector (Smith, 1996, Nowland-Foreman, 1997, Ashton et al., 2004, Larner and Craig, 2005). An increased emphasis on contracting was accompanied by the application of intrusive contract management practices (Larner and Craig, 2005, Cribb, 2006, Aimers and Walker, 2008).

By the late 1990s, however, it appears that the National government had cause to reconsider its embrace of principal-agent approaches to public service delivery. An
incoming government brief prepared by the Department of Social Welfare in 1996 set out the following note of caution:

> It has been argued elsewhere in this paper that a strong and viable not-for-profit sector also offers innovation, flexibility in service provision, and a public good externality as a result of the voluntary nature of some of its activities.

> If this argument is accepted, current arrangements with the sector based on purchase-of-service contracting may not, in themselves, be sufficient to maintain a healthy not-for-profit sector, and other mechanisms to promote and secure the capacity of the sector may need to be considered (cited in Nowland-Foreman, 1997:22, Department of Social Welfare, 1996).

This proposition reflected a (then) prevalent view that the use of competitive tendering and contracting for the provision of social services – especially when coupled with the persistence of departmental ‘silos’ and a rigid application of contractual compliance regimes – might lead to greater fragmentation of both policy and service delivery; the co-optation of NFP service providers as mere agents of the state; and a lack of focus on the needs of citizens (Smith, 1996:16, Nowland-Foreman, 1997:34, Aimers and Walker, 2008:48).

The ground was thus prepared for a resurgent opposition Labour Party to foreshadow proposals for a new settlement with New Zealand’s NFP sector in the lead-up to the 1999 general election. On taking office in December 1999, the Clark minority Labour/Alliance government (1999-2002) signalled a shift away from the ‘free market purism’ of the Nationals towards a ‘social development’ approach based on partnership, inclusion and joined-upness (Small, 1999, Larner and Craig, 2005, Aimers and Walker, 2008, Prestidge, 2010).\(^\text{139}\) In the 1999 Speech from the Throne, the voluntary sector was recognised as ‘an essential component of social services’ and as ‘a sign of a healthy civic society’ and signalled a determination to develop partnerships with local government, businesses, communities, and the voluntary sector. Singling out the latter out for special mention, Clark said:

> My government wishes to develop a compact with the voluntary sector to facilitate and guide the relationship between us (Clark, 1999).

The Labour/Alliance government acted quickly to raise the policy profile of the government-NFP sector relationship by establishing a working party comprised of community, NFP sector and state services sector representatives ‘to consider the scope
of a proposed agreement between government and Iwi/Māori community and voluntary organisations’ (CVSWP, 2001).

The term of the Labour/Alliance coalition government (1999-2002) was a period of intense examination of the government-sector relationship by two high-level, government-sanctioned working groups with a broad remit to consult across the voluntary and community sector as well as across the Iwi/Māori community about the matters that should be taken into account in any formal relationship framework. During this time the government also established a ministerial portfolio for the community and voluntary sector, and enunciated a Statement of Government Intentions (SoGI) (New Zealand, 2001) setting out a range of undertakings with regard to the relationship.

The Labour/Progressive coalition government that followed (2002-2005) sanctioned ongoing policy review and implementation. During this time there were clear signs of divergence between the sector view articulated by the working groups and the government’s preferred direction. While the responsible minister and the government clearly wanted to develop a framework document along the lines of the compacts then in place in the UK, the NFP sector hedged, having concluded that the time was not right for a formal agreement on an equal footing with government (CVSWP, 2001).

A Community Sector Taskforce was established to consult with the sector and to provide independent advice to government about progressing recommendations flowing from the earlier working groups (O’Brien et al., 2009). The relationship between the Taskforce and the government was sometimes difficult, owing in part to the former’s firm commitment to embedding the government-sector relationship within a broader Tiriti/Treaty of Waitangi framework (O’Brien et al., 2009:20). In 2004, then Minister for the Community and Voluntary Sector, Tariana Turia quit the Labour government over proposed legislation affecting Māori title to New Zealand’s foreshore and seabed. Turia went on to co-found the Māori Party.

Following the 2005 general election, the Labour/Progressive coalition government continued to address cross-cutting issues of practical concern to the sector. By 2007, perhaps sensing a possible change of government at the next election, the community sector signalled that as ‘our “official” knowledge of the tangata whenua, community and voluntary sector is very much greater now than it was when the Statement of Government Intent was released’, it was now time for the SoGI to ‘become a formal
basis for action and accountability and a reflection of genuine partnership’ (ANGOA, 2009). The government funded the Association of Non-Governmental Organisations of Aotearoa (ANGOA) to undertake an assessment of government responsiveness to the SoGI (O'Brien et al., 2009). ANGOA’s final report was not completed until 2009, after the election of the Key National-led government.

The change of government saw Tariana Turia returned to the Community and Voluntary Sector portfolio – this time as the deputy leader of the Māori Party under the terms of a coalition agreement with the National Party. It was Turia who received ANGOA’s report (ANGOA, 2009) and who observed at the time that:

… eight years on [from SoGI] it is entirely appropriate that we reflect on the structures and the processes that have been built to create strong and respectful relationships with each other – and evaluate progress made, and developments yet to occur (Turia, 2009).

In March 2010, with Cabinet approval, Turia established a joint community-government steering group to oversee the development of a relationship agreement and to lead an associated consultation process (Cabinet, 2009, Cabinet Social Policy Committee, 2011).

The resultant Relationship Accord, launched in 2011, does not take the form of a bilateral framework agreement. Although developed by a steering group comprising appointed government and sector representatives, and finalised following a period of public consultation, the document is ‘Signed by the Government of New Zealand’ (New Zealand, 2011). Following the Australian formula, individuals and organisations are invited to sign the Accord online (OCVS, 2012b). The following sections will discuss in greater detail the nature of the problem, the substance and tenor of the discussion within influential policy communities, and those aspects of the political environment that favoured the elevation of a relationship framework to the public policy agenda.
The Relationship Accord – the problem stream

From the mid-1980s onwards the *modus operandi* of government in New Zealand conformed to neoliberal approaches to governance and public administration. Along the way NFP organisations – once ancillary to the state – were progressively ‘neoliberalised’ and embedded within the broader apparatus of marketised service delivery. Financial support of non-profit sector activity now occurred primarily through service contracts, thereby signalling a fundamental change in the nature of the relationship between the sector and government (O’Brien et al., 2009:26).

This new dispensation for the sector introduced a range of problems. The administrative and compliance apparatus of contracting imposed operational burdens and practical constraints on the sector (O’Brien et al., 2009:28-29). NFP service providers were also challenged to ‘fill the gaps’ created as a consequence of changes to programs, entitlements and eligibility criteria whilst at the same time needing to create the new capacity needed to participate in newly established quasi-markets for public services. Although government came to depend on NFP sector providers as never before, the influence of the sector as a collective policy actor was simultaneously eroded by procurement and contracting practices. Effectively, the organisational mission of NFP service providers became subservient to the policy priorities of government.
During the 1990s the relationship between central government and the NFP sector deteriorated, as did relationships within the sector owing in part to the pressures of competition and resource scarcity. The election in 1999 of a Labour government led by Helen Clark presented an opportunity to re-set government’s relationship with the sector. Reflecting on the problems that beset the relationship between government and the NFP sector, New Zealand’s inaugural Minister responsible for the Community and Voluntary Sector, Steve Maharey said:

In opposition we noted with concern the steady decline of the relationship between Government and civil society as embodied by the community and voluntary sector.

The health of the sector is a good barometer of the health of our society.

Unthinking adherence to a rigid contracting model, centralised needs identification and programme specification, and an unwillingness to acknowledge the independence of sector groups over the last decade.

All this led to an almost complete breakdown of the relationship.

Fundamentally, the government failed to recognise the character of the community and voluntary sector (Maharey, 2000d).

Shortly after coming to power, the Clark government established a Community and Voluntary Sector Working Party ‘to consider the scope of a proposed agreement between government and Iwi/Māori, community and voluntary organisations’ within broad terms of reference (CVSWP, 2001). In its report, Communities and Government – Potential for Partnership Whakato-pu-Whakaaro, the working party concluded that ‘[A]lthough we believe the time is not right for some sort of overarching “agreement”, there could be steps towards such an agreement or some kind of agreed framework over the next year’ (CVSWP, 2001).

In her letter of transmittal the Chair noted that the working party had found ‘deep levels of frustration, mistrust, cynicism, anger and burnout’ arising from ‘community experience of dealing with governments over the past two decades’ (CVSWP, 2001:3). The Chair went on to observe that ‘people wanted to see the state supporting, enabling and facilitating, rather than dominating, demanding and standing aloof’ (CVSWP, 2001:3).

A Community-Government Relationship Steering Group was subsequently established ‘to oversee a work programme to develop strategies and practical solutions to the concerns identified’ in the first report (CGRSG, 2002). In its report, He Waka Kotuia –
Joining Together on a Shared Journey, the Steering Group reiterated the observation that ‘[t]hroughout the 1980s and 1990s the community sector felt it was bearing the brunt of the economic market reforms, picking up an ever-increasing load with little recognition and support from government’ (CGRSG, 2002). The Steering Group also noted that the relationship-building process initiated by the Clark Labour government ‘provided an opportunity to begin to effect a fundamental change in that relationship and in the culture of central government’ (CGRSG, 2002).

Although progress has been made towards an improved relationship, commentary from the NFP sector suggests that some problems still persist. The Association of Non-Governmental Organisations of Aotearoa (ANGOA), for example, complains that inconsistency, both in terms of the quality of relationships with government entities and administrative practices, has resulted in ‘fragmentation’, thereby impairing the sector’s ability to respond to community needs and concerns (ANGOA, 2009:35-36). In the same vein, representatives of national umbrella organisations interviewed for this study commented that the New Zealand public sector ‘has a chronic silo problem’ and, as a consequence, the sector observes little in the way of deliberative dialogue within government. In many ways, the sector considers itself to be ahead of government in this regard:

The sector is less ‘siloed’. It is still segmented, but it’s less siloed than is government … so, there’s no point in my view, in engaging with government if you can’t get … the New Zealand Transport agency to be part of it, you’re wasting your bloody time! (personal communication, 13 December 2010a).

Sector representatives acknowledge that the Clark Labour/Alliance government in its first term accepted the need to strengthen the capacity of the NFP sector to enable a conversation with government about a formal relationship framework (personal communication, 13 December 2010b). The government did commit to implementing a number of the recommendations set out in Potential for Partnership (CVSWP, 2001) and the follow-up report Joining Together on a Shared Journey (CGRSG, 2002). Although work was undertaken in a number of areas, momentum gradually stalled and specific recommendations concerning processes for monitoring and accountability of government-sector relationship were not acted upon (Nowland-Foreman, 2010).

Sector representatives point out that although some ministers in the National-led government do recognise the value of building positive relationships with the voluntary
and community sector, this is not always reflected in relationships with portfolio agencies, some of which prefer to adhere to their own historical legacy of practice (personal communication, 13 December 2010a).\textsuperscript{143} Sector representatives also observed that some state sector agencies neither accept the relevance of whole-of-government initiatives nor consider themselves to be bound by cross-portfolio policy guidelines,\textsuperscript{144} let alone consider themselves obliged to provide explanations for seemingly arbitrary decisions to depart from those guidelines (personal communication, 13 December 2010a). According to sector representatives, this is part of the legacy of public sector reforms undertaken in the 1980’s and 90’s that reduced the oversight role of key central agencies such as Treasury and the State Services Commission (personal communication, 13 December 2010a) – an observation supported by Larner and Craig (2005).

The countervailing narrative within the public sector is that NFP organisations are deficient when it comes to financial management, governance, or the achievement of outcomes:

> They’re not wildly capable. They are high maintenance relationships. In other words, they moan and they whinge, they demand ... anything but focus on the business (personal communication, 15 December 2010).

The fundamental power imbalance inherent in the contracting regime has allowed an ‘us and them’ situation to emerge (personal communication, 15 December 2010). Over the years, it has become the default position of New Zealand’s NFP sector that it is incumbent upon government to make all the accommodations in relation to a range of entrenched grievances associated with the contracting model: ‘government has got to fix it – it is all their problem and all their fault … you hear that in the discourse over and over again’ (personal communication, 15 December 2010). According to one senior official, the national umbrella organisations accept no responsibility for their own behaviour or their contribution – good or bad – to an effective relationship (personal communication, 15 December 2010).

The same official offered a cogent portrayal of the dilemmas of engagement on public policy. Government agencies operate under significant resource, capability and time constraints and this sometimes militates against effective engagement with non-government actors. Meaningful engagement is very time consuming, and government typically has an ambitious policy program. Not only are agencies given very short lead
times within which to implement new policy measures, but also policy development often occurs under conditions of secrecy. For example, before an agency can consult on a policy measure, it is first required to obtain cabinet clearance on the consultation document, meaning that the agency will have already developed its preferred policy framework before consultation has even commenced, a situation that is hardly conducive to effective engagement (personal communication, 15 December 2010).

The NFP sector does not itself have the critical mass to engage effectively, in particular because funding for advocacy must be raised entirely from donations/subscriptions and other non-government income streams. In this regard, the unwillingness of governments to fund advocacy is an impediment to effective government-sector partnering (personal communication, 15 December 2010). The task of engagement is even more difficult when one takes into account that the New Zealand NFP sector is made up of a large number of relatively small organisations that do not have the capacity to engage in a policy discourse requiring vast amounts of time and discussion (personal communication, 15 December 2010).

The Relationship Accord – the policy stream

By the late 1990s policy actors within and outside government were cognisant of the impact of NPM-inspired reforms on New Zealand’s NFP sector and of the implications of continued policy neglect of the relationship between government and the NFP sector (Nowland-Foreman, 1997). They were also aware of policy initiatives afoot in the UK and Canada to bring a measure of civility into a troubled relationship (Maharey, 2000d, Prestidge, 2010).

Minister for the Community and Voluntary Sector (1999-2002), Steve Maharey, was an enthusiastic advocate of Blarite ‘Third Way’ approaches to governance, confirming that ‘[p]artnership is set to become the defining characteristic of the fifth Labour Government’ (Maharey, 2000b). Ranked number four in Clark’s cabinet, a former academic sociologist and regarded as Labour’s ‘ideas man’, Maharey had in opposition been Labour’s spokesperson for social welfare and employment (New Zealand Parliament, 2008).

Maharey publicly repented New Zealand Labour’s embrace of neoliberalism and articulated the New Zealand analogue of Blair’s departure from British Labour’s statist traditions thusly:
The Fourth Labour Government … lost its way in trying to find an alternative between the heavy handed statism of Muldoonism, and the free market anti-statism of the new right.

In one sense the Fourth Labour Government failed to meet the challenge of finding a ‘Third Way’ beyond these two extremes (Maharey, 2000c).

As for his embrace of the ‘Third Way’ Maharey offered the following:

In the 1990s as a first term parliamentarian I began to look a lot harder for the kinds of policy prescriptions that represented a social democratic response to New Times.146

The answer, it seemed to me lay in the kinds of ideas debated by people around Bill Clinton, Tony Blair and a range of European social democratic parties. For convenience let’s call these ideas the Third Way.

These people were not united by a single version of the Third Way. What they had in common was an understanding that new times demand new answers from social democratic politicians. They could see that right wing neo-liberal politics had dominated the 80s and 90s by appearing to respond to social change and they wanted to ‘modernize’ their own parties.

During its period of renewal, New Zealand Labour did not consciously decide to become a Third Way party. However, there is a great deal of the Third Way in former Labour leader Mike Moore’s approach and Helen Clark has talked of Labour being a Third Way party (Maharey, 2003).

As Social Services and Employment Minister, Maharey advocated a ‘genuine and active partnership’ with community-based social service providers, noting the ‘mistrust and insecurity’ that had characterised government relations with the community sector prior to Labour winning government (Maharey, 2000a). He observed the existence in other countries of formal agreements and compacts, and outlined the task ahead in the following terms:

The challenge for this Government, and for community-based providers, is to build a strong professional relationship based on trust, accountability and respect. We need to clearly assign accountabilities and responsibilities and to secure the right of both parties to hold independent views (Maharey, 2000a).

He encouraged the sector to ‘seize this opportunity to work in genuine partnership with the Government’ (Maharey, 2000a). Referring to similar initiatives overseas, Maharey said:

If we look at the Canadian, United Kingdom and Australian developments in this area we get a clear idea of some of the issues we, too, will have to address.

- Recognition of the independence of the sector
• Ensuring effective service delivery
• Expectations of consultation on policy development
• Improving funding arrangements
• Reducing compliance costs
• Promotion of volunteering

From these recommendations, the Government will develop policy and a process to bring about a meaningful relationship with the community sector (Maharey, 2000d).

Maharey was in every sense a powerful policy entrepreneur within the Labour Party – one well-positioned to advance his ideas and place his personal stamp upon social policy. That he was strongly influenced by Blarite thinking is beyond question, and indeed his ‘Third Way’ inclinations possibly ran even deeper. Rather than being merely policy borrowings, Maharey’s convictions appear to have a genuine intellectual basis. Concerning the provenance of his thinking, Maharey offered the following:

[S]uffice to say I found the work of such people as Stuart Hall, Geoff Mulgan, Goran Therborn, Charlie Leadbeater, Mark Latham, David Marquand, Robert Reich, Tony Giddens, Amitai Etzioni, Robert Putnam and many others to be moving in a promising direction (Maharey, 2003).\(^{147}\)

The sector, however, harboured reservations about the prospects for a compact. One sector representative interviewed for this study dismissed the government’s overtures as an attempt to ‘smooth-over contracting issues’ in the social services sector (personal communication, 13 December 2010a). From their contacts with various policy actors involved in the development of policy frameworks in the UK and Canada, New Zealand’s national umbrella organisations had come to the view that the organisations in those countries (such as the NCVO in Britain) who were the main interlocutors with government were not, in fact, reflective of the broader NFP sector (personal communication, 13 December 2010b). For the New Zealand NFP sector, this was problematic.

The extent to which intermediary organisations are ‘representative’ of a much broader NFP or third sector (let alone their membership) is a perennial question that has sometimes troubled the sector’s partners in government. Moreover, it is a consideration that has led intermediary organisations to place caveats on their endorsement of cross-sector policy frameworks (lest they be seen to be making commitments on behalf of member organisations without authority). Such reservations are felt even more keenly in a small country like New Zealand. As one sector representative put it:
New Zealand’s too small – you can’t have a Stuart Etherington\textsuperscript{148}, at NCVO, who does nice deals with the politicians and says ‘here it is’ … The sector wasn’t ready… [W]as the Federation [of Voluntary Welfare Organisations] or was ANGOA going to sign off on something with a government and then look around and get beaten about the head and ears by everybody else in the sector? High risk, no way, not achievable’ (personal communication, 13 December 2010a).

Thus, in 2001 the principal national umbrella organisations in New Zealand were hesitant to commit to an agreement-making process with government because the civil society space was at that time not well-defined and was comprised of a number of disparate elements, including Iwi/Māori, small community-based organisations and larger, more corporate entities. Not-for-profit community services and voluntary organisations and their representative bodies did not at that time conceive of themselves as a ‘sector’ and it was felt that any organisation signing an agreement would be a tokenistic gesture. This view was strongly expressed to the Minister of the time, Steve Maharey, who in the words of one sector representative was ‘really disappointed because this was going to be the thing he did’ (personal communication, 13 December 2010a).

Although the NFP sector in New Zealand has matured over the last decade, and ‘there is a much stronger sense of being a sector than there was in 2003’, there is still a view amongst the national umbrella organisations that ‘we’re still a long way from being at a point where it would be easy to sign a compact’ (personal communication, 13 December 2010a). In part, this reflects a prevalent view within the New Zealand NFP sector that no one organisation, or even a coalition of organisations has the authority to make commitments on behalf of the broader sector. There are natural lines of demarcation within the New Zealand NFP sector between consumer-based organisations and industry representative bodies; between Iwi/Māori and ‘Pākehā\textsuperscript{149} or mainstream organisations; and between national organisations in Wellington and those in the regions. The fault lines within the sector militate against the emergence of elite groupings with a mandate to negotiate with government. One sector representative observed that, ‘it’s harder in a small country for a group to operate in isolation’ (personal communication, 13 December 2010a).

The difficulty of articulating of a collective sector identity is further compounded by confusion on the part of the political class and the bureaucracy. An NFP sector
representative pointed out that ‘the sector’ is often taken to be synonymous with ‘social services and charities’:

That’s what most politicians think you’re talking about … Most politicians do not know, they haven’t read the Johns Hopkins’ Reports, they haven’t looked at the satellite accounts, they don’t know that we contribute 5 percent of GDP and so forth (personal communication, 13 December 2010a).

A number member-based organisations claim a remit to make representations to government in relation to policy, legislation and operational practices affecting the NFP sector and the communities they serve. However, New Zealand’s national umbrella organisations are constrained in their capacity to undertake advocacy and representational functions, and to mobilise organisations around sector-wide issues. As a case in point, Twyford (2008) makes the following observation of the New Zealand Council of Social Service (NZCOSS):

Like other umbrella organisations, NZCOSS has been perpetually under-resourced, and almost constantly in survival mode. It has also suffered from lack of clear mechanisms by which to gather a strong mandate for action from its membership (Twyford, 2008:5).

Umbrella organisations like NZCOSS compete for influence and relevance in a crowded and increasingly competitive policy space. For example, the website of the New Zealand Office for the Community and Voluntary Sector (OCVS) lists sixteen national umbrella groups – many of which will have overlapping memberships and constituencies (and this in a country of around 4.4 million).

Twyford (2008) observes that NCOS and its counterparts the NZ Federation of Voluntary Welfare Organisations and the NZ Council of Christian Social Services:

… have struggled at times to maintain their roles as effective policy advocates. Unlike many groups, they have continued to be funded at least to some extent for their representational roles. Yet arguably, an increasing emphasis on their contractual roles as service providers, combined with a dependence on continued government funding, has squeezed their ability either to effectively represent their members or to lead the national discourse on social policy (Twyford, 2008:6-7).

Although it has been argued that the ability of umbrella organisations in New Zealand to wield policy influence has been affected by competition over contracts and funding, their policy capability has also been compromised by a long history of personality conflicts and ‘patch protection’ issues (Twyford, 2008:7). Umbrella organisations
have at times defined themselves in opposition, rather than in relationship, to one another, leading to intense rivalries, particularly during the late 1990s (Twyford, 2008:6-7).

Despite these tensions, national umbrella groups have demonstrated a capacity for effective cooperation in relation to policy advocacy and capacity building (Twyford, 2008, Prestidge, 2010). Each of the national umbrella organisations is able to draw upon the insights of a diverse, localised member base in formulating representations to government, and for its part, government’s recognition of their legitimacy in this policy space has been affirmed by its preparedness to continue funding them in part for their representational roles (Twyford, 2008:9).

Nevertheless, it became clear in 2001 that the pre-conditions for a formal agreement were lacking, owing in large part to the absence of ‘a clear consensus across Māori, community and voluntary organisations that they constitute a sector’ (Lyons, 2001a). The Community and Voluntary Sector Working Party, reporting in May 2001, therefore concluded that ‘the time is not right for a formal agreement between government and the community sector’ and instead proposed that the Labour government ‘demonstrate its commitment to a new way of working with the sector’ through the articulation of ‘clear objectives for government agencies in restoring an improved relationship with the community sector’ in a ‘formal Government Statement of Intent’ (CVSWP, 2001:143).

Accordingly, the Clark government published a unilateral Statement of Government Intentions for an Improved Community-Government Relationship (SoGI) (New Zealand, 2001). As with the Canadian Accord, also promulgated in December 2001, the SoGI had symbolic resonance in that it was published during the International Year of Volunteers. Jointly signed by the Prime Minister, Helen Clark, and Minister Maharey, the SoGI set out in about 600 words the overriding goal of achieving ‘strong and respectful relationships between government and community, voluntary and Iwi/Māori organisations’ in recognition of their ‘unique and vital role in New Zealand society’ (see Figure 8.2). The SoGI took the form of an aspirational mission statement: it encouraged state sector agencies to developed better relationships with their NFP sector partners, but lacked concrete actions or measures to ensure compliance (Prestidge, 2010:75-76).
Although there is evidence of broad concurrence between government and the sector about the nature of the problems endemic to the government/NFP sector relationship (and their causes), there appears to have been a divergence of view about preferred solutions and pathways.

There was a strong preference within the NFP sector to couple any future framework agreement with ‘political and constitutional issues relating to the Iwi–Crown Treaty relationship’ (CGRSG, 2002:7-9).

According to the sector the ‘vexed’ relationship between government, the NFP sector and the indigenous peoples of New Zealand, or tāngata whenua,\textsuperscript{152} is:

[a] very important reason why we haven’t made more progress ... and it’s so disjointed at the moment because we’ve never had a government accept that agenda as an agenda to work on: they’ve always resisted it and in our sector it’s a point of great tension because there’s a wide range of opinions about how to do that. (personal communication, 13 December 2010a).
The Steering Group also advocated a longer development and implementation phase for more ‘holistic’ reform, whereas the government preferred to focus its efforts on the community services sector.\textsuperscript{153}

In his initial response to the Steering Committee’s 2002 report, Maharey committed Labour to ‘a full consideration of the report's recommendations’ while reaffirming that priority would be given to ‘practical and workable steps that will make a real difference for people who work in the community sector’ (Maharey, 2002). He went on to say:

… Labour in government over the next three years will: make government services more co-ordinated and more flexible - so that common-sense solutions are found for people when they need them; continue to invest in the community and voluntary sector; continue to improve funding arrangements for community organisations so they can get on with their real work of helping people; and make it easier for volunteers to get on with the important work they do without unnecessary barriers from government (Maharey, 2002).

According to sector representatives, the Labour government resisted any conflation of a settlement between government and the community sector with the relationship between the Crown and Iwi/Māori because, ‘government was running scared for awhile of losing New Zealand public support because it [the public] was unfriendly to Māori’ (personal communication, 13 December 2010a).

In New Zealand’s policy stream can be seen a complex tug-of-war between ministers with strong personal agendas and policy convictions (Maharey and Turia) and a set of actors associated with national umbrella organisations with equally strong convictions. This might be characterised as a struggle between the satisficing tendencies of politicians and the optimising tendencies of leaders in the community sector. There is little direct evidence that the NFP sector in New Zealand had collectively thought through the ramifications of a relationship framework prior to the 1999 election.

And while a consensus did emerge from the various deliberative bodies commissioned by government to provide advice, that consensus seems to have asked more of the Labour-led government than it was prepared to risk. New Zealand thus pursued a decade-long dialogue about a relationship framework without the principal policy communities (NFP sector leaders and the Labour-led government) reaching agreement about how to go about it. Following the 2008 general election, as will be seen, the
National-led government opted to go over the heads of the national umbrella groups to engage directly with communities and community-based organisations.

**The Relationship Accord – the politics stream**

Until the 1980s, New Zealand had a reputation as an archetypal ‘welfare state’ and a pioneering ‘social laboratory’ characterised by generous social payments, industry subsidies and high levels of regulation (Tennant *et al.*, 2008). The tradition of state intervention that began in 1898s with the introduction of a pension for persons ‘of good character’ aged 65 and older, accelerated during the inter-war period with the relaxation of conditionality attached to benefits and an extension of income support programs (Carpinter, 2012).

Measures such as these were soon followed by state intervention in employment markets and economic development (Tennant *et al.*, 2008, Carpinter, 2012). As occurred in Australia, the reach of the state was reinforced by the necessities of wartime regulations and by a strong post-war faith in Keynesian centralised planning (Tennant *et al.*, 2008:20-21, Wanna *et al.*, 2010:21-22). The consolidation and extension of New Zealand’s welfare state from the 1950s through the 1970s was accompanied by financial transfers to the NFP sector, greatly expanding both the number and diversity of NFP organisations in the process (Tennant *et al.*, 2008).

The 1970s in New Zealand saw an expansion of new NFP organisations to fill perceived gaps in service provision or to advocate on behalf of particular groups or causes (Tennant *et al.*, 2008). These newer organisations reflected a new wave of self-help and advocacy groups that were more prepared than the older established charitable bodies to challenge the status quo and offer criticisms of government policy (Tennant *et al.*, 2008). This was a new generation of politically assertive non-profit organisations linked with specific social causes prepared to critique the welfare state, either for failing to meet particular needs or for being excessively interventionist (Tennant *et al.*, 2008:27-29).

Meanwhile, a sector-wide voice failed to coalesce, possibly owing to a general acceptance at that time of the central role of the state in ensuring the welfare of citizens (Twyford, 2008). Thus in 1975 the New Zealand Council of Social Service (NZCOSS) was established under the *Department of Social Welfare Act 1971* as a quasi-governmental organisation to provide advice to the Minister for Social Welfare and to
encourage the formation and coordination of regional councils of social service (Twyford, 2008). It was not until 1986 that NZCOSS became a fully independent national umbrella organisation alongside others such as the New Zealand Federation of Voluntary Welfare Organisations (formed in 1969) and the New Zealand Council of Christian Social Services (formed in the 1960s) (Twyford, 2008:2).

In the late 1970s New Zealand was buffeted by the twin shocks of Britain’s entry into the European Economic Community (EEC) – thereby removing the principal market for New Zealand’s agricultural produce – and the OPEC oil crisis. The National Party government of Robert Muldoon, then in its third term and increasingly unpopular, was defeated at the 1984 general election by a resurgent Labour Party led by David Lange. Labour, elected with an absolute majority, initiated successive waves of profound structural and public sector reform that eventually thrust the NFP sector into the frontline of service delivery. According to Tennant et al.:

From the late 1980s, Aotearoa New Zealand reprised its late nineteenth-century role as the ‘social laboratory of the world’, but in reverse, as the state withdrew from many activities. A trend apparent in many western countries was taken further, earlier. A radical reshaping of the economy and the attempted ‘winding back’ of the welfare state was enabled by the country’s small size, limited constitutional checks on the executive, and a first-past-the-post electoral system (which gave power to the political party with the largest single number of seats in the country’s unicameral parliament) (Tennant et al., 2008:30).

Whereas in the 1960s and 1970s state financial support of NFP organisations took the form of grants-in-aid, through the 1980’s and 1990s POSCs became the preferred mechanism for transferring resources from the state to non-profits (Tennant et al., 2008, O’Brien et al., 2009). The shift from untied grants to contracts signalled changes in the focus and behaviour of NFP organisations, many of which felt that state requirements increasingly shaped their priorities and subverted their mission and values (Tennant et al., 2008:31, O’Brien et al., 2009:15). Although the relationship between government and the NFP sector had deteriorated by the 1990s, the advent of partnership discourses in the UK and Canada awakened interest in a reappraisal of the sector’s relationship with the state (O’Brien et al., 2009:14).

The election of the Labour/Alliance government in 1999 provided the policy window that enabled case for just such a re-appraisal to be placed on the policy agenda. Early in the term of new government Steve Maharey set out Labour’s case:
In recent times Government relationships with the community and voluntary sector have been characterised by mistrust and insecurity. We want to move past the narrow focus on what is in the contract and develop strong relationships that ensure the provision of effective programmes meeting real needs (Maharey, 2000e).

It is difficult to ascertain the extent to which representations from the sector influenced Maharey’s thinking about the nature of any new partnership with New Zealand’s NFP sector. Certainly, there were indications that the Bolger national government had, by the end of the 1990s, begun to accept the importance of improving the relationship with the NFP sector and the potential for government-community partnerships to leverage the creation of social capital and social cohesion (O’Brien et al., 2009).154 It is also clear from his own account that Maharey already held policy convictions derived from, or at least strongly influenced by the ‘Third Way’ discourses emanating from Britain’s New Labour (Maharey, 2003).

According to O’Brien et al., ‘developments post the 1999 election focusing on new relationship-building initiatives had their origins, at least in part, in lobbying by key national and umbrella groups before the 1999 election’ (O’Brien et al., 2009:36).155 However, Maharey’s language – for example, his frequent use of the terms ‘Third Way’, ‘social exclusion’ and ‘compact’ – together with his early references to developments in the UK and Canada, are suggestive of a conscious ‘policy borrowing’. It also seems that the NFP sector in New Zealand was receptive to just such a policy narrative.

Following the 2002 general election which saw the formation of a Labour/Progressive coalition government156 Tariana Turia was appointed Minister for the Community and Voluntary Sector. On becoming Minister, Turia reiterated the government’s intention to ‘continue to develop a more effective relationship with volunteers, and the communities they support’ (Turia, 2002b).

Although not as senior in the Labour hierarchy as Maharey157, Turia was active in her new role. She oversaw the development of a government policy on volunteering (Turia, 2002a); the establishment of the OCVS in 2003 which would ‘work across the whole of government to ensure that official policies promote community development’ (Turia, 2003a) and ‘play a lead in working with other government agencies to develop relationship plans with the NGOs they work with’ (Turia, 2003b); as well as the
creation of the *Good Practice Participate* website\textsuperscript{158} containing guidance for public servants on good community engagement practices (Turia, 2003c).

Prior to assuming the Community and Voluntary Sector portfolio, Turia had been Associate Minister in the Maori Affairs, Corrections, Health, Housing and Social Services and Employment portfolios. Following her elevation as a full Minister, she continued as Associate Minister for Maori Affairs, Health, Housing and Social Services (Beehive, n/d). Turia brought to her role a long-standing commitment to Iwi/Māori affairs and she sought to make a closer connection between community and voluntary sector issues and issues affecting *Tāngata whenua*.

In 2004, Turia broke with the Labour Party over proposed legislation to vest ownership of the country’s foreshore and seabed in the Crown – a move which she asserted ‘confiscates what little Māori have left’ (Hansard, 2004).\textsuperscript{159} Turia was dismissed from the Ministry in April 2004 and resigned from the Labour government in May (Clark, 2004, Beehive, n/d). She went on to co-found the Māori Party and was re-elected to the Parliament at a by-election in July 2004 (Beehive, n/d).

When the National/Māori Party coalition government led by John Key was formed after Labour’s defeat at the 2008 general election, Turia – as deputy leader of the Māori Party – was once more appointed Minister for the Community and Voluntary Sector (as well as Minister Responsible for *Whānau Ora*,\textsuperscript{160} Minister for Disability Issues, Associate Minister of Health and Associate Minister of Social Development and Employment) (National Party and Maori Party, 2008, Beehive, n/d). Among the other matters addressed in the coalition agreement between the National Party and the Māori Party was a commitment to ‘a review of the application of the Foreshore and Seabed Act 2004 to ascertain whether it adequately maintains and enhances mana whenua’\textsuperscript{161} – hardly surprising given this was the issue that caused Turia to split from the Labour Party (National Party and Maori Party, 2008).\textsuperscript{162}

The Māori Party requested the Community and Voluntary Sector portfolio as part of its coalition agreement with the Nationals (Māori Party, 2008). It was also agreed that ministerial posts held by Māori Party members would be outside cabinet. Turia is said to have wanted the portfolio (personal communication, 14 December 2010b) and because she both knew the terrain and had a pre-existing relationship with the sector, the move made ‘political sense’ insofar as it provided a ready platform as a minority-
party member of the National-led government (personal communication, 13 December 2010a). Nevertheless, some in the sector consider that the portfolio might have enjoyed a higher policy profile if held by a member of the National Party (personal communication, 13 December 2010b).

The countervailing position is that a minister working outside cabinet is less likely to have major portfolio responsibilities that might prevent them from giving full attention to lower ranked policy issues (personal communication, 14 December 2010a). As deputy leader of the Māori Party, the National-led government had a vested interest in working with Turia – at least in its first term – by ‘helping out with some of her objectives that are relatively uncontroversial’ (personal communication, 14 December 2010a). In addition, Turia is credited with having constructive relationships with ministerial colleagues and with cabinet:

Minister Turia has always made a point of speaking to her colleagues, whether they’re in cabinet or not and putting across her views quite strongly about the community and voluntary sector and her beliefs, and what she thinks their role could be and in that respect, just because she’s not in cabinet doesn’t necessarily mean that her influence isn’t as strong (personal communication, 14 December 2010a).

Persons interviewed for this study also observed that a minister’s capacity to exert influence depends as much on their personality and interests as whether or not they are in Cabinet (personal communication, 14 December 2010b). There was general agreement amongst sector representatives and government officials that Turia had a strong interest in community (personal communication, 13 December 2010b, 14 December 2010b), pointing out her interest in ‘grassroots and hard to reach communities’:

... she’s got a very strong desire to see people all around the country being able to feel involved and respected and regarded and appreciated for what they do in terms of volunteering and unpaid contributions (personal communication, 14 December 2010a).

After being dismissed from her ministerial posts in 2004, the Community and Voluntary Sector portfolio was held by a succession of three Labour MPs (judging by the absence of any record of statements of policy consequence, none of Turia’s immediate successors appear to have made any lasting impression).

Turia’s re-appointment as minister helped to give a new lease of life to the policy goal of a relationship framework and it was she who received ANGOA’s review of the SoGI.
According to one observer, the National-led government was happy to receive the report – even though it was initiated and funded by the Labour-led government – because the National Party bore no responsibility for the policy (personal communication, 13 December 2010a).

NFP sector representatives interviewed for this study name Turia as the prime champion of a relationship framework within the National-led government and speculate that without her the Relationship Accord might not have eventuated (personal communication, 13 December 2010b). Despite this acknowledgement, New Zealand’s national umbrella groups have been highly critical of the National-led government’s approach and campaigned against the proposed relationship agreement (later renamed a relationship accord).

Following a Community-Government Forum convened in late 2009 to stimulate thinking about how best to progress a relationship framework, Turia invited nominations for a Kia Tutahi Standing Together Steering Group (KTSG) to oversee development of a draft relationship agreement and to lead a national consultation process (KTSG, 2011). The Steering Group comprised equal numbers of senior officials from key statutory sector agencies and persons with diverse experience working in the community and voluntary sector, and was co-chaired by Hori Awa, Chief Executive of Waahi Whaanui Trust and Don Gray, Deputy Chief Executive of the Ministry of Social Development (OCVS, 2012a).

However, representatives of national umbrella organisations interviewed for this study maintain that the sector representatives appointed to the steering group had little authority to speak on behalf of the sector generally (personal communication, 13 December 2010a). Community and voluntary sector members of the steering group were described as ‘non-mandated’, as not having standing or broad legitimacy within their communities, and bringing insufficient knowledge or strategic policy overview to the process: ‘some of them think it’s about their contract’ (personal communication, 13 December 2010a).

One said, ‘she seems to expect us to accept that as being OK’, adding, ‘they’re not representatives of the community sector ... and they do not represent any major organisations’ (personal communication, 13 December 2010a). It was suggested that ‘she [Turia] doesn’t like the national bodies’ (personal communication, 13 December
2010a) while conceding that the minister might not consider umbrella organisations to be representative of grassroots communities (personal communication, 13 December 2010a). In all probability, Turia’s decision to by-pass the national umbrella organisations was a deliberate strategy to move beyond what had become an intractable policy stalemate about the scope of any framework agreement.

On 7 April 2011, almost one year to the day from its announcement, the KTSG submitted its final report in which the Relationship Accord was commended as ‘both a base from which the future community-government relationship can be developed and another step forward in a continuing conversation’ (KTSG, 2011). The KTSG acknowledged the Relationship Accord as an aspirational document and recommended medium and longer-term actions to build good practice and embed the Accord, including three yearly reviews of its implementation. The Accord received cabinet approval in June and was launched by Prime Minister John Key at a signing ceremony on 1 August 2011 (OCVS, 2012a).

At the November 2011 general election, the National Party won a second term in office, forming government through confidence and supply agreements with ACT, United Future and the Māori Party. Following the election, National Party MP, Jo Goodhew was appointed as the new Minister for the Community and Voluntary Sector.164 In a 2012 speech Goodhew affirmed the government’s commitment to the Accord:

I see Kia Tūtahi as a lever for positive change where some government organisations may be lagging behind others to engage and work with the non-government sector. Many agencies will find, as some have already found, that the Accord is easily embraced into the way they do things from developing policies right through to the delivery of services to people around New Zealand (Goodhew, 2012a).

Later that same year the Minister again affirmed that the Accord establishes a framework and sets expectations for how the government and community groups can work together more effectively. Goodhew also offered the following reflections:

The development of New Zealand’s welfare state post-1938 had a large role in shaping New Zealand’s robust non-profit sector. It led to close cooperation between the government and key non-profit organisations, and the sector has, in recent decades, drawn increasingly on government funding (Goodhew, 2012a).

She went on to say that the Department of Internal Affairs had been asked to ‘focus on improving efficiencies for community organisations by providing better access to
grants, reducing compliance costs, and streamlining grant funding processes’ (Goodhew, 2012b). Goodhew also drew attention to a cross-government project led by the Ministry of Business, Innovation, and Employment (MBIE) aimed at streamlining compliance standards for NFP organisations that receive funding from multiple government agencies, and reducing ‘duplication in compliance costs and contract management processes’ (Goodhew, 2012b).165

In New Zealand’s politics stream successive windows of opportunity have arisen, each keeping alive the objective of a formal framework agreement between government and the NFP sector. As with most of the other cases examined in this study, these windows coincide with elections and the policy agenda is shepherded by key policy entrepreneurs. The first such policy window was the 1999 general election that saw the return of a Labour-led government after a period of tumultuous economic and public sector reform. Steve Maharey, a staunch Blairite, was instrumental in placing a framework agreement on the policy agenda. However, New Zealand differed from other jurisdictions in one significant respect: the sector itself was immature and the key national intermediary organisations felt themselves unable to enter into an agreement. Nevertheless, Maharey persevered with the Statement of Government Intentions and initiated a range of practical reform measures.

The policy window was kept wedged open once more when Tariana Turia took over the portfolio in 2002. Although Turia was not driven by adherence to ‘Third Way’ ideology in the same way as her predecessor, she nevertheless continued the reform path begun by Maharey and kept alive the prospect of an agreement. Towards the end of Labour’s reign the principal national umbrella organisations felt the time might be right to enter into an agreement. The policy window might well have closed with the change of government in 2008 had Turia not split with the Labour Party in 2004 to help form the Māori Party, thus allowing her to resurrect her ministry within a National-led government.

However the national umbrella organisations, owing either to naïveté or a rigid adherence to policy purity, once again appeared to overreach by seeking to bind the government to a comprehensive settlement that included treaty issues and institutionalised mechanisms for compliance and monitoring. As a result, Turia bypassed the national umbrella organisations and sought a new consensus by pitching the
proposed Relationship Accord directly to communities and organisations working at the
coalface. Thus one finds in New Zealand a formal framework document to which the
national umbrella organisations are not reconciled.

**Implementation, issues and impact**

Despite the slow progress towards a formal framework agreement New Zealand
governments have been very active in the NFP policy space (see Appendix 7, Figures
A7.1 and A7.2). And despite their frequent criticisms, national umbrella organisations
acknowledge that dialogue between government and the sector has been generally
constructive, with many examples of strong positive relationships in some policy
domains (personal communication, 13 December 2010b). This view is supported by
Sanders et al. who have observed ‘a more positive and constructive working
relationship with non-profit organisations across all fields, with recent emphasis on
development of collaborative relationships, including partnerships’ (Sanders et al.,
2008:29).

**Office for the Community and Voluntary Sector (OCVS)**

From the time of its establishment in September 2003, the Office for the Community
and Voluntary Sector (OCVS) played an important role in laying the groundwork for
stronger relationship between government and the community sector. Speaking at its
launch, then Minister for the Community and Voluntary Sector, Tariana Turia, said:

> An important agenda item for this Government has been a determination
to improve the relationship between government agencies and
community, voluntary and tangata whenua organisations. We are putting
a lot of energy into making things work better, and to building greater
harmony and stronger, healthier relationships (OCVS, 2003)

The OCVS commenced with an ambitious work program:

Underpinning the work of the Office will be a focus on supporting
government departments to develop relationship plans with the
community, voluntary and tangata whenua organisations they work with.
These plans will reinforce the Government’s Statement of Government
Intentions for an Improved Community-Government Relationship, signed
in December 2001. Office staff will be available to help develop the
plans, with an emphasis on good practice and identifying generic issues.
The Office will also support the development of online resources to
promote good practice (OCVS, 2003).
Although originally situated within and administered by the Ministry of Social Development, the OCVS enjoyed a degree of relative autonomy in its early years. Over time its autonomy gradually gave way to increased oversight by the Ministry, possibly as a result of the revolving door of ministerial appointments in the portfolio after Turia’s dismissal and subsequent resignation from the Labour Party.

While the sector generally welcomed its creation, the OCVS was not without criticism. It was described in a recent report prepared by ANGOA as ‘a small, low-level unit’ with ‘neither the status, nor the resources to address the New Zealand public sector’s lack of capacity for collaboration and coordination across agencies and departments’ nor the ‘levers’ to achieve a ‘whole of government’ approach (ANGOA, 2009). Furthermore, ANGOA contended that being situated (initially) within the Ministry of Social Development (MSD) ‘reinforced, in the minds of the public as well as government, a very narrow understanding of the sector as charities delivering social services to the needy’ (ANGOA, 2009:4).

The scope and variety of projects undertaken by the OCVS grew since its inception. The Office exercised its role largely by identifying and promoting the take-up of good practice. OCVS staff interviewed for this study reported that the Office struggled at times to elicit engagement with the senior management of critical agencies (personal communication, 14 December 2010b) – an observation echoed by the national umbrella groups (personal communication, 13 December 2010b).

The OCVS was sensitive to this perception, and stressed that it is impossible for small agencies\(^{166}\) – especially when they’re located in a larger entity – to ‘influence strongly’:

If you’ve got a tiny agency of eight people – even if it was a single agency and not a third tier level in another Ministry – it would be hard to have a significant level of influence and you’re really dependent in any case on Ministerial support (personal communication, 14 December 2010a).

However, staff also pointed out that the OCVS was regarded by some as ‘punching above its weight’ and they noted encouraging signs of ‘take-up’ by public sector employees of policy guidance, attendance at seminars and access to web-based resources:

There are limitations, but I don’t think we are without impact – I just would like to have more! (personal communication, 14 December 2010a).
Harder to achieve is gaining the interest and active support of senior executives in the public service (personal communication, 14 December 2010b). In 2008-09 the OCVS enjoyed a degree of success with the Building Better Government Engagement project where it managed to both establish greater clarity about its role and strengthen the hand of public servants wishing to move in the direction of more collaborative engagement (personal communication, 13 December 2010b). Although the initiative was welcomed by the sector, the difficulty of getting senior bureaucrats with ‘real clout’ to the table remains an on-going challenge (personal communication, 13 December 2010a). As one sector representative ruefully observed:

> Who are your champions within the bureaucracy? If you’ve got fourth tier managers trying to tell a top tier CEO to change his behaviour, good luck! It ain’t gonna happen! (personal communication, 13 December 2010a).

These questions also troubled the OCVS. OCVS staff observed that getting ‘traction’ on issues of cultural and behavioural change is difficult when the reality is that the relationship with the community and voluntary sector is not ‘number one’ on the policy agenda, especially when chief executives are coming under pressure to ‘do more with less’ (personal communication, 14 December 2010b).

OCVS staff pointed out that successive ministers serving in the Community and Voluntary Sector portfolio have struggled with the fact that its functions are split between the Ministry for Social Development and the Department of Internal Affairs, as are the associated funds voted by Parliament (personal communication, 14 December 2010a). This has resulted in confusion and duplication of reporting (personal communication, 14 December 2010a).

Thus, in late 2010 the State Services Minister, at the request of the Minister for the Community and Voluntary Sector, undertook ‘a machinery of government review’ of the institutional and appropriation arrangements for the portfolio (Minister of State Services, 2010). Accepting arguments in favour of administrative simplicity, Cabinet agreed to transfer the staff, resources and functions of the OCVS from the MSD to the DIA effective from 1 February 2011 (personal communication, 14 December 2010b).

Being located within the MSD had strategic benefits for the OCVS: the Ministry has a powerful executive, which can be helpful, but overall, its emphasis on social development was not entirely consistent with the broader whole-of-government charter of the OCVS (personal communication, 14 December 2010a). In contrast, the DIA,
engaged across the breadth of the NFP sector and with extensive links in communities and regions, offered an enhanced platform for the work of the OCVS. As observed by a senior OCVS staff member:

We’re actually about the non-profit sector in its widest context and the Department of Internal Affairs in its interest in communities also has a complete focus that isn’t just about social services (personal communication, 14 December 2010a)

During the course of the 2011-12 financial year, and not long after the transfer to the DIA, the OCVS ceased to exist as a separate office and its functions were integrated within existing operational areas of the DIA.

**Kia Tutahi/Standing Together Relationship Accord**

In 2009, on the heels of the Building Better Government Engagement project and ANGOA’s review of the SoGI, Tariana Turia sought approval from the Cabinet Social Policy Committee to enter into discussions with a view to developing a draft relationship agreement. Cabinet responded by inviting Turia ‘to seek endorsement of a community-government Relationship Agreement, and principles for Effective Engagement with citizens and communities’ (Cabinet Social Policy Committee, 2010).

Although Turia noted that there had been ‘a sustained conversation between the community and voluntary sector about what constitutes a healthy, strong relationship’ since the promulgation in 2001 of the SoGI, she also drew attention to indications that ‘community-government interactions do not sufficiently reflect good engagement practices’ (Cabinet Social Policy Committee, 2010). The Minister also linked the ‘principles and intent’ of the relationship agreement to ‘strengthening trust’ in central government services as well as ‘clarifying the Government’s approach to social sector issues’ (Cabinet Social Policy Committee, 2010).

In March 2010, Tariana Turia established a Steering Group comprised of key government officials and a selected cross-section of nominees from community and voluntary sector to oversee the development of, and lead public consultation on a draft relationship agreement. In a June 2010 Cabinet Paper, Turia described the draft agreement as ‘an aspirational document that lays a foundation for building strong relationships between the communities of Aotearoa New Zealand and the Government’: one which ‘provides a platform for enhancing community-government relationships across a wide range of portfolios’ (Cabinet Social Policy Committee, 2010).
An exposure draft of the proposed relationship agreement was released for public consultation from July to September 2010. The consultation process included 17 regional assemblies, or ‘hui’ convened by the Steering Group; an invitation to make written submissions; on-line forums. The draft agreement was revised in light of feedback obtained during the consultation process and reissued for final comment in November 2010. The revised document provided to the Minister received cabinet approval in May 2011 (Cabinet, 2011, Cabinet Social Policy Committee, 2011).

Whilst the Steering Group reported expressions of support for the agreement at local and regional forums, national and umbrella organisations were generally dismissive, arguing that the agreement lacked substance and represented a significant departure from the reform directions and priorities signalled by the sector in previous reports. The Steering Group offered the following acknowledgment:

There was a level of frustration expressed by national and umbrella community organisations that the agreement did not reflect concerns discussed over a long period, in particular, funding and government consultation practices (Kia Tutahi Standing Together Steering Group, 2010).

Although national and umbrella organisations generally considered that a relationship agreement might do no harm, the prospect excited little enthusiasm among their ranks (personal communication, 13 December 2010b). In their view, the relationship agreement as written would do little to address persistent structural and systemic issues of long-standing concern to the sector such as the lack of government financial support for advocacy; short-term versus multi-year contracting; and full-cost funding for service delivery (ComVoices, 2010).

One representative from a national umbrella organisation interviewed for this study dismissed the proposed relationship agreement as ‘an irrelevance’ and a ‘waste of time – a nothing’ (personal communication, 13 December 2010a). Concern was also expressed about the lack of a clear articulation of respective roles, processes for implementation, dispute resolution mechanisms or affirmations of the role of advocacy (personal communication, 13 December 2010a). Others expressed similar misgivings:

My feeling about this relationship agreement however, is that it’s a ‘feel good thing’ that people who’ve never had any contact with government suddenly feel like they’ve got some kind of a connection. I don’t see that it has any other major value for people across the board because it’s too wide, but if it was a relationship agreement that was specifically stating
what the relationship would be like between government and the people
government contracts with, then it might have some value (personal
communication, 13 December 2011).

National umbrella organisations might have feared that the language of the relationship
agreement would serve to marginalise their legitimacy within the broader third sector
and undermine their strategic position with respect to government. At least one sector
representative felt that the draft agreement did not adequately capture the tension
inherent in the state-sector relationship:

We have a position which is around the role of the sector being civil
society, or being voluntary, being based on action and change and a push
for social change. The government has a position about being there to
maintain services. And until we see some sort of relationship agreement
that reflects the fact that we’re not ‘buddies together’ I think we’re
doomed. There must be a way of expressing the inherent tension in that
relationship, which find a way to more than manage it, create the
opportunities for that tension to be understood (personal communication,
13 December 2010a).

ComVoices, an informal coalition of national community sector organisations,
expressed misgivings about the government’s proposal to frame an agreement between
‘the communities of Aotearoa New Zealand and the Government of New Zealand’,
asking ‘can our sector have a strong relationship agreement, when one party is
effectively all the people in New Zealand? (ComVoices, 2011). Social Development
Partners, representing a network of community sector organisations, expressed
disappointment:

The draft Relationship Agreement is very high level – as promised – but
it’s actually less strong and less clear than the previous Statement of
Government Intentions for an Improved Community-Government
Relationship (the SOGI). We would like a document that spells out the
respective roles and responsibilities of parties, and has considerably more
substance than this draft (Social Development Partners, 2010).

The Steering Group acknowledged an ‘apparent difference in view on who comprises
the parties’ and noted national and umbrella community organisations’ preference for an
agreement between the government of New Zealand and the ‘community and voluntary
sector’ (KTSG, 2010).

The Steering Group accepted that the issue of the parties to the agreement is ‘extremely
important’ but asserted that a more ‘inclusive definition’ of the parties – the
‘Communities of Aotearoa New Zealand’ – neither dilutes nor diminishes ‘the
significant role of the national organisations and umbrella groups’ (Kia Tutahi Standing Together Steering Group, 2010):

A broader definition of ‘parties’ aligns with the Steering Group’s two phase approach. First, getting an overarching agreement in place. Second, working on the specifics of implementation in respect of particular relationships with parties that are already positioned to act (Kia Tutahi Standing Together Steering Group, 2010)

Moreover, the Steering Group claimed that those attending local and regional forums expressed a clear preference for the term communities because it ‘encompasses organisations, families and individuals’ (Kia Tutahi Standing Together Steering Group, 2010). A senior official with the OCVS echoed this view:

It’s not what a lot of people expected, but, it did get a lot of support around the country ... quite a few people have an affinity with the word communities and feel more allied to that concept, in terms of their contributing to their communities, than they do to the term community and voluntary sector (personal communication, 14 December 2010a).

The same official observed that people and organisations located outside New Zealand’s metropolitan centres, or situated within Maori and Pacific communities, would not necessarily recognise themselves as being part of a community and voluntary sector: they see themselves as a community rather than as a sector (personal communication, 14 December 2010a).171

The OCVS observed the tensions inherent in two parallel, but quite different conversations about the proposed relationship framework: one in the regions about operational issues and another at the centre (i.e. in Wellington) with a more strategic/political focus. The latter, it was suggested, reflects a history of ‘a whole other discussion’ infused with the legacy of earlier stages of work towards a relationship framework (personal communication, 14 December 2010a).

The OCVS contended that in the regions government officers and local community and voluntary sector organisations know each other very well – indeed they enjoy closer relations with each other than with either the national bodies or head offices in Wellington (personal communication, 14 December 2010a). It was suggested, therefore, that because the national umbrella organisations are not sufficiently resourced to travel to the regions they might not be as aware of local sentiment in the regions as they think they are (personal communication, 14 December 2010a).
National umbrella organisations were clearly expecting a form of agreement tailored more to their core concerns (personal communication, 14 December 2010a). However, notwithstanding the importance of particular issues that frequently arise in sector commentary (e.g. funding, policy engagement and/or advocacy) the proposed relationship framework would be all about the relationship between people on the ground, as opposed to relationships between agencies or entities (personal communication, 14 December 2010a). The purpose of the relationship framework would be to ‘keep the conversation going’ in the expectation that an improved relationship would contribute to the longer-term resolution of structural and systemic issues (personal communication, 14 December 2010a):

Unless you keep the conversation going, the actions that you want to happen are not going to happen at all – it will stop, and that’s where the will sort of breaks down (personal communication, 14 December 2010a).

On 1 August 2011, the Kia Tūtahi Standing Together Relationship Accord (the Accord) was signed on behalf of the government by the Prime Minister, the Minister for the Community and Voluntary Sector and the Associate Minister for the Community and Voluntary Sector at a ceremony in the Grand Hall of the New Zealand Parliament. At the ceremony a number of government officials endorsed the Accord and persons from ‘communities’ were invited to sign (OCVS, 2012b). The Accord adopted an ‘opting-in’ mechanism – such as that used for the Australian National Compact – whereby non-government signatories could elect to ‘sign-on’ to the agreement, thereby signalling their endorsement.

It was expected that the Chief Executives of government entities would also ‘sign-on’ to the Accord and the heads of Crown Entities and State Owned Corporations would be ‘encouraged to do so’ (OCVS, 2011). The expectation that agency heads will sign-on to the Accord is an important point of difference between it and the SOGI, which had no similar mechanism. A senior official remarked:

As soon as the government adopts [the Accord], it is a public policy and as a public servant I am bound to public policy. Well, it’s not going to be enough if we want this to work for just the Minister to adopt and sign it. I expect my Chief Executive to sign it, because why wouldn’t he want his department to engage to treat with people in this way? Now, if he’s not prepared to sign up to it, there’s a problem. And then he needs to drive it down through the organisation saying, ‘we treat with one another in this organisation this way, we’re also treating with members of the New Zealand public in our functions … all the time, and this is how we treat
with the public.’ And I would be gob-smacked if any of the people who worked with me seriously didn’t believe this is the way they ought to go about their daily work (personal communication, 15 December 2010).

A Kia Tūtahi Reference Group comprised of nine community and government members was established to guide implementation of the Accord. The reference group, which held its first meeting in March 2012, will provide advice on Accord communications and document examples of good practice (OCVS, 2011).

Implications

The decision to frame the Accord as a covenant between the government and ‘communities’ is, in part, a reflection of New Zealand’s distinctive political culture in which central government is dominant and national umbrella organisations are relatively weak. This is not to suggest that there is not a vibrant civil society sector in New Zealand. However, it appears that many NFP organisations consider that they have a direct relationship with central government unmediated by peak organisations purporting to represent the collective views and positions of the sector. This is both a legacy of New Zealand’s bold experiment with orthodox principal-agent contracting and a reflection of the practical reality of the ‘coalface’ relationships between civil society actors and central government functionaries in regions and local communities.

It was clear throughout the consultation period that key national umbrella organisations had no great love for this the proposed framework. Certainly, the form and direction taken by the agreement-making process departed significantly from what was envisaged by previous cross-sector working groups. It has been suggested that national umbrella organisations wanted an agreement that would set out an implementation framework in the form of an action plan to resolve a checklist of historical grievances in a way that binds ministers and the government (personal communication, 15 December 2010). Indeed, one representative of a national umbrella organisation said that a ‘good relationship agreement’ could enable organisations to engage constructively with government about issues such as three year contracts, adding that the relationship agreement on the table was ‘a nothing’ (personal communication, 13 December 2010a). Another suggested that the Accord invoked a ‘romantic notion of working for the social good, with no idea how to do it’ (personal communication, 13 December 2010a).
Government officials contend that the Accord was never intended to serve as a vehicle for systemic and structural reform. Rather, its purpose is expressed in aspirational terms:

Communities and government are increasingly working together to navigate the cultural, social, environmental and economic challenges for our society. In this context, the Relationship Accord supports the building of strong relationships between communities and government, with benefits accessible to all, so that we can jointly achieve our vision (OCVS, 2012a).

By invoking principles for individual and collective conduct that transcend the government-NFP sector relationship the Accord goes beyond the narrow instrumentalist aims of relationship frameworks in other jurisdictions. Yet, the aspirational terms in which it is expressed might render it ineffective as a policy lever.

Although the 2001 SoGI and the 2011 Relationship Accord are roughly similar in length (the Accord is about 100 words longer than the SoGI), if anything, the Accord is expressed at an even greater level of generality (see Appendix 7, Figures A7.3 and A7.4). In a submission on a draft of the Accord (then referred to as a relationship agreement), Nowland-Foreman offered the following comment:

The 2001 Statement was already at a relatively high level of generalisation on these commitments, allocating just a brief summary paragraph to each, and needed to be put into more specific and hence accountable commitments. However, in most cases they disappear, or (at best) are reduced to even more vague sentences in the Draft Relationship Agreement (Nowland-Foreman, 2010).

Observing that the draft ‘notably fails to take up any of the 15 recommendations from the 2009 Review [by ANGOA]’, Nowland-Foreman concluded that ‘we are no further forward than the 2001 Statement’ (Nowland-Foreman, 2010).

The core differences between the two documents are subtle. As might be expected, the SoGI outlines a communitarian project in which government, community, voluntary and Iwi/Māori organisations work together to achieve shared goals. In contrast the Accord does not even use the words ‘partner’ or ‘partnership’. Although the Accord does talk of government and communities working together to navigate cultural, social, environmental and economic challenges, overall it tends to reinforce the hegemony of government.

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Whereas the SoGI recognises community sector leadership, the Accord de-emphasises community and voluntary sector organisations whilst elevating the value of voluntary effort. The SoGI contains broad commitments to achieve change in areas such as the culture of government, a whole-of-government approach, participation in decision-making, funding and building sector capacity. Apart from a undertaking to 'jointly resolve longstanding matters of concern, such as, participation in decision-making around policy and service delivery issues, and funding arrangements' the Accord sets out no priorities for action. Neither document makes any commitment to a process for implementation or on-going stewardship/governance of the framework. The Accord contains undertakings to be respectful and honest, act in good faith, work cooperatively and pursue good practices, and in this respect it more resembles a guide for good manners than a bilateral (or multilateral) agreement.

The SoGI was an unapologetically unilateral document intended to bind the government to a set of propositions about how it ought to conduct a constructive relationship with the sector. The Accord, on the other hand, emphasises reciprocity and mutuality by inviting any party perceiving themselves to be a stakeholder in a shared endeavour with government to ‘sign-on’. However, as of 1 May 2012, only 82 individuals and representatives of organisations had signed the Accord. In addition, 16 officials and two members of Parliament (apart from the Prime Minister and portfolio Ministers) had endorsed the Accord as of 16 December 2011. This does not suggest that the Accord has been enthusiastically embraced.

According to Nowland-Foreman (2010), it is ‘unclear who “the Communities of Aotearoa New Zealand” are and how they could ever commit themselves to any Agreement.’ He goes on to say:

Legally the relationship between a government and its people might be described as its Basic Law or Constitution (which this document plainly is not). Some governments, including of note governments in the UK which have separate and high profile compacts with the sector, have also developed different versions of (so called) Citizens’ Charters – especially to describe the rights and obligations of people as ‘consumers’ of public services. However, this document also plainly does not attempt to outline anything like a (so called) Citizens’ Charter. Indeed, the particular principles outlined in the Draft Relationship Agreement plainly, overwhelmingly only make sense as a part of some organised activity, most commonly by organisations such as those that make up the Tangata Whenua, Community and Voluntary Sector, rather than with passive
collections of people who happen to share a common locality, or other affiliation but have not organised to work together. While there are various terms and ways to describe the Sector, this is not an excuse for ignoring the key place of the Sector as a party to such an Agreement (Nowland-Foreman, 2010).

Despite a degree of preoccupation with historic grievances, representatives of national umbrella organisations are capable of looking beyond the Accord to the bigger picture. For example, one interviewee offered the following view:

... negotiating the agreement is more important than the agreement … This is a process – the Relationship Agreement isn’t actually all that important – because in the process we have made huge gains … So you can just keep this bloody thing going, you don’t need an end-point because relationships are improving (personal communication, 13 December 2010a).

These sentiments echo a widely shared view that the need for a formal relationship framework has been gradually overtaken by real improvements in the government-sector relationship (personal communication, 13 December 2010a).

Meanwhile the New Zealand Labour Party is in the process of formalising its preferred approach to cross-sector working ahead of the 2014 general election. The Party’s draft 2012 policy platform revisits the Clark Labour government’s ‘commitment to a new way of working with communities based in partnership in social development’ through which ‘[n]ew relationships, some restored trust, and a deeper understanding of government and community roles did emerge’ (New Zealand Labour Party, 2012:36). However, it also acknowledges that ‘overall the partnerships didn’t achieve the kinds of results they might have’ and that ‘[f]or all this, community and voluntary sector and government relationships remain fragmented’ (New Zealand Labour Party, 2012:36).

Elsewhere in its draft platform, Labour commits to:

… developing a comprehensive ‘Government and Community Partnership Charter’ to inform future decisions about how to ensure effective and accountable government, based on public participation and new forms of engagement. We acknowledge that the changes this will require will be challenging to some parts of government, and to the existing operational approach of the public sector (New Zealand Labour Party, 2012:53).

Despite being naturally aligned on many policy matters, the Labour Party and the sector are sometimes uncomfortable bedfellows. One sector representative said that Labour perceives itself as having strong historical roots in civil society (e.g. through the trade
unions and the community sector). It was suggested that a tendency towards ‘knowing it all already’, coupled with Labour’s more ‘centrist’ leanings, can adversely affect the quality of the relationship. Said one representative of a national umbrella group:

The Labour Party here thinks they understand and have more alliances with third sector organisations than does the National Party ... and the difficulty there is that it can be more difficult to deal with your friends (personal communication, 13 December 2010a).

Another said:

They [Labour] think they know us … With Labour we do get the, sort of, uh, ‘we can do it all from the centre’ stuff, and with Nats we get the sort of language of ‘personal responsibility’, which is basically, ‘you tell us what you’re trying to achieve and we’ll see how we can work together.’ (personal communication, 13 December 2010a).

For example, one senior representative of a national umbrella organisation recounted an occasion when the (then) newly appointed Minister for Social Development, National Party MP Paula Bennett, called together a select group of representatives from national organisations to offer ideas about how best to allocate unspent monies associated with the former government’s Pathway to Partnership program. This kind of *ad hoc* consultation had never occurred before and, because it proved successful, the following year the Minister called together an expanded group of community sector representatives to provide input into priority-setting:

It’s unheard of! Never happened before! Never happened with Labour who’s supposed to be a friend to us! ... It’s just something that’s happening with this government that’s never happened with any government before, where the sector and the Minister have actually been in very close and cordial contact ... So this is a very new side to relationships with government and it’s bizarre that it’s happening with a National government!’ (personal communication, 13 December 2011).

**Conclusion**

It is clear that by the end of the 1990s the NFP sector and the opposition Labour Party were in broad agreement that the relationship between the sector and government had become dysfunctional and concurred that the solution to the problem lay in a new and revitalised settlement.

The Clark Labour government took immediate steps to give effect to its commitments around addressing the problems with the relationship, including the creation of a new Ministry for the Community and Voluntary Sector. In a speech to the Auckland
Chamber of Commerce in June 2000, then Prime Minister Helen Clark made the following proclamation:

... ours [is] a classic Third Way government – committed to a market economy, but not to a market society. New Zealand is, after all, a nation, not just an economy. And advanced nations must address broader hopes and aspirations for inclusion, participation, empowerment, fairness, opportunity, security, and identity – as we are doing (Clark, 2000).

The inaugural minister for the voluntary and community sector, Steve Maharey had strong Blairite convictions, and saw a compact with the community and voluntary sector along the lines of the UK compacts as both a ready solution and an important political deliverable in the first term of the Labour/Alliance government.

However, it emerged through the consultation processes initiated by the government that the sector and government diverged around the model and the scope of the settlement. The NFP sector – whose views were distilled through two wide-ranging working groups over many months – also wanted a settlement, but drew two important conclusions that placed a compact out of immediate reach: first, it was concluded that the NFP sector in New Zealand was not sufficiently developed to enter into a compact on equal terms with government; and second, that any settlement with the NFP sector must occur as part of a broader settlement with Iwi/Māori and would entail a long-term program culminating in profound institutional reform. The previous Labour government chose not to conflate a compact with treaty issues and focussed instead on practical and practicable measures affecting the NFP sector.

It would be left to a centre-right government to reinvigorate progress towards a formal relationship framework based on foundations laid over a number of years by previous Labour-led governments. Along the way, Labour’s aspirational ‘Third Way’ rhetoric has given way to an emphasis on pragmatism (although it must also be said that the Accord’s evocations of community are infused with a kind of conservative romanticism).

Ironically, it was the election of the National-led government that created the policy window that allowed a framework document to achieve policy salience. As the Deputy Leader of the Māori Party and a signatory to a Confidence and Supply Agreement with the government, Tariana Turia was in a unique position to influence the policy agenda of the National-led government. Credited as the driving force behind the Relationship
 Accord, Turia seized the opportunity to finish the job begun when she held the same portfolio in the Clark Labour government (Māori Party, 2008).
PART FOUR – A FUTURE FOR COMPACTS?
Chapter Nine – Discussion and conclusions

This dissertation has examined the phenomenon of cross-sector policy frameworks in the United Kingdom, Canada, New Zealand and Australia. The ‘English’ Compact and the Canadian Accord have both been subject to extensive scholarly analysis by policy researchers such as Brock (2004b, a), Elson (2006, 2007, 2009, 2012), Phillips (2003a), Kendall (2003, 2009, 2010), Taylor (2012b), Zimmeck and Rochester (2011, 2011), and many others.

Relatively little has been written to date about the Australian National Compact (Butcher, 2011, Casey, 2011b, Butcher, 2012, Butcher et al., 2012) and although there is a small scholarly literature devoted to government-NFP sector relations in New Zealand (Nowland-Foreman, 1997), thus far it appears scholarly analyses of that country’s Kia Tūtahi Relationship Accord have not been undertaken.

To date, only a few researchers have given any attention to comparative studies of cross-sector policy frameworks (Bullain and Tofisisova, 2005, Tofisisova, 2005, Murdock, 2006, White, 2006, Elson, 2009, Casey et al., 2010, Casey, 2011b, Laforest and Acheson, 2012). Similarly, there have been few studies of the diffusion of frameworks from Anglo-Saxon jurisdictions to non-Anglo-Saxon countries (Johansson and Johansson, 2012, Reuter et al., 2012).

Even less scholarly attention consideration has been given to comparative accounts of cross-sector policy frameworks the United Kingdom’s devolved ‘countries’ of Scotland or Wales or the province of Northern Ireland (Morison, 2000, 2001, Murdock, 2005, Acheson et al., 2006, 2007, Acheson, 2009, Alcock, 2009, 2010a, 2012). Finally, there have been very few studies of sub-national cross-sector policy frameworks in federations such as Canada (Carter and Speevak Sladowski, 2008, Campbell and Speevak Sladowski, 2009, Elson, 2010, 2011a, 2012) and Australia (Butcher, 2006, Baulderstone, 2008, Casey et al., 2008a, Casey et al., 2008c, Dalton et al., 2008, Edgar and Lockie, 2010, Butcher et al., 2012).

The research set out in this dissertation, therefore, marks an important advance on scholarship on the subject both in terms of coverage (by presenting comprehensive analyses of cross-sector policy frameworks in 15 separate jurisdictions), topicality (in that it addresses recent and in some cases ‘live’ policy developments), and in the case of
Australian and New Zealand frameworks, *analytical depth* (by combining extensive documentary research with in-depth interviews with elite policy actors engaged in the development and implementation of cross-sector policy frameworks).

**The research framework**

This study employed the ‘process streams’ model articulated by Kingdon (1995) as a heuristic framework through which the processes of agenda setting at work in the formulation of cross-sector policy frameworks (such as compacts) might be understood. Kingdon’s model hypothesises the existence of three nominally independent process streams, a problem stream, a policy stream and a politics stream. Under certain circumstances, the three streams converge and create a time-limited ‘policy window’ that can allow particular problems and preferred solutions to those problems to be elevated onto the formal policy agenda.

Specifically, the research addressed the following:

- **In the Problem stream** the thesis examined those aspects of the relationship between government and the NFP sector acknowledged by either sector as being problems requiring a policy response.

- **In the Policy Stream** the thesis considered how it was that policy actors and policy communities converged on a formal cross-sector policy framework as a preferred policy response and to what extent influential policy actors were instrumental in elevating awareness of the problems affecting the government/NFP sector relationship and the preferred policy response.

- **In the Politics stream** the thesis investigated the prevailing political factors that allowed for the problems and preferred policy response to be elevated to the formal policy agenda and/or conversely, the political factors that have allowed particular policy responses to lose policy salience.

In order to contextualise the decisions taken and pursuant actions in each jurisdiction the thesis also took the following matters into consideration:

- The history of government/NFP sector relations and the key policy drivers/policy constraints affecting the choices available to and made by state and non-state policy actors.
• The nature of policy frameworks that have existed in the past, exist now, or are being developed for the purpose of governing the relationship between government and the NFP sector.

• The broader institutional and political context within which policy decisions affecting the government/NFP sector relationship have been/are being played out, including consideration of factors such as capacity constraints, the economic environment, and/or the electoral cycle.

The case for process streams analysis

Kingdon’s (1995) process streams model offers a useful lens through which to view compacts and other forms of cross-sector policy frameworks. Indeed a number of scholars with a strong research profile on the subject of cross-sector policy frameworks have used Kingdon’s model to explain how and why compacts have emerged in the UK and Canada (Kendall, 2003, Phillips, 2003a, Brock, 2008, Elson, 2011a).

It was not, however, the object of this dissertation to ‘prove’ Kingdon’s process streams model. Rather, the model was employed as a means for coherently structuring the narrative in such a way that comparisons might be drawn between the cases. In this the process streams model has proved to be useful. Of course other theoretical frameworks could have been employed.

For example the policy stages heuristic model as described by Sabatier et al. (2007) would have us examine the adoption of cross-sector policy frameworks in terms of a series of logical stages. However, such a linear heuristic model would not adequately capture the ‘messiness’ of the policy and political environments in which the frameworks under study came into being.

On the other hand, the advocacy coalition framework (ACF) developed by Sabatier and Jenkins-Smith (Sabatier, 1988, Sabatier and Jenkins-Smith, 1993) might have allowed for richer and more explicit contextualisation at a high level of granularity. However, high granularity comes at a high cost: therefore, ACF was considered to be impracticable for a multi-case study.

Utility of the process streams model

The process streams model has proved to be useful as a means to explain retrospectively why and how particular policy events came about. Its selection as the primary analytical
framework for this study was based on fairly utilitarian considerations. Kingdon’s model is not overly prescriptive and allows the researcher considerable latitude to triangulate the analysis with other, complementary analytical approaches. It could be argued that Kingdon intended the process streams model to allow the researcher to see the world as it is, rather than how it ought to be.\textsuperscript{172}

The process streams approach also allows the researcher to obtain a ‘helicopter view’ of the policy landscape and this in turn supports the broad-brush comparison of multiple jurisdictions intended by this dissertation. The fact that other researchers in this field have also used process streams as a means of framing their analysis offers analytical continuity when comparing those jurisdictions in which original empirical work has been undertaken with those overseas examples where fieldwork was not possible.

**Limitations of the process streams model**

The process streams model assists the researcher to ‘unpack’ the social, political and policy dynamics that combine to predispose decision-makers to entertain the notion of formal cross-sector policy frameworks and is capable of sensitising the researcher to the kinds of circumstances or events that might cause a policy to lose its high agenda status. Still, it must be acknowledged that even thoroughly laudable policies can lose political salience. At best the process streams model might assist the researcher to speculate about the likely trajectory of policy in the event of a major change in the political environment, such as a change in leadership or a change of government, but it is not sufficiently systematic to be used predictively.

This points to one of the frequent criticisms of the process streams approach: that it a good predictor only of past events (and is therefore always true). This observation does not detract from the utility of the process streams model as a tool for historical analysis. Historians of any stripe need a conceptual framework for the purposes of ordering past events and in this regard Kingdon’s framework is particularly useful. However, other tools are required to understand the success or failure of policy implementation, or to evaluate the effectiveness or otherwise of implementation.

**Two research questions**

This study sought answers to two broad research questions (RQs) for each jurisdiction studied:
RQ1. How and why did the policy framework for cross-sector cooperation come into being?

RQ2. How were the policy frameworks implemented; what issues arose from the implementation process (e.g. was it done well or poorly), and what were the observed impacts (if any) of the frameworks (e.g. to what extent were the stated policy objectives fulfilled)?

RQ1 – Summary of key observations

The problem stream
First, in the problem stream, in Australia and elsewhere a broad consensus has emerged among policy practitioners and researchers about the range of tensions, contradictions and externalities associated with the ‘contract state’. These include failures to fund the full cost of service delivery, burdensome reporting and compliance requirements, and the substitution of competitive behaviours for collegiality among NFP service providers.

From the mid-1990s governments in Anglo-Saxon countries have been attracted to neoliberal approaches to governance (embodied in New Public Management or NPM) that involved the use of market mechanisms for the purpose of leveraging greater economic and technical efficiency, choice, responsiveness and innovation in the delivery of selected mandated public services. Competitive tendering and contracting with non-state providers was the primary mechanism for the realisation of these aims. However, the absence of mature markets in many of the human services industries subject to outsourcing, the presence of substantial capacity deficits amongst potential non-state providers, and the low levels of economic return available to for-profit enterprises in these industries saw governments turn mainly to NFP providers.

Public sector commissioners, seeking to obtain the best possible return on social investment and concerned to provide assurance to governments about the expenditure of public monies, were inclined initially to impose restrictive provisions and onerous compliance requirements on NFP service providers. Micro-management by public sector contract managers had the effect of eroding sector capacity and capability whilst the competitive pressures of contracting created divisions amongst NFP sector providers, contributed to mission-drift and acted to dilute social capital.
Moreover, adherence by governments to classical principal-agent contracting served to devalue the role of NFP organisations as civil society actors and as sources of policy advice and legitimacy. As the public sector ‘hollowed’ and as NFP providers’ reliance on contract funding grew the relationship between the two became one of mutual dependence. The relationship was also beset with tensions, especially around the contracting practices of government. By the late 1990s the NFP sectors across the Anglo-Saxon world were looking for a new settlement with governments that would give greater emphasis to partnership and place the relationship on a more equal footing (whilst accepting a fundamentally asymmetric relationship in terms of financial and political power).

The policy stream
Second, in the policy stream, since 1998 energetic policy discourses have emerged within various policy communities concerned with ‘cross-cutting’ or ‘joined-up’ policy and implementation, social capital, public value, co-production, boundary-spanning, network and relational governance, and so on. Policy entrepreneurs within these same policy communities have at various times promoted compacts or similar instruments as a means to realise ‘cross-cutting’ policy aims.

In the UK a number of ‘think tanks’ emerged in the 1990s from the left of political and policy spectrum to engage with the then Labour Opposition around alternative formulations that would give assign a greater role to civil society organisations as a source of knowledge and advice in framing and delivering social policy. ‘Think tanks’ such as Centris and Demos were influential contributors to a policy discourse that provided an intellectual basis for the ‘Third Way’.

However, by far the most influential policy community in the UK context was the National Council for Voluntary Organisations (NCVO) which established the ‘Deakin’ Commission whose 1996 report (Deakin, 1996) first mooted the establishment of a concordat with government. Important too was the part played by a key policy entrepreneur, Labour MP Alun Michael, who with Nicholas Deakin crafted what would become a policy commitment by Blair’s ‘New Labour’ to a compact with the voluntary and community sector in England.

A coalition of NFP sector interests similar in scope and function to the NCVO emerged in Canada: like the NCVO, the Voluntary Sector Roundtable (VSR) established the
Panel on Accountability and Governance in the Voluntary Sector. Chaired by a former national leader of the centre-left New Democratic Party, Ed Broadbent, the panel’s aim was to formulate recommendations ‘to enhance the effectiveness and credibility of the voluntary sector in its on-going role of strengthening civil society’ (PAGVS, 1999). Noting developments in the UK, the panel recommended the investigation of compacts between federal and provincial governments and Canada’s NFP sector.

At the sub-national level, compacts bequeathed by the UK central government to the newly devolved constituent jurisdictions of Scotland, Wales and Northern Ireland provided a platform for shaping cross-sector policy frameworks consistent with the social, political and ‘nationalistic’ aspirations of those communities. In this regard, the NCVO’s sister organisations, the Scottish Council for Voluntary Organisations (SCVO), the Wales Council for Voluntary Action (WCVA) and the Northern Ireland Council for Voluntary Action (NICVA) have each played an important role as the voice of the NFP sector – engaging as the primary NFP sector interlocutors with the fledgling administrations in order to establish new settlements that in some respects transcend the intentions of the original compacts framed by the former Scottish, Welsh and Northern Ireland Offices.

So too, the Australian counterparts of these organisations have played a major role in helping to shepherd the policy discourse around cross-sector policy frameworks. Nationally, the Australian Council of Social Service (ACOSS) has traditionally been at the frontline of social policy debate – advancing a sector view (especially those parts of the sector concerned with social welfare) and advocating on behalf of individuals and communities experiencing social disadvantage. ACOSS sits at the apex of a wider coalition of representative organisations. Separately constituted councils of social service (COSS) fulfil a similar mission to that of ACOSS in each state and territory. The COSS network is an important clearinghouse of sector viewpoints, praxis knowledge and policy research. And it has been the COSSs that have broken trail for the national government by brokering cross-sector policy frameworks with sub-national governments.

In New Zealand a contrasting situation is observed in which national peak bodies – including the New Zealand Council of Social Service (NZCOSS) have considerably less capacity and ultimately less sway with the national government. In that country the path
towards a cross-sector policy framework and a framework document has taken a far more circuitous route on a journey spanning over a decade. There the ability of national peak organisations to influence the form and content of the framework has been limited.

The politics stream

Third, in the politics stream, it is clear that the right political conditions needed to exist in order for cross-sector frameworks to enter onto the public policy agenda in any given jurisdiction. Yes, there was a broad consensus in the NFP sector and within research communities – and even within parts of government – that the application of principal-agent contracting had rendered the government-sector relationship problematic and served to compromise the very qualities of nimbleness, innovativeness and responsiveness that commended the NFP sector as an appropriate partner for government in the business of service delivery. And yes, awareness of cross-sector policy frameworks – including relationship framework agreements – had by the early 2000s diffused transnationally via NFP policy communities and were being actively promoted as a preferred response to the range of problems troubling the relationship. However, developments in the problem stream and in the policy stream were not alone sufficient to elevate a compact to the public policy agenda – or, having got it onto the agenda, keep it there.

The ‘politics’ have to be ‘right’ for a compact – or any other policy proposal – to be accorded high agenda status. In Kingdon’s ‘policy primeval soup’ some ideas float briefly to the surface only to sink from view, others come around again and again, and some survive and prosper (Kingdon, 1995). Momentous political change – such as the accession of New Labour in the UK, the Clark Labour government in New Zealand and the Rudd Labor government in Australia – can allow the opening of a ‘window’ through which a policy proposal can enter onto the formal policy agenda.

‘Policy windows’ can close again and thereby preclude proposals from being taken up. Such was the case in New Zealand when the NFP sector in that country concluded that the time was not right for a compact. Once closed, it took another decade for the policy window to re-open. Sometimes policy windows do not arise simply because the proposals do not generate sufficient political capital for incumbent governments. And sometimes other emergent issues ‘push’ proposals down, or off the policy agenda, or the
policy framework is jettisoned by an incoming government (as appears to have occurred in Queensland with the 2012 election of the Newman LNP government).

Since the early 1990s the approach to governance and public administration by centre-right and centre-left political parties throughout the Anglo-Saxon world has been influenced by the tenets of New Public Management. In Australia, for example, it is often observed that there is ‘barely a cigarette paper’s width of distance’ between the core policies of the two major parties. Even so, the idea of a compact resonated with the social democratic and corporatist traditions of centre-left parties such as the British and New Zealand Labour Parties and the Australian Labor Party. Compacts became embedded in the communitarian rhetoric of joined-up-government, social inclusion and community engagement in order to provide a clear point of policy differentiation with the ‘market fundamentalism’ of centre-right and conservative parties (Kendall, 2003, Rudd, 2009).

Just as in the UK a fruitful dialogue did not exist between the NFP sector and the conservative governments led by Thatcher and Major, the relationship between the parts of the sector and Australia’s last Coalition government was fraught with tensions – especially around the government’s contracting practices. And just as the Blair Labour government made a compact with the NFP sector a key element of its broader social policy agenda, so too the in-coming Australian Labor government led by Kevin Rudd undertook to pursue a compact as an important cornerstone of a comprehensive NFP reform agenda. There is undoubtedly an element of imitation in the rush of centre-left governments abroad to emulate that first ‘English’ compact. There is also little doubt that in considering formal framework agreements governments were trying to formulate a policy response to an increasingly problematic relationship with parts of the NFP sector upon which they were dependent, as well as a political response to voices in the NFP sector calling for a new settlement with government.

However, it would be wrong to assume that a change from a centre-left to a centre-right administration axiomatically means reversion to the strict application of the neoliberal policy toolkit that marked conservative administrations in the last decade of the 20th century and the first decade of the 21st. Societies change over time and so do political parties. Thus the British Conservative Party re-wrote and adapted the Compact to fit with its ‘Big Society’ agenda; New Zealand’s National Party drove the formalisation of
that country’s Relationship Accord, in the process underscoring the government’s commitment to encouraging individuals, families and communities to help themselves; and the Liberal-led government of Western Australia, recognising its dependence on NFP service providers, worked closely with the sector on a new policy framework and financial package for sector development. In other jurisdictions such as Canada and Queensland, the transition to conservative administrations saw the abandonment of frameworks strongly associated with an out-going regime.

**Policy entrepreneurs**

Policy entrepreneurs are persons capable of exploiting political junctures in order to place their pet solutions on the formal policy agenda. It has been possible to identify a few high profile individuals are attributed with having exercised policy ‘entrepreneurship’ in relation to various cross-sector policy frameworks. In the UK Nicholas Deakin and Alun Michael stand out; in Canada, the so-called Broadbent Panel helped contributed to the creation of a platform for influential policy actors in the NFP sector and in the federal public service (Floyd, 2009, Johnston, 2013); in Australia, Senator Ursula Stephens carried the compact agenda on behalf of the Rudd Labor government. In New Zealand Steve Maharey – New Zealand Labour’s chief proponent for ‘Third Way politics’ – tried (but failed) to achieve a compact. In the states and territories influential non-state actors such as Gary Moore (New South Wales) and Peter Shergold (Western Australia) assisted in elevating formal relationship frameworks to the policy agenda. In some cases these frameworks were supported and championed by first ministers such as Jon Stanhope in the Australian Capital Territory, Anna Bligh in Queensland or Colin Barnett in Western Australia.

In most jurisdictions however, the precise role played by policy entrepreneurs is harder to fathom and is complicated by the fact that a number of the policy frameworks under consideration have been in place for a number of years. The turn-over of personnel in both the public and NFP sectors coupled with the passage of time make it difficult in all cases to identify particular individuals within each of the jurisdictions under study who, acting as policy entrepreneurs, were instrumental in mobilising support within the NFP sector.

Although the phrase ‘policy entrepreneur’ conjures impressions of charismatic, maverick individuals deftly using their connections, policy knowledge and political
nous to exploit opportunities in the policy market place, the reality is likely to be far more prosaic. In most cases cross-sector policy frameworks appear to be the work of many hands and it appears that support for cross-sector policy frameworks has built almost organically via the gradual accretion of knowledge about frameworks in other jurisdictions.

Whether cross-sector frameworks are presented in a positive or negative light can be subject to the influence of persons in either sector who are strategically positioned to facilitate flows of information. In Tasmania, for example, interviewees attributed earlier bureaucratic support for a compact and for the establishment of an office for the community sector to the influence of staff recently recruited from the Victorian public service by the Department of Health and Human Services. Interviewees suggested that these persons brought with them policy ideas then current in Victoria and were in a position to introduce those ideas into the policy stream. When they moved on, support for the policy ideas waned (the Office for the Community Sector was disestablished after only a year in operation) only to re-build a few years later.

As attractive as the idea of policy entrepreneurs is for what it adds to the policy narrative, it is perhaps advisable not to place too great an emphasis on the roles played by high profile individuals. There is the risk that the contribution of particular individuals might be aggrandized and amplified in the memories of participants in the policy process – especially for those ‘larger than life’ individuals. There is after all a collective aspect to decision-making in the NFP sector and in government: consensus around particular policy preferences can build slowly through discussion and debate in a gradual process of convergence. Policy entrepreneurs can help to steer the discourse and exert influence on the policy agenda, but they are not the whole story.

Where policy entrepreneurs have been instrumental in building institutional support for formal cross-sector relationship frameworks they might also become overly-identified with the policy. To the extent that policy entrepreneurs also become the ‘champion-in-chief’ for the policy (once adopted), its fortunes are contingent upon what they do next. It is in the nature of policy entrepreneurs to be intellectually restless. Should they ‘move on’ to other things before the framework is institutionally embedded its high agenda status might be threatened. Examples include the New South Wales compact that lost policy salience following the resignation of Premier Bob Carr, or the Western
Australian Industry Strategy, which languished in the policy doldrums following the departure of Premier Geoff Gallop.

**RQ2 – Summary of key observations**

Policy-makers in various jurisdictions have looked to cross-sector policy frameworks as a means to supplant the adversarial approach so often associated with contractual governance with a ‘cooperative capacity-building approach’ (Rawsthorne and Shaver, 2008:152-153). A decade after the introduction of the English Compact, Carter and Speevak Sladowski declared that formal deliberate relationships between government and the NFP sector had ‘become a policy tool of choice’, although they might be pursued ‘for different reasons and in different contexts’ (2008:7).

The success of formal cross-sector policy frameworks rests on their implementation. As early as 2005, after reviewing initiatives in the UK, Canada, Croatia, Estonia, Denmark, France and Hungary, Toftisova concluded that cross-sector policy frameworks might be easier to *draft* than they are to *implement*:

> The initial period of enthusiasm following the adoption of a compact often gives way to difficulties in implementation that far exceed the problems associated with preparation and signing of the policy document itself (Toftisova, 2005:20).

However, Toftisova also noted that the ‘history of compacts is too brief to provide a complete picture of a good, effectively implemented compact’ (Toftisova, 2005:12). Even with this caveat in mind, Toftisova pointed to the beginnings of a new focus on the practical effects of compacts:

> Seven years after the first compacts, the focus has changed. It is no longer on compact initiatives themselves, although several countries are starting negotiations or preparing draft documents. Rather, what deserves particular attention today is the *effect* of compacts. Did they achieve the intended outcomes, and, if so, how? What facilitated that process? What hampered or obstructed it, and how can these challenges be overcome? (Toftisova, 2005:12).

The cases examined for this study support the contention that the formal cross-sector policy framework is a policy tool of choice for governments seeking to resolve long-standing tensions in their relationship with the NFP sector. However, despite the number of cross-sector policy frameworks that have existed there is no coherent or systematic documentation of better practice to guide compact design and

For the most part, policy-makers have been obliged to rely on mostly anecdotal accounts set out in the grey literature (such as non-peer reviewed commissioned reports that often re-cycle similarly anecdotal accounts contained in other reports) or the first-hand accounts of policy actors from other jurisdictions (when they bother to ask). Although the format and the text of framework documents are generally consistent across most jurisdictions, the cases strongly suggest that implementation processes and governance arrangements are largely bespoke.

**National framework documents**

The English Compact was for many years regarded as the ‘gold standard’ in compact design and implementation (Casey et al., 2008b, Edgar and Lockie, 2010, Johnston and Stapleton, 2010). Despite early enthusiasm – especially in overseas jurisdictions like Canada (Elson, 2006, 2007) and Australia (Lyons, 2002, 2003) whose NFP sectors looked on with envy – aspects of compact implementation were found wanting by a number of reviews (Treasury, 2002, House of Commons Public Administration Select Committee, 2008a, Zimmeck et al., 2011, NAO, 2012).

The English Compact is, if nothing else, a study in durability (not immutability). By the time Labour lost government in 2010 the English Compact had been thoroughly decontested in policy terms (Kendall, 2010, Alcock and Kendall, 2011) and had become sufficiently institutionally embedded that the incoming Conservative-led government vowed to keep it (Conservative Party, 2008). In a November 2012 blog, James Allen, the former head of Compact Voice – the organisation representing the voluntary sector on the Compact – expressed his frustration with ‘reading with depressing regularity about the Compact’s demise’ (Allen, 2012). ‘The Compact’, he said, ‘is not perfect’:

> Nor is it the complete solution or a panacea to the sector’s woes. What it is, however, is a tangible, useful, practical tool. It can act as a means of leverage for the sector when it’s used well, but a constant drip of stories about its death, in the face of considerable evidence to the contrary, makes things harder for our sector and not easier (Allen, 2012).

Allen went on to say:

> Locally, of course it is a mixed picture. It’s always been a mixed picture and some areas implement and embed the Compact in decision making far better than others. Where it is most successful, this is down to
dedicated, tireless work. That hard work is a lot harder, incidentally, than climbing aboard the old hobby horse to tweet/blog/text/write that it’s all pointless and that we might as well give up (Allen, 2012).

In a later post, Allen offered the view that ‘selling the Compact is not, to put it mildly, always the easiest of tasks’, especially in the face of major challenges flowing from funding cuts, a rapidly changing policy landscape, and increasing cross-sector working with the private sector (Allen, 2013).

Allen’s remarks offer testimony to the fact that cross-sector policy frameworks are hard work. This should come as no surprise given the inherent difficulty of the problems they are intended to address: problems that are not merely systemic or structural, but also deeply embedded in institutional and organisational values and cultures. Sometimes lost in policy actors’ fixation on framework documents is the realisation that they are only intended to be a starting point of a longer-term change management journey.

As Lindquist observes, it is one thing to design and launch new regimes for cross-sector cooperation and collaboration, it is quite another to work under them (Lindquist, 2008:164). Policy actors understandably (but naïvely) look for a return on the effort and political capital invested in reaching agreement about the format and form of words of the framework document but give insufficient attention to creating the on-going mechanisms necessary to achieve change. Of necessity, this requires the engagement of a wider range of actors than the ‘drafting group’.

Few jurisdictions that have looked to the example of the English Compact when drafting their own framework documents have gone so far as to fully replicate either the extent of its outputs (such as the codes of good practice) or its institutional apparatus (such as Compact Voice, the Office for the Third Sector or the Commission for the Compact).

The Canadian Accord went some distance with the accompanying Voluntary Sector Initiative under which CDN$95 million was committed over five years for capacity-building projects. However, the Canadian government did not create a durable and embedded institutional framework that would sustain the Accord (Phillips, 2003a, Brock, 2004b, 2008). As Phillips observes, there was never a commitment on the part of the Canadian government – even under the Liberal government – to actively use the Accord for relationship-building:
Such commitment never existed because it was never clear to government exactly what it wanted to achieve with the Accord, other than to produce a quick deliverable in the VSI (Phillips, 2009:23).

Of the national framework documents the Australian National Compact has come closest to the English Compact in terms of the breadth of the structural reform agenda built around the framework (Butcher, 2011, 2012, Butcher et al., 2012). The National Compact itself is the cornerstone of a much broader policy framework including a national one-stop-shop regulator (the ACNC), a legislated definition of ‘charity’, regulatory harmonisation, tax reform and other measures (Butcher, 2011, 2012, Butcher et al., 2012). However, like the English Compact whose institutions, outputs and language have proved malleable over time (Kendall, 2009, Zimmeck and Rochester, 2011, Taylor, 2012b), the National Compact and its associated policy apparatus are likely to change under a future Coalition government (Butcher, 2012).

In New Zealand the situation was quite different. There the NFP sector resisted Labour government efforts to implement a compact claiming the time was not right and appealing to the need to first resolve the relationship of Iwi/Māori to the New Zealand state. Unresolved issues associated with the historic settlement between the state and Iwi/Māori, the Treaty of Waitangi or Tiriti o Waitangi, shape much of New Zealand politics and, as has been seen, Treaty matters have intruded forcefully into the NFP policy agenda.

Nevertheless the New Zealand government pursued administrative reforms to reduce the burden of red tape and simplify contracting processes, established (then disestablished) a Charities Commission and an Office for the Community and Voluntary Sector. Unlike Canada, where an enduring legacy of the Accord was a new sense of sector identity, the New Zealand NFP sector occupies a relatively weaker position in the polity. National peak organisations are politely listened to, but wield little real influence. Despite having an electoral system that virtually guarantees minority government, New Zealand’s unitary and unicameral state has none of the checks and balances of federal or bicameral systems. (Figure 9.1 offers a cross-comparison of the contextual factors within each of the three process streams that drove the adoption of each of the national ‘compacts’ considered in this study.)
### Figure 9.1 - Influence of Process Streams on Compact Adoption in England, Canada, Australia and New Zealand

<table>
<thead>
<tr>
<th>England</th>
<th>The Compact</th>
<th>Canada</th>
<th>The Accord</th>
<th>Australia</th>
<th>National Compact</th>
<th>New Zealand</th>
<th>Kia Tūtahi Standing Together</th>
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<td><strong>The Problem Stream</strong></td>
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<td>Antagonistic relationship between Conservative central government and NFP sector; State paternalism; lack of acknowledgement of sector contribution; problematic nature of contracting regime.</td>
<td>Fiscal crises drive disinvestment in social programs; services ‘downloaded’ onto NFP sector; absence of a coherent view of NFP organisations as a ‘sector’; focus on instances of high profile governance failures in NFP sector.</td>
<td>Major ‘disconnect’ between Coalition central government; fragmented regulatory environment and history of policy neglect; policy emphasis on outsourced service provision; ‘regulation by contract’; high transaction and compliance costs; low wage, low capability sector.</td>
<td>‘Tyranny of distance’ coupled with poor scale economies; fatigue with decades of profound micro-economic reform; failure of central government (Labour and National) to achieve cross-sector agreement owing to resistance of national NFP intermediary organisations.</td>
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<td><strong>The Policy Stream</strong></td>
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<td>Policy communities located within civil society produce several reports examining the government-NFP sector relationship; concept of a ‘Third Sector’ enters policy discourse; ‘Deakin Report’ aligns with concurrent emergence of ‘Third Way’ discourses advanced by ‘New Labour’.</td>
<td>Fragmented NFP sector with little history of constructive engagement with government; Voluntary Sector Roundtable (VSR) – a coalition of 11 civil society organisations – establishes ‘Broadbent Panel’ to address accountability and governance in sector; Panel notes emergence of compacts in UK and advocates their adoption in Canada, but this is not the sector’s top priority.</td>
<td>Fragmented NFP sector struggling to balance inherent contradictions between ‘mission’ and ‘market’; Coalition government privileges particular voices in the NFP sector; NFP sector focussed on contracting, compliance burdens, mission drift and government hostility towards systemic advocacy; enthusiasm for a compact inspired by initiatives of state Labor governments.</td>
<td>Fragmented and weak NFP sector; intellectual drive for a compact comes almost entirely from Labour government; NFP sector engaged in discussions, but recommends against a compact arguing that the sector is not ‘ready’ and wishing to first resolve outstanding issues with Iwi/Māori.</td>
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<td><strong>The Politics Stream</strong></td>
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<td>In 1997 ‘New Labour’ seeks to break with its own statist traditions and differentiate itself from ‘Thatcherism’ of incumbent Conservative government; upon taking office Labour fulfils a promise to develop a compact with the NFP sector; Compact politically ‘de-contests’ principle of policy engagement with NFP sector; Compact model ‘devolved’ to Scotland, Wales &amp; Northern Ireland; Compact ‘refreshed’ in 2009 and revised by Coalition government in 2010.</td>
<td>Policy entrepreneurs in the NFP sector build support within government for a renewed government-NFP sector relationship; following a major program of spending cuts, the Liberal government promises an Accord if re-elected; government looks to UK model as potent symbolic policy gesture to coincide with the first International Year of Volunteers in 2001; $90m Voluntary Sector Initiative (VSI) announced; Accord is a ‘dead letter’ by end of VSI in 2005.</td>
<td>In opposition, Labor initiates dialogue with NFP sector to explore opportunities for a renewed relationship; Kevin Rudd frames policy as a response to ‘neo-liberal market fundamentalism’; possibility of a compact offered if Labor wins 2007 election; sector is weary of combative relationship with Coalition government; Productivity Commission tasked to study contribution of NFP sector; National Compact launched in 2010 as foundation for a broad reform agenda.</td>
<td>Labour government elected in 1999; strongly influenced by ‘Third Way’; inaugural Minister for the Community Sector is keen to replicate a Compact government unilaterally issues a ‘Statement of Government Intent’ following failure of sector to agree to enter a compact; subsequent minister quits Labor and helps form Māori Party; subsequently re-appointed minister in coalition deal with National government; Kia Tūtahi ‘Relationship Accord’ is launched in 2012.</td>
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Sub-national framework documents

At the sub-national level there is a marked difference between the political and policy dynamics observed in the devolved jurisdictions of Scotland, Wales and Northern Ireland and those of Australia’s states and territories.

In the former the relationship between the state and the NFP sector is not only about forging a new administrative apparatus necessary to assume functions once performed by Whitehall, it is also about the state drawing upon the strong associational foundations of the NFP sector in the creation of national identity (Acheson, 2009, Burt and Taylor, 2009, Day, 2009a) – a national identity counterposed to the Conservative-led government at Westminster (Adams, 2011, Ainsworth, 2012, Alcock, 2012).

Until devolution in 1999 there was, apart from local governing bodies, no distinctively Scottish or Welsh entity capable of engaging with the NFP sector in either jurisdiction. The situation in Northern Ireland was quite different for historical reasons. Although provision already existed for a local parliament, apart from brief periods of ‘home rule’, ‘direct rule’ from Westminster had been the norm for decades. In all three jurisdictions, therefore, the NFP sector’s primary relationships would have been via central government and local authorities.

In anticipation of devolution – along with a commitment to a compact, the Blair government had promised a referendum on devolution – ready-made compacts were bequeathed to Scotland, Wales and Northern Ireland. These compacts were modelled after the English Compact and, in essence, were formulated partly as a response to the historic central government-NFP sector relationship and partly as a means to set the initial conditions for a future relationship between the NFP sector and the newly formed devolved administrations.174

In Scotland and Northern Ireland these ‘received compacts’ were eventually supplanted with ‘home-grown’ settlements that more closely reflected the aspirations of the community. Wales was another story. The establishing legislation for a devolved assembly in Wales, the Government of Wales Act 1998, enjoined Welsh ministers to work cooperatively with the NFP sector in the making of a Voluntary Sector Scheme (VSS). The VSS effectively replaced the Welsh Compact drafted by the Wales Office in Westminster.
Wales is unique in the UK and the rest of the Anglo-Saxon world in having such a provision in its founding legislation – owing in some measure to the fact that its inaugural First Secretary, Alun Michael, had been a principal architect of the English compact and minister responsible for the voluntary sector in Blair’s first government. Apart from amendments contained in the Government of Wales Act 2006 that clarify the role of the Executive relative to the Assembly, the VSS continues to operate largely as it was originally designed.

Although the evolving cross-sector policy frameworks Scotland, Wales and Northern Ireland are seldom cited as examples of model practice, the approaches taken in each jurisdiction appear to enjoy cross-sector support and they offer useful insights with potential relevance for other jurisdictions. Similarities between the electoral systems in Scotland and Wales and those in the Australian Capital Territory and Tasmania, for example, commend them as useful policy comparators.


Cross-sector policy frameworks in Scotland, Wales and Northern Ireland are to varying extents ‘works in progress’. The Scottish Compact inherited by the Scottish Executive has long since ceased to figure in the policy discourse. Instead successive SNP-led governments have focussed on building the ‘social economy’ (Fyfe et al., 2006) and have effectively delegated cross-sector working to local government via a concordat with local government and a Joint Statement on the Relationship at Local level between Government and the Third Sector (Scottish Government, 2009). The Scottish government has also concentrated on structural reforms to the public sector to ensure continued service delivery in an environment of fiscal constraint (Christie, 2011).

In Wales the VSS continues to provide surety to the government-NFP sector relationship, as it has since devolution (Welsh Government, 2012). And in Northern
Ireland, during long periods of direct rule from Westminster, the original 1998 compact (Secretary of State for Northern Ireland, 1998) guided the state-sector relationship until such time as a stable Northern Ireland Assembly could enunciate a concordat with the sector in its own right (Department for Social Development, 2011).

While the Scottish, Welsh and Stormont administrations have looked to their NFP sectors to confer legitimacy upon their nationalist and communitarian policy agendas, the approach of Australian states and territories to cross-sector relations have been plainly utilitarian in their focus on narrow instrumentalist purposes. This is true at a practical level even in jurisdictions like the Australian Capital Territory, which under former Chief Minister Jon Stanhope (2001-11) consciously pursued a progressive rights-based social policy agenda.

For Australia’s state and territory governments the relationship with the NFP sector embraces a more prosaic set of challenges. In Australia there was no equivalent transfer of authority from a hegemonic central state: there was instead the historic legacy of a constitutional division of labour in which states and territories have primary responsibility for the delivery of costly and labour-intensive health and human services. This legacy is compounded by long-standing vertical fiscal imbalance that reinforces state and territory dependence upon transfer payments from the federal government to fund the provision of those services. Simply stated, states and territories deliver most of the services and the national government raises most of the revenue (Parliamentary Library, 2002).

As growth in demand put greater pressure on state and territory treasuries, governments looked to contracting with the NFP sector as a means for more cost-effective service delivery. This also coincided with a period of intensive micro-economic reform focused on wresting greater productivity and efficiency from the national economy and from Australia’s public sectors (APSC, 2003, Wanna et al., 2010:27-28, 257-59). It was structural reform and fiscal constraint – not ‘nation-building’ or even civic renewal – that provided the primary impetus for closer attention to the relationship between governments and the NFP sector (although civic renewal was frequently cited in support for engaging the NFP sector in service delivery).

While it is true that relations between the NFP sector and the (Australian) federal Coalition government were problematic, relations between the NFP sector and state
Labor governments were problematic for similar reasons. Australian state and territory compacts, unlike their Scottish, Welsh or Northern Ireland counterparts had not cascaded from central government: instead they were initiated locally to address issues endemic (but not necessarily unique) to each subnational jurisdiction. For both the public and the NFP sector cross-sector policy frameworks presented an opportunity for a structured response to the constellation of issues around contracted service delivery. For their part, NFP organisations also looked to cross-sector policy frameworks to create a space within which the NFP sector might have formal input into the policy process.

Awareness of the English Compact rippled through the NFP policy community across the Anglo-Saxon world in the late 1990s and early 2000s. Nominally centre-left social democratic governments were in place nationally (in Canada and New Zealand) and sub-nationally (in all Australian states and territories by 2004): this meant that the seeds of Blair’s ‘Third Way’ communitarian agenda fell on fertile soil. State and territory governments and the community/human services sector were quick to seize on compacts as a possible solution to the perceived problems with the relationship. However, while the bureaucracy tended to perceive the problems in terms of sector accountability, capacity and capability, the sector saw the problems in terms of democratic deficit, resource insufficiency and overbearing contract management.

This misalignment of expectations about what cross-sector policy frameworks might achieve contributed to the failure of compacts to make a positive impact in jurisdictions such as New South Wales and South Australia. As important, if not more so, were failures to put into place serviceable structures for the implementation of the frameworks. In other jurisdictions, such as Queensland and Western Australia, attention was given to the creation of cross-sector governance forums with strong terms of reference and delegated authority to commission projects designed to address agreed priorities for operational reform and sector development.

In the Australian Capital Territory the Social Compact slowly disappeared from view only to be revived by a reinvigorated cross-sector governance group, whereas in Victoria, a more pragmatic approach has favoured agreements between particular agencies and the parts of the NFP sector with which they work. It is too soon to tell whether the recent Tasmanian framework agreement – which is something of a hybrid
between the approaches taken by the Australian Capital Territory and Victoria – will be effective.

One possible explanation for the differences observed between what has occurred in the UK’s devolved jurisdictions and Australia’s states and territories is that in the former the administrative apparatus of the state was newly created to give effect to the ambitions of self-government and self-determination. Any explicit or implicit commitment to cross-sector cooperation by the devolved assemblies would ipso facto be incorporated into the values of the newly established organs of public administration. In Australia, by contrast, one would expect to observe the path dependent legacy effects of public service traditions that reach back to the era (and ethos) of public sector predominance.

**Stream dominance and the fortunes of compacts**

A criticism of Kingdon’s process streams model is that it is not ‘refutable’. And indeed, this thesis has been express in its intent to use Kingdon’s framework as a heuristic device whose main strength lies in assisting the organisation of a coherent narrative of observed events rather than as a means for generating testable hypotheses (see RQ1, page 5). Even so, the process streams model does allow the researcher to interrogate events. Although such interrogation might lead to conclusions that are circumstantial and inferential, the test here is whether it yields a plausible account that accords with the common understandings of participants in the events under study.

Although Kingdon considers that each of three process streams is largely independent of one another, he also acknowledges that they are not ‘absolutely independent’ (Kingdon, 1995:88-89). Kingdon emphasises that the ascension of an issue to the decision agenda is ‘due to the joint effect of several factors coming together at a given point in time’ (Kingdon, 1995:179). He suggests that:

> Generally, no one factor dominates or precedes the others. Each has its own life and its own dynamics. The combination of these streams, as well as their separate development, is the key to understanding agenda change (Kingdon, 1995:179).

Kingdon dwells on the question of how the odds that policy proposals will achieve agenda salience are enhanced by the ‘coupling’ of the three streams (an evident problem, an available solution, and political receptivity) into a ‘single package’. Apart from discussing the effects of ‘precedent’ and possibility for policy to ‘spillover’ into
adjacent policy arenas (Kingdon, 1995:190-195) Kingdon does not examine the relative importance of the streams or the impact of each stream on observed policy outcomes.

Nevertheless, a close examination of the cases presented in this thesis does suggest that the relative influence of each of the policy streams might have had considerable bearing on the durability of cross-sector frameworks in each jurisdiction. This is most clearly demonstrated in relation to the ‘national’ cross sector policy frameworks in the UK, Canada, Australia and New Zealand.

**The English Compact: stream equilibrium = compact durability**

In the UK, the problem and policy streams were of roughly equal importance in helping to inspire the notion of a compact. The problem stream focussed on the consequences of an increasingly dysfunctional relationship between central government and the NFP sector. This in turn stimulated considerable policy debate within civil society by civil society organisations such as CENTRIS and Demos – some of whose executives would go on to have important roles in the Blair Labour government. The Deakin Commission established by the NCVO was particularly influential with its recommendation for a ‘concordat’ between government and the sector. Of course, the politics of the time favoured a marked departure from the policy nostrums of both the incumbent Conservative government and from the statist traditions of ‘Old Labour’. A proposal for a compact was adopted a key element in Labour’s policy platform leading up to the 1997 general election. In this regard, the politics stream was critical to the opening of the policy window.

The relative equilibrium of the three streams helps to explain the durability and qualified success of the English Compact. In the UK Labour succeeded in politically ‘de-contesting’ and institutionally embedding the Compact. Under the Blair and Brown Labour governments the Compact came to be accepted by the major political parties as providing a viable basis for cross-sector working. Moreover, the role of the NFP sector as a valued and legitimate policy partner became broadly accepted, at least in principle.

Although the implementation of the Compact has been found wanting on occasion, it nevertheless survived the transition to Coalition government in 2010 (albeit in a revised form and re-framed within a ‘Big Society’ narrative). The Compact’s institutional architecture has changed along the way, but it remains a valued touchstone for the NFP sector in England.
Moreover, in what might be termed a ‘spillover effect’ Labour’s attempts to bequeath an appetite for cross-sector working to the devolved jurisdictions of Scotland, Wales and Northern Ireland appear to have taken root. Although the original compacts bequeathed by central government have been replaced by new structures and policy discourses, a culture of cross-sector working has survived.

The Accord: political opportunism and symbolism trumps policy
In Canada the problem stream was primarily focussed upon the impact upon the sector and communities of reductions in government outlays. Not only did voluntary and community sector organisations not see themselves as a coherent ‘sector’, but they were also reeling in the face of a deteriorating fiscal environment. The Voluntary Sector Roundtable brought some focus to sector-wide concerns, but its core themes were accountability and governance, not a compact. Similarly, the politics stream was less critical than in the UK. In Canada the prospect of a policy initiative with symbolic resonance proved attractive to an incumbent government seeking re-election after a first term marked by an aggressive program of cuts to social expenditure. In a real sense, the policy stream dominated insofar as a fully formed solution was already available, albeit one originating in the UK. This was a clear case of a ‘solution looking for a problem’.

The practical impact of the Accord itself is difficult to ascertain. There is a view that the advent of the Accord and the five-year Voluntary Sector Initiative (VSI) contributed to a more coherent view of voluntary organisations as constituting a ‘sector’. However, it also seems that the incumbent Liberal government saw the Accord as a largely symbolic gesture.

Over the ensuing years the Accord gradually lost policy salience. This was due in part to a ‘revolving door’ of officials (with a resultant loss of continuity and corporate memory) and to a declining interest on the part of relevant ministers. In 2003 Prime Minister Jean Chrétien retired in favour of Paul Martin who it was reported had little understanding of the NFP sector or interest in the Accord.

The Canadian government’s embrace of the Accord was politically opportunistic, and there was no enduring support for comprehensive policy reform. Unlike the Compact, no durable institutional architecture was established to carry the Accord forward, nor was the role of the NFP sector as a policy partner to government ‘politically decontested’. The election of a Conservative government in 2006 coincided with the
end of the VSI, which was not renewed. The policy window was now closed closed, and the Accord consigned to the status of a ‘dead letter’.

**The National Compact: government can’t go it alone**

In some respects, the Australian case is an amalgam of the UK and Canada. As in the UK there was a strong consensus about the corrosive effects of the contracting regime upon the NFP sector, however, as in Canada, the sector view was somewhat fragmented and concerned more with the practical redress of issues relating to the compliance burden and capacity development than with a compact. As in the UK an antagonistic relationship with a conservative central government was a galvanising issue and, as in Canada, the Australian government looked to the UK and to the states and territories (themselves inspired by Third Way policy formulations) for ready-made solutions that could be adapted to the federal domain. In Australia the politics stream predominated insofar as Labor was poised to win government in 2007 under the leadership of Kevin Rudd who had cloaked himself in a mantle of Third Way rhetoric borrowed from New Labour. After winning office Labor’s policy agenda in the NFP space proved to be more ambitious than many in the NFP sector might have hoped, albeit imperfectly implemented.

In opposition Labor sought to frame a Third Way inspired social policy agenda based upon social inclusion and a fundamentally new settlement with the NFP sector. Labor offered the prospect of a compact and reforms informed by a study to be undertaken by the Productivity Commission. A compact was never high on the sector’s list of priorities – compacts had been part of the policy toolkit at the sub-national level since 2001, and despite early enthusiasm, most had ‘disappointed’. Rather, the sector looked to government to address a number of long-standing concerns in relation to regulatory reform, limits on advocacy and the contracting practices of federal agencies.

In addition to the National Compact, the Labor government also implemented ambitious legislative and structural reforms. However, a turbulent period of minority government undermined the government’s credibility and the confidence of the NFP sector. The inability of the NFP sector to speak with one voice, institutional inertia in public sector agencies, and Labor’s inability to obtain bipartisan commitment to a fundamentally reformed settlement with the sector provided a platform for a new Coalition government to commit to the unravelling of the reform agenda.
Kia Tutahi: a revolving door of policy windows

In New Zealand, the politics stream predominated, both under Labour and National governments. The problem stream was in most respects similar to that of the UK, Canada and Australia in that the transfer to the NFP sector of service delivery functions via the nexus of contracts gave rise to profound tensions in the relationship between the state and the NFP sector. The NFP sector in New Zealand is historically weak relative to the state, and the agenda for reform of the cross-sector relationship became compromised by conflation with the unresolved grievances of Iwi/Māori. In this environment, Labour in 1999, in anticipation of re-taking government after nine years of National Party rule, appropriated elements of Blair’s ‘Third Way’, including a compact. Labour was unable to reach agreement with a fragmented and immature NFP sector. Again, in the politics stream, the notion of a compact was given new life under a National government as a consequence of a coalition agreement with the Māori Party. A fairly innocuous compact was simply the price of governing under New Zealand’s mixed-member proportional (MMP) electoral system.

New Zealand Labour came to government in 1999 with a clear ideological commitment to pursue a Blairite ‘Third Way’ policy agenda with regard to the NFP sector. The sector had welcomed the thaw in relations with central government and the prospect of a new settlement based on an enhanced role in policy-making. However, NFP sector working groups established to advise the government concluded that the time was not right for a compact – much to the frustration of the inaugural Minister for the Community Sector, Stephen Maharey. Despite failure to agree on a compact, the government implemented a number of policy measures designed to place government/NFP sector relations on a more constructive footing.

The National-led government elected in 2008 revived the idea of a framework agreement as a concession to its coalition partners the Māori Party. Still, national representative organisations felt increasingly marginalised and were dismissive of the government’s approach. In 2001 the government transferred the Office for the Community and Voluntary Sector to the Department of Internal Affairs (DIA) and disestablished the Charities Commission whose functions were transferred to DIA as a machinery of government change. The 2011 Kia Tutahi ‘Relationship Accord’ between the New Zealand government and the communities of New Zealand emphasises
‘community-led’ approaches. In this respect, it is in nature more akin to a ‘mission statement’ than it is to an agreement.

**Australian states and territories?**

What can be said about the states and territories where formal cross-sector frameworks first took root in Australia?

The first observation to be made – an observation that applies across each of Australia’s eight states and territories – is that from the late 1990s NFP providers of human services were increasingly drawn into performance-based funding and purchase-of-service contracting regimes. For the most part, contracting regimes favoured by state and territory governments provided the context for the framing of issues within the problem stream.

Interviews with NFP sector executives revealed considerable commonality about issues of greatest concern: a high compliance burden; multiple reporting and accountability; income uncertainty as a consequence of short-term (i.e. one year) contracts; financial risk (e.g. sunk costs for the establishment of services without assurance of continued funding); high transaction costs (e.g. associated with tendering); overly prescriptive service specifications and micromanagement; failure to fund the true cost of service delivery; failure to co-invest with the sector in capacity-building; the corrosive effects of competition and the associated risk of mission-drift; failure by government agencies to consult with the sector in the formulation of policy or the design of contracted services.

There was less unanimity of view in the policy stream when it came to preferred solutions. Policy entrepreneurs within the community sector in NSW mooted the possibility of a formal cross-sector framework as early as 1995, anticipating the proposal for an English Compact by at least two years. However, it was not until 1999 that the NSW government committed to a framework document loosely based on the *English Compact* and it was not until 2006 that the NSW compact – *Working Together for NSW* – was finally launched. By this time not only the Premier, but many of the early proponents of a compact in the NFP sector and the bureaucracy, had moved on.

most did not do (and the same is true of NSW) is put into place a robust institutional architecture to sustain these frameworks. Although formal cross-sector policy frameworks have been considered from time to time by policy communities within the NFP sector, civil society (e.g. ‘progressive’ think tanks) and academia, in the main the search for solutions to problems associated with sustainability, capacity and contracting, have given greater emphasis to adaptive strategies and administrative reform.

In Queensland and Tasmania the impetus towards a compact came from both the NFP sector and from government. There was, in the case of the Queensland Compact, an apparently genuine attempt to establish a workable governance framework through policy dialogue with the NFP sector. In Victoria, a compact was considered and rejected in favour of more narrowly cast memoranda of understanding (MOU) between portfolio departments and relevant parts of the NFP sector, an approach now favoured by the NFP sector in that state. Western Australia has gone a different route with government and the NFP sector co-producing a policy (as opposed to a non-binding bilateral agreement) codifying the manner in which government engages with the funded community sector organisations upon which government depends. Indeed, it is perhaps in Victoria and Western Australia that the policy stream has exerted the greatest influence insofar as the solutions preferred by policy actors in both jurisdictions were ‘home grown’ and did not owe their provenance to solutions applied elsewhere.

Of course, the politics stream has been critical in every state and territory. In most jurisdictions the three process streams aligned and policy windows opened on the occasion of a change in government (ACT, Victoria, Western Australia) or a change in leadership (Queensland). In some cases, an incumbent government looking to revitalise its policy messaging has embraced the idea of a compact mid-term (NSW, Tasmania), and in others a change of leadership (Western Australia, South Australia, NSW, Northern Territory) or a change of government (NSW, Queensland) has either crowded compacts off the policy agenda or prevented them rising to the formal policy agenda.

**What makes for a successful compact?**

What insights might be drawn from the process stream analysis of the cases that might differentiate ‘symbolic’ from ‘successful’ cross-sector policy frameworks, and to what extent might the trajectory established at their formulation be a predictor of their future?
One might reasonably infer that cross-sector policy frameworks primarily serve symbolic purposes when:

- The decision to adopt a cross-sector policy framework – usually in the form of a compact – originates with government, rather than the NFP sector (e.g. where government acts unilaterally, with the NFP sector coming along as a ‘passenger’);
- The framework does not specifically address problems of primary concern to the NFP sector, or the relevant sub-sector(s) and the ambit of the framework is unclear (e.g. where the policy lead is ambiguous or so situated as to be ineffective);
- Insufficient effort is invested in building broad coalitions of support for the framework, including across party lines and within the NFP sector across sub-sectors/industries;
- The framework is not accompanied by the creation of relevant institutional or administrative architectures for the purposes of guiding implementation or providing assurance to stakeholders; and
- There is little or no demonstrable ‘follow-through’ in relation to the purpose, aims or principles set out by the framework and contradictions persist in relation to ‘principles’ and ‘practice’.

Thus, solutions that do not address relevant problems and do not enjoy strong backing from relevant policy communities are almost certainly intended to serve political purposes and are, ergo, largely symbolic gestures. Each of these factors are present in the following cases: the Canadian Accord (2001), the NSW Compact Working Together for NSW (2006), the South Australian frameworks Common Ground (2004) and Stronger Together (2009) and New Zealand’s Kia Tutahi/Relationship Accord (2011). Among the jurisdictions considered, these are the clearest cases of ‘symbolic’ frameworks.

On the question of what makes for a ‘successful’ cross-sector policy framework, four cases stand out: the English Compact, the Welsh Voluntary Sector Scheme, the Western Australian Delivering Services in Partnership Policy (2011) and the ACT Social Compact (2004, 2012). Each of the aforementioned cases exhibit offers a stark contrast with those cases where the cross-sector policy framework serves primarily symbolic purposes in that:
• The decision to adopt a cross-sector policy framework originates with the NFP sector and enjoys broad support in relevant policy communities in civil society, the public sector and government;

• The framework specifically addresses problems of shared concern to the NFP sector and the public sector and the ambit of the proposed framework is clearly articulated and the policy lead is unambiguous and has the necessary authority to lead change;

• Effort is invested by all parties in building broad coalitions of support for the framework, including across party lines and within the NFP sector across sub-sectors/industries;

• The framework is accompanied by the creation of relevant institutional or administrative architectures for the purposes of guiding implementation and providing assurance to stakeholders; and

• There is demonstrable ‘follow-through’ in relation to the purpose, aims or principles set out by the framework and clear efforts are made to align ‘practice’ with ‘principles’.

Notably, the durability of both Queensland Compact (2008) and the Australian National Compact (2010) foundered mainly on the failure of compact proponents to ‘decontest’ either the frameworks or the principles upon which they were founded by building broad coalitions of support for the policies. Thus the framework documents and their supporting structures were vulnerable in the event of a change of government. And, although the NFP sectors in both jurisdictions were broadly supportive of the compacts and associated reforms, they proved to be reticent in advocating a continuation of the previous government’s policy.

**The importance of advocacy**

The issue of limits imposed by government upon systemic advocacy – usually *via* contract provisions – arises as a contextual factor in some of the cases. For example, the literature reveals that in the UK under past Conservative governments the shift to purchase-of-service contracting resulted in the imposition of prohibitions on policy commentary as a condition of funding (Lloyd, 1990). In New Zealand too, policy actors in the NFP sector have noted restrictions on advocacy via ‘gagging provisions’ in government contracts personal (personal communication, 13 December 2010a). In
Australia especially restrictions on advocacy was a contentious issue for the NFP sector during the life of the last Coalition government. This included attempts to define ‘charitable purpose’ in such a way as to exclude some forms of systemic advocacy, and the inclusion of so-called ‘gag clauses’ in contracts. Sector disquiet about the perceived hostility of the Howard government to systemic advocacy led to Labor’s undertaking to do away with restrictions on advocacy and the eventual passage of legislation that specifically protects the right of NFP organisations to engage in advocacy without repercussion (the *Not-for-profit Sector Freedom to Advocate* Act 2013). More recently, in Queensland, a new conservative government has re-imposed contractual limits on policy commentary by funded organisations.

The capacity of NFP organisations to engage in advocacy – either in the form of representations to government or public campaigns – is much cherished by the NFP sector. Quite apart from any formal restrictions or limitations upon advocacy that might be imposed by government, there are also concerns within the sector that greater engagement in competitive markets for statutory services might lead to self-censorship or mission drift (Lloyd, 1990, Evans *et al.*, 2005, Onyx *et al.*, 2008). Analysis of the contents of the 24 cross-sector framework documents examined in this thesis (including multiple iterations of framework documents in some jurisdictions) reveals that each acknowledges the role of NFP organisations to undertake advocacy on behalf of their constituents. Some documents offer explicit undertakings to the effect that government’s NFP sector partners have the right to criticise government decisions and policy without fear of repercussions. Others – such as New Zealand’s *Kia Tutahi Relationship Accord* – simply acknowledge that NFP organisations engage in advocacy on behalf of their constituents and communities, and are silent on specific protections of the advocacy function. A table has been compiled containing relevant extracts from each of the framework documents and is included at Appendix 8.

The ability to freely engage in advocacy on behalf of clients, groups and/or communities, and to lobby or make representations to government in relation to policy and decisions of government, is a prerogative the sector is keen to protect. Most – but not all – governments in jurisdictions considered in this thesis have accepted that the NFP sector is not content to be a passive or silent partner. In addition, many NFP organisations have also come to realise that the, sometimes confrontational, lobbying strategies of a pre-contracting age are no longer useful or effective (Onyx *et al.*, 2010).
To some extent, the in which NFP organisations engage with government contains an element of ‘theatre’ – there is ‘politics’ in the NFP sector and the leaders of NFP organisations can be as conscious of playing to their constituents as are elected politicians.

**Conclusions**

This study has drawn upon a broad array of sources, and has generated a rich store of observation and insight from in-depth elite interviews with 43 policy professionals in government, the public sector and the NFP sector. As concerns the two core research questions posed at the outset, the researcher is led to draw the following broad conclusions.

**RQ1 – Conclusions**

This study finds that in each of the jurisdictions examined, formal proposals for compacts or similar frameworks have: (a) been preceded by a broad recognition that aspects of the relationship between government and the NFP sector have become problematic; (b) been promoted within various policy communities as a feasible solution to acknowledged problems; and (c) entered onto the public policy agenda at politically propitious moments. The study also confirms that cross-sector policy frameworks arise in response to problems associated with the contractual relationship between government and the NFP sector – problems frequently attributed by the NFP sector to the rigid application of NPM doctrines.

**RQ2 – Conclusions**

The study found that the implementation and impact of cross-sector policy frameworks is highly variable. Nevertheless, cross-sector frameworks still form part of the policy toolkit in this space. The study confirms that public sector policy actors and NFP sector policy actors commonly bring different expectations to the table. To the former, cross-sector policy frameworks are largely symbolic gestures of good faith, whereas the latter desires them to enunciate binding actions to redress perceived problems in the relationship. The study also finds support for the proposition that only those frameworks with a coherent institutional and policy architecture are capable of becoming institutionally embedded. Moreover, the influence of path-dependent effects is clearly visible in the comparative experiences of subnational jurisdictions in the UK and
Australia. In the former, cross-sector policy frameworks have evolved in step with the newly established administrative and policy apparatus of the devolved administrations. In the latter, the effectiveness of cross-sector frameworks has been constrained by the cultural, institutional and operational legacies of long-standing state and territory governments.

**Further research**

The research described in this dissertation no doubt raises as many questions as it answers, if not more. Some of the questions requiring further investigation would justify a PhD dissertation in their own right. Certainly, most would be grounded in literatures quite different from those relied upon in this study and would have different theoretical underpinnings and utilise different methodologies. Among the questions that warrant further investigation are:

1. From the early 1990s warnings were sounded about the possibility that the marketisation of social services might lead to changes in the *modus operandi* of NFP organisations that might distract them from their founding purposes (Smith and Lipsky, 1993, Young, 2000, Minkoff and Powell, 2006). Since that time a body of literature has emerged documenting the ways in which NFP service providers have adapted and changed in response to the creation of competitive human services markets (Spall and Zetlin, 2004, O'Shea *et al.*, 2007). It would be interesting to investigate whether the interests, priorities and practices of NFP service provider organisations have diverged over time from those of NFP organisations primarily concerned with expressive, affiliative and/or representative roles, and what implications any divergence might have for the manner in which NFPs engage with government.

2. A capacity to give ‘voice’ to the voiceless is one of the most valued roles claimed by NFP organisations and civil society generally. The NFP sector is often portrayed as a pillar of a democratic culture and as a champion of participatory decision-making (Boris, 2006, Hendriks, 2006). Yet, it has sometimes been observed that engagement in highly competitive social services markets can corrode social capital (Lyons, 2000, Butcher, 2006, O'Shea *et al.*, 2007) and contribute to a loss of collegiality amongst NFP service providers (Butcher and Freyens, 2011). Vernis *et al* note that the characteristic dispersion and fragmentation of the NFP sector acts as a hindrance
to the effectiveness of NFP organisations as political agents, and contributes to an image of a disorganised and uncoordinated sector (Vernis et al., 2006). Questions of representation and representativeness frequently arose in the context of cross-sector negotiations around framework agreements. In the absence of formal democratic structures, how do intermediary organisations exercise formal and/or informal authority to mobilise opinion and build consensus in the broader sector? To what extend is the mobilisation of ‘voice’ hindered or aided by new social media?

3. There is an abundant literature addressing issues of leadership, governance, strategic management and change management in the public and NFP sectors. Proposed reforms sometimes meet with internal resistance both in public sector and NFP sector organisations, especially where they represent a departure from the status quo. This thesis has revealed instances of public sector organisations either disregarding or selectively applying cross-sector policy frameworks, and a propensity for scepticism or disengagement from cross-sector policy processes by NFP organisations. Low expectations of cross-sector policy frameworks in the public and NFP sectors are suggestive of institutional or behavioural resistance to change. What are the sources of such resistance in the NFP policy space and what strategies can be employed by change agents to obtain ‘buy-in’?

4. The NFP sector is a diverse and variegated organisational and institutional space – a sector referred to by Kendall and Knapp (1995) as a ‘loose and baggy monster’. Although the sector’s diversity is frequently cited as strength – giving voice to marginalised groups, offering choice and promoting innovation – but it can also contribute to fragmentation and a lack of policy coherence. In Australia, the primary focus of policy concern has been the delivery of NFP organisations of contracted human services. Yet, as we know, the NFP sector has a presence in almost all industry sectors. Moreover, the history, institutional drivers, regulatory frameworks and structural characteristics of each industry sector might be quite different with different traditions and legacies of public-NFP sector engagement. What might be revealed by a comparative analysis of the relationship dynamics between public sector entities and NFP organisations in different industry subsectors?

5. In federated states such as Australia, Canada, and the United States, and in unitary states such as New Zealand, the United Kingdom, Sweden and France, NFP
organisations might be engaged simultaneously with more than one level of government – central, state/province/prefecture or local/municipal. NFP organisations might also operate across sub-national boundaries and be subject to different regulatory requirements and policy regimes in multiple jurisdictions. This greatly increases the level of complexity of their operating environment. How well to NFP organisations – particularly those engaged in the delivery of statutory public services – navigate this complex terrain and what are the implications of cross-jurisdictional cross-sector working in an era of ‘borderless’ organisations?

6. In recent years discourses around social enterprise have gained significant traction in policy circles in a number of national and sub-national jurisdictions. Micro-finance, social impact bonds, the ‘mutualisation’ of public sector agencies and other forms NFP enterprise serving a social purpose have been championed by policy-makers as a means for leveraging private investment in social purposes. Social enterprise approaches are currently being trialled in Australia for example, a social benefit bonds in New South Wales (NSW Treasury, 2013) – and the devolution of public services to ‘employee mutuals’ is a key plank in the Cameron Government’s Big Society Agenda (Birchall, 2011). Social enterprise is not universally embraced and critics suggest that there is a powerful political impetus behind it (Schofield, 2005). Just how well do Australian policy-makers understand social enterprise and are the Australian financial sector, key institutions and regulatory environment ‘social enterprise ready’?

7. Finally, as noted by Young (2012) and Casey (2011b), formal cross-sector policy framework have transcended national boundaries and have been adopted in countries as diverse as Australia, Estonia and Spain. More recently, Sweden has adopted a compact based on the English model to achieve quite different ends: whereas the English Compact offered a means for resolving the tensions arising under the ‘contract state’, the Swedish government looks to a compact as a means of enlarging the role of NFP organisations in the delivery of public policy. Although compacts are strongly associated with Anglo-Saxon jurisdictions, there is in fact a parallel history of deliberate cross-sector engagement in countries with quite different traditions of government-NFP sector relations. Yet, apart from occasional, cursory descriptions, there are no systematic studies of cross-sector frameworks in other polities, either as single cases or in comparative perspective (at least none in
the English language literature). What might a close examination of cases from disparate traditions reveal about the determinants of effective cross-sector working?

The research set out in this dissertation placed a high value on obtaining broad coverage of cross-sector policy initiatives in comparable Westminster-style English-speaking jurisdictions. Notable exceptions include frameworks in place or in prospect in the Canadian provinces (although these are the subject of recent and on-going comparative research by Elson (2010, 2011a, 2012)) and government-NFP sector relations in the Irish Republic (the situation in Ireland is the focus of on-going research by Donnelly-Cox and others at Trinity College, Dublin (Donnelly-Cox and Cannon, 2010, Donnelly-Cox, 2011, Donnelly-Cox and McGee, 2011, Donnelly-Cox et al., 2012)).

In total the case studies span four national and 11 subnational jurisdictions with empirical fieldwork having been undertaken in two national and seven sub-national jurisdictions. This breadth of coverage has come at the cost of investigative depth within each of the jurisdictions covered. Although the empirical component of the research was unable to capture the perspectives of a wider range of policy actors the content of the interviews was wide-ranging, insightful and authoritative. Therefore, there are grounds for some confidence that the interviews conducted with a number of elite policy actors have provided a reliable portrayal of the events and circumstances surrounding the implementation of cross-sector frameworks in each jurisdiction.

It is possible that a narrower focus on a much smaller number of cases might well have yielded a more nuanced understanding of the motivations and actions of a wider range of policy actors as well as the processes leading to the development and implementation of cross-sector framework agreements. The extent to which such understandings could be generalised to other jurisdictions is an open question. It is hoped that the current study provides a useful baseline for future researchers wishing to investigate individual jurisdictions in much greater depth, perhaps utilising research methods that accommodate a much higher level of granularity, such as the Advocacy Coalition Framework (Sabatier, 1988, Sabatier and Jenkins-Smith, 1993, Jenkins—Smith and Sabatier, 1994, Sabatier and Weible, 2007).

Cross-sector policy frameworks in Australia and New Zealand have been the primary focus of this research. It is hoped that the empirical component of this study will have made an original, and substantive contribution to the understanding of cross-sector
framework agreements, both in this part of the world and elsewhere. Although much has already been written about both the English Compact and the Canadian Accord, the accounts of these frameworks provide valuable comparators for the later frameworks they inspired. Likewise, the trajectory of cross-sector policy frameworks in the devolved jurisdictions of Scotland, Wales and Northern Ireland provide useful comparators for Australia and New Zealand. These too have been little studied and although it was not possible to carry out empirical investigations, this is compensated for by a rich documentary record from which one might obtain a nuanced understanding of the cross-sector dynamics at work in each of those jurisdictions. Given the different trajectories each has taken in the NFP policy space since devolution, further elucidation of the circumstances in these jurisdictions would be very instructive.

Final thoughts
The desire to have cordial and constructive relations with the NFP sector is not the sole preserve of centre-left administrations. Regardless of the political caste of governing parties, it is incumbent upon governments to respond to social problems. The demise of welfare statism and the sometimes painful progress of neoliberalism have confronted the traditional values and modus operandi of the public and NFP sectors, forcing them to adapt and evolve to new demands and new ways of fulfilling their aims. In the contemporary policy environment, responding to social problems requires close engagement with non-state actors, especially the NFP sector. As Smith (2012) observes:

> The intertwined relationship between government and the voluntary sector is today marked by increasing organizational and political complexity. Governments face on-going pressure and responsibility for the adequate accountability and performance of voluntary agencies, and more generally to meaningfully address urgent social and health problems (Smith, 2012).

The expansion of contracting, increased fragmentation, growth in the number of enterprises engaged in new social service markets and an escalation in competition for public and private resources create strong incentives for the NFP sector and government to work together to resolve issues of mutual concern (Smith, 2012:2).

What do the public/NFP sectors want?
The public and NFP sectors might very well have divergent expectations of formal policy frameworks for engagement and cooperation. NFP sector leaders sometimes
accuse public sector agencies of adopting an instrumental approach to cross-sector policy frameworks, contending that the way in which compacts are framed and implemented by government is in effect a means for reinforcing the role of NFP organisations as providers of contracted services and in the process diminishing their expressive or affiliative roles. In this light, cross-sector policy frameworks are sometimes regarded as just another mechanism employed by government to ‘colonise’ and render the NFP sector subordinate to its interests.\textsuperscript{176}

On the other hand, governments might legitimately look to formal cross-sector policy frameworks as a means for regularising and/or normalising relations with its NFP sector partners in complex and highly contested policy spaces in which multiple sector voices clamour for attention. That government also seeks to manage its relationships with those parts of the NFP sector upon which it relies for contracted service delivery is not in itself unreasonable. Government understandably sees policy value in having orderly, predictable processes for engagement with non-state stakeholders in order to improve transparency and accountability, better manage the policy agenda, ensure ‘value-for-money’, and reduce the scope for gaming and rent-seeking behaviours.

For its part, the NFP sector is also prone to viewing cross-sector policy frameworks in instrumental terms as a means to resolve aspects of the relationship considered to be problematic. A number of public sector executives interviewed for this study commented that some in the NFP sector saw a compact as a means for addressing accumulated grievances. These might include issues associated with operational policies related to the funding or contractual relationship with government, consultation in relation to policy development or implementation, the framing of government priorities and funding allocations, or any of the broad range of matters that might arise at the intersection of government and NFP sector interests.

Just as the relationship between government and the NFP sector is beset with asymmetries of formal power, organisational capability and financial resources, so too there is a corresponding asymmetry in public sector and NFP sector expectations of cross-sector policy frameworks. As one senior public sector manager from New South Wales observed:

\begin{quote}
We’ve talked a lot about what government should deliver through a compact to the sector ... the return back is not always clear (personal communication, 18 November 2010a).
\end{quote}
Similar reflections were offered by a senior New Zealand government official:

I think that one of the things that has happened is that it became all the responsibility of the government side of the partnership to behave in certain ways. And you hear that in the discourse over and over again, you know: ‘we’re not treated with respect’; ‘we’re given contracts to sign with no discussion’; ‘they make changes to it’; ‘they enforce prices and there’s no real negotiation’ (personal communication, 15 December 2010).

This same official went on to contextualise her observations:

The contracting environment and inequality inherent in the pure contracting model that we’ve implemented in New Zealand has allowed an ‘us and them’ – because it got rid of the partnership – to develop and it’s had enough time to cement a number of very real grievances which has then allowed the community and voluntary sector … to develop a sense that ‘government has got to fix it’ – ‘it’s all their problem and all their fault’ (personal communication, 15 December 2010).

Whilst government might look to compacts as a means of disciplining or rationalising its relationship with the NFP sector, the sector looks to framework agreements to gain effective access to decision-makers and to legitimise its ‘partner’ status and its role as an independent civil society actor. The issue of ‘respect’ was a consistent theme arising in the interviews with NFP sector policy actors, and was neatly summed up by one NFP CEO:

…a certain amount respect please, you know, stop just behaving as though we’re, sort of, lackeys and, you know, give us some respect for the knowledge we have and the job we do (personal communication, 20 December 2010a).

**Is there a future for compacts?**

Have cross-sector policy frameworks reached their logical ‘use-by’ date? Were compacts so tied to the shift in governance paradigm from NPM to relational governance that they have lost all relevance? The cases considered in this thesis would suggest the answer to both questions is ‘no’. While the frameworks examined in this study have all, in one way or another, arisen as responses to problems associated with aspects of ‘neoliberal’ governance, the relationship between neoliberal governance/NMP and the emergence of compacts is not strictly speaking causal in nature. Rather, the desire to codify roles, operational practices and rules of behaviour – whether through compacts or some other policy response – reflects the need for greater certainty.
Cross-sector framework agreements, therefore, are fundamentally about restoring or establishing certainty in uncertain times, and for this reason, they are fundamentally associated with the notion of transition. This might be a transition from pure principal-agent contracting to more relational contracting, or a transition from an authoritarian state to a pluralist democracy (as in the case of compacts in Eastern European countries), or a transition from state provision to a mixed economy of service provision (as in the case of contemporary Sweden) – the common denominator is an acceptance of the need to manage change during times of transition and uncertainty.

Young (2012) notes that in the years since the first compact was implemented by the Blair Labour government in 1998 similar instruments have been adopted in many more countries, including in local jurisdictions within federally structured countries. In addition, Young points out that:

…the compact idea has crossed over the boundaries of British commonwealth countries into countries with other policy and governance traditions, including Scandinavia, where the concept has taken on new directions and meanings (Young, 2012:1).

Such observations point to a broad acceptance by policy actors in both government and the NFP sector that constructive, collegial relationships between the two sectors contributes to the public good. Young suggests that at one level, the idea of a formal agreement defining the roles of the NFP sector and government and their relationships to one another is ‘deceptively simple’ (Young, 2012:1). However, he also acknowledges that the purpose and content of a compact in any one country is ‘complex, multifaceted and variable over time’:

…when it crosses from one national context to another or from one level of government to another, it can mutate in interesting ways, reflecting the particular venue (Young, 2012:1).

For Young, ‘the particular results or impacts of existing compacts are not as important as the idea of the compact in facilitating the conversation and serving as a catalyst for appropriate actions, programs and policies’ (Young, 2012:1). Of greatest interest to Young is the capacity of compacts to:

… offer frameworks and processes through which government and nonprofit institutions can collectively work out their differences and develop solutions to address, multiple complex social problems and issues which neither sector can successfully accomplish by itself. (Young, 2012:1-2).
Young thereby draws attention to the explicit coupling of cross-sector policy frameworks with the desire to find solutions to ‘wicked’ policy problems. In the UK, Australia and New Zealand for example, cross-sector policy frameworks have been presented as integral to broader policy discourses such as social exclusion/inclusion and joined-up government.

Casey observes that countries as diverse as Australia, Canada, New Zealand, Hungary, Estonia, France, and Spain – each with very different histories of nonprofit development – have sought to strengthen deliberate relations with their NFP sectors through bilateral agreement, unilateral policy statements or through the establishment of new flagship coordinating structures (2011b:4). Yet, in the United States, that most liberal of the liberal welfare states, there are no direct equivalents of compacts and few other structures or processes for deliberate relations between government and the NFP sector (Casey, 2009, 2011a, b). By way of explanation, Casey observes that in the US, ‘Government matters less to the collective organizational psyche of U.S. nonprofits than to nonprofits in other, more State-centric, polities’ (2011b:7). Among the reasons cited for the failure to work towards closer institutional ties between government and the NFP sector are:

- A tradition of independence, a preference for small government and a distrust of closer ties with government,
- A long history of privatisation and marketisation of service delivery which has resulted in NFP organisations being more accustomed to functioning under marketplace rules,
- The difficulty of determining which levels of government should be party to the development of sector-level agreements, and identifying appropriate interlocutors to represent the NFP sector, given the multi-layered national, state and local funding streams and oversight responsibility, and the the size, diversity, and complexity of the NFP sector, and
- The prominence of private philanthropy and the much greater role of corporations, foundations and individual donors in funding NFP endeavours (2011b:7-8).

Casey cautions that such explanations ‘should not be interpreted as evidence that U.S. exceptionalism has provided alternative pathways to resolve the concerns that have
emerged in other countries’ (2011b:8). There is, he says, ‘broad recognition that the growing salience of the third sector in the last decades has outstripped the capacity of existing structures to manage the interactions between the sectors’ (2011a) and he notes a ‘(re)surfacing’ of interest in strengthening relationships between governments and NFP organisations (2011b:10,14).

**Decontestation through dialogue**

Kendall (2003, 2009, 2010) and Morison (2000) suggest that compacts create a space within which a discourse can occur. Even Brock, who considers that the Canadian Accord fell well short of achieving a genuine paradigm shift in government-NFP sector relations, concedes that it provided the foundation for ‘inexorable’, albeit unpredictable change (Brock, 2004b, 2008). Given time, political and bureaucratic commitment and the creation of self-sustaining mechanisms for framework governance cross-sector policy frameworks have the capacity to both endure and mature, although Lindquist suggests that ‘a decade or two’ might be required (Lindquist, 2008:164).

Bullain and Toftisova (2005:66) assert that a compact is ‘a process not a paper’. The legitimacy of that process 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 that provide the catalyst for systemic reform such as oversight, formal review and the dissemination of good practices (Craig et al., 2005, Rawsthorne and Christian, 2005, Toftisova, 2005).

There are examples among the cases of framework documents that lost legitimacy, credibility and relevance precisely because they became static. Others have exhibited varying degrees of adaptability and genuine stakeholder attachment. It has also been observed that framework documents are often viewed in politically partisan terms by incoming governments and are therefore vulnerable to relegation even where they appear to be working well. For its part the NFP sector often appears to passively assign the ‘ownership’ of framework documents to government, accepting with resignation or equanimity when they fall by the wayside rather than defending the ‘equity’ represented by their investment of political capital.

There are many commonalities in the policy narratives for each of the jurisdictions examined in this thesis. In each, the NFP sector has gone from playing a complementary role to that of government – essentially filling in the gaps left by state provision – to
being an essential partner in the delivery of mandated public services. It is now generally accepted in each of the jurisdictions studied that the achievement of social policy objectives requires government departments and agencies to work collaboratively across sector boundaries. Although governments still pay the bills when it comes to policy and program delivery, it is accepted that the state is no longer the sole repository of knowledge, legitimacy or capacity.

Increasing dependence on NFP sector service providers has prompted governments around the world to regularise relations with the third sector – in particular those parts of the sector with which the state has formal contractual relations. Government relationships with the sector have not always been plain sailing and the capacity of public sector commissioners to engage in constructive relationships with NFP sector service providers has, on many occasions, been found wanting. The ‘contract state’ introduced a range of tensions, contradictions and externalities into its relationship with the NFP sector, including failures to fund the full cost of service delivery, the uncertainty of year-to-year contracts, burdensome reporting and compliance requirements, and the sometimes corrosive effects of competition.

Heavy-handed contract management eroded NFP sector capacity and capability while the competitive pressures of contracting contributed to burnout, mission-drift, diminished collegiality and the dilution of social capital. In the process, the roles played by NFP sector organisations as civil society actors and as sources of policy advice and legitimacy were devalued. Although many NFP sector service providers prospered as a result of contracting, some would argue that they were inadequately compensated for the credibility, legitimacy capacity and economy they brought to the transaction.

There is ample evidence of a continuing – and sometimes unfulfilled – desire by governments and the NFP sector for a more constructive and effective relationship. Once considered a policy oddity, formal cross-sector framework documents such as compacts have now been part of the social policy landscape for almost two decades. During this period state and NFP sector actors in a number of Australian and overseas jurisdictions have at various times looked to compacts or similar framework documents to codify their relationship, thereby placing it on a more predictable footing. Despite reservations in some quarters about their relevance and effectiveness, framework agreements continue to form a part of the social policy toolkit. However, a compact is
not a ‘magic bullet’. Both sectors need to have realistic expectations and the resolve to work-through their differences in a collegial manner.

At their best, cross-sector policy frameworks can create a ‘de-contested’ space within which state and NFP sector actors can build relationships based upon trust, mutual respect and reciprocal flows of accountability. At their worst, they serve only to perpetuate and reinforce cynicism and distrust. Unsurprisingly, compacts work best where there is already a history and culture of cross-sector cooperation. They also appear to work best when they have been initiated by third sector leaders and extensively co-developed with government through bottom-up as opposed to top-down processes.

A persistent difficulty lies in the seeming inability for the NFP sector to clearly articulate what it wants from a renewed settlement with government. As observed by one senior Australian policy actor:

> on the one hand [the NFP sector] say we’re not consulted well and on the other they’re saying we’re being consulted to death (personal communication, 29 September 2011).

This comment is revealing insofar as it hints strongly that a significant barrier to the realisation and durability of effective cross-sector policy frameworks is in fact the fragmented nature of that ‘loose and baggy monster’, the NFP sector (Kendall and Knapp, 1995).
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Endnotes

1 The compact idea has so far not taken root in the United States whose historical and
A recent and potent example in Australia is the Australian government’s contracting of the
Salvation Army and Save the Children to deliver services to asylum seekers in off-shore
immigration detention centres.

3 Former Australian Prime Minister Kevin Rudd made precisely this case in two essays

4 Human services are often referred to colloquially as ‘welfare services’, meaning services
mandated by statute for provision by the state. In Britain, these are often referred to as ‘statutory
services’ and in the United States they are generally referred to as ‘publicly mandated services’.
It should be noted that the relatively recent advent of what Australian political observers call
‘middle class welfare’ has resulted in broadening access to publicly funded programs to those
who arguably can afford to pay (Wanna *et al.*, 2010:129-130).

5 The vast majority of (mainly small and highly localised) NFP organisations undertake their
work without significant material support from government. They are instead reliant on
donations, fund-raising and the efforts of volunteers. A minority of larger NFP organisations
have experienced a growing dependence on income earned from government contracts to carry
out their mission. Governments not unrealistically expect their NFP contractors to provide
services in a manner consistent with public policy and operational policy frameworks, including
being accountable for the expenditure of what are, after all, public funds. Sometimes,
government funders expect their NFP providers to adopt a uniform branding, including
standardised signage, livery and communications – thereby extending to the government-sector
relationship elements of the ‘agencification’ applied within government under NPM (Moynihan,
2006).

6 Australian NFP research does not figure prominently in the international literature and has few
domestic outlets in the form of dedicated academic journals (Onyx, 2011). Nevertheless,
Australia’s NFP sector has deep historical roots and, in population adjusted terms, is
comparable in size to the sector in the United States and larger than that of the United Kingdom
(Lyons, 2001b:99). Australia is also largely in step with other parts of the developed world in
terms of the extent to which federal and state/territory governments have elected to deliver a
wide range of public services indirectly *via* NFP service providers (Hoatson *et al.*, 1996,

7 Lewis (1999) offers a succinct and compelling account of the history of government and
voluntary endeavour in Britain from the 19th century through to the end of the 20th century.
Elsin (2007) offers a similar account of the government-sector relationship in Canada.

8 Anheier and Salamon place Australia, the United States (US) and the United Kingdom (UK),
in the ‘liberal model’ owing to a ‘sizable urban middle class’ which has historically held urban
working class elements at bay, thereby constraining social welfare spending and encouraging a
relatively large NFP sector. The authors claim that the UK departed from this liberal pattern
after WWII owing to ‘a surge of working class pressures’ – especially in the area of health care –
and resulting in the UK exhibiting a mix of the liberal and social democratic models (Anheier
and Salamon, 2006:107). However, the emergence in the UK of a ‘systematic and highly
centralised’ attempt by government to enlist the NFP sector in social service delivery has lead to
an expansion of the sector through the flow of public sector funds *via* ‘competitive contract

9 Grønbjerg suggests that it is government’s dependence on the NFP sector, not the NFP sector’s
dependency on government that determines which of these patterns predominate in particular
service domains (Grønbjerg, 1987:77-78).
This is consistent with Corry (2010:12) who observes that attempts to define and theorise the ‘third sector’ can be subdivided into an American and a European view. The former views the sector as discrete and separate from the market or the state and possessed of certain qualities while the latter adopts a view of third sector organisations as ‘hybrid’ mixes of ‘public and private, or hierarchic and anarchic’ (Corry, 2010:12).

Henman and Fenger (2006:263) propose a similar three-way categorisation for models of welfare administration: bureaucratic; new public management; and governance.

Although public management reforms based upon NPM had the superficial appearance of a ‘global’ phenomenon, the practical expression of NPM-inspired reform was in fact highly differentiated amongst jurisdictions (Hood, 1991, 1995, Pollitt and Bouckaert, 1999, McLaughlin et al., 2002, Goldfinch and Wallis, 2009). Moreover, since the term ‘new public management’ was first conceptualised by Hood (1991) successive waves of public sector reform have brought about generational shifts in emphasis (Hood and Peters, 2004), leading some, like Rhodes (2008) to conclude ‘there is no such thing as NPM’. While the creation and reinforcement of market-oriented mechanisms for the delivery of public policy has been a consistent feature of public sector reform in liberal welfare regimes – what Ferlie et al (1996) refer to as the ‘three Ms’ of markets, managers and measurement - the impact upon the NFP sector of NPM-inspired policies varied across jurisdictions and through time (Anheier and Salamon, 2006, Paulsen, 2006). Whilst acknowledging that NPM-inspired reforms were implemented differently in the principal jurisdictions studied in this dissertation – the UK, Canada, Australia and New Zealand – it has not been possible to elucidate the precise points of difference as that would unduly complicate an already complex narrative and distract our focus on the phenomenon of primary interest, cross-sector policy frameworks.

‘Animal spirits’ is a term first used by John Maynard Keynes (1936:61-62) and refers to the spontaneous optimism of humans trying to do something positive, preferring action to inaction. The term was resurrected by Akerlof and Shiller (2009) as part of a broader Keynesian revival in the face of the global financial crisis of 2008-09.

Kay defines a structured policy narrative as a ‘chronicle’ organised by some interpretive frame so as to make sense as an overall story (Kay, 2006:71-74). Although as a minimum, a policy narrative must at least be intelligible, it is also necessary to accept variations in what makes sense to different people. There is no objective standard or test of the validity of narrative explanations, and different interpretations and explanations of the evidence presented are possible. For the purposes of this dissertation, Kingdon’s multiple streams framework provides a significant part of that interpretive framework. See Kay’s discussion of structured policy narratives (Kay, 2006:59-74).

It is important to reflect on the fact that policy communities can transcend national boundaries, thereby allowing paradigms and specific alternatives to spread at the international level (Beland, 2005:9).

Agendas, Alternatives, and Public Policies has been updated and re-issued as recently as 2010. This more recent edition features a new epilogue, Health Care Reform from Clinton to Obama, and is published by Longman.

Many of the framework documents reviewed in this thesis incorporate the term ‘compact’ in their formal title. Yet, there is no accepted standard nomenclature to refer to formal policy frameworks for cross-sector cooperation (Casey et al., 2010). They have been referred to variously as ‘policy documents for cooperation’ (Bullain and Toftisova, 2005), ‘deliberate or formal government-sector relationships’ (Carter and Speevak Sladowski, 2008) and ‘partnership frameworks’, or ‘framework agreements’ (White, 2006). Other terms are sometimes used, both
as a title and a descriptor: these include *accord, concordat, relationship agreement, memorandum of understanding or partnership agreement*. Whereas some of these terms might be more accurate descriptors, they can be unwieldy. Therefore, this dissertation will, in some cases, bow to conventional usage and employ the term ‘compact’ as a shorthand generic descriptor except when referring to a specific policy framework, in which case it will be referred to by its title, or a short form of that title (e.g. the *Accord*, when referring to the Canadian framework document, or the *Relationship Accord*, when referring to the New Zealand framework document, and so forth).

19 It should be noted that in some instances governments have acted unilaterally to articulate a set of guiding principles governing relationships with the NFP sector and other parts of the broader civil society (Bullain and Toftisova, 2005:69-70, White, 2006). Examples include the Clark Labour government in New Zealand which, in 2001, issued a *Statement of Government Intentions* (SOGI); the Québec provincial government which, in the same year, introduced its *Politique gouvernementale sur l'action communautaire* (Governmental Policy on Community Action) to ‘introduce some order into its growing and rapidly diversifying relations with the sector’ (White, 2006:58); and more recently, the state government of Western Australia which, in 2011, launched its *Community Services in Partnership Policy*. It is important to note that, while these are not ‘compacts’ or even ‘agreements’, this does not mean that the content of the policy is not agreed and supported by the sector, or that the sector was not actively involved in its development. Certainly, as discussed in Chapter Eight, the policy statement in Western Australia was ‘co-produced’ by the NFP sector and state central agencies.

20 In Australia these are usually referred to as ‘peak’ organisations, occupying as they do a position at the apex of a broader community of member organisations. Peak organisations might represent the special interests of organisations with particular ‘industry’ affiliations (e.g. providers of residential care for the aged) or they might also pursue a broader advocacy mission (e.g. social justice).

21 The NFP sector is both a contested concept and a complex social and political sphere. The sector exhibits a variety of organisational forms and, like any other productive sector in the economy; the NFP sector is both vertically segmented (market-share, resources and influence are not equitably distributed) and horizontally segmented (by industry grouping and/or policy domain).

22 The term ‘social license’ is commonly used and understood in relation to the extraction or utilisation of natural resources, where access to those resources occurs with the common consent of a community. This is a concept that is capable of being applied more broadly. A social license might be said to exist when an initiative (say, the negotiation of a compact) enjoys the ongoing approval or broad social acceptance of a local community and other stakeholders. Social licenses are intangible, and in most cases it is more accurate to describe the entity granting the license as a ‘network of stakeholders’, rather than a community *per se*. A social license has three normative components: *social legitimacy* based on legal, social and cultural norms accepted within the community; *credibility* established through negotiation and maintained by formal agreements about roles and responsibilities of the parties the rules governing their behaviour; and the *trust* created by opportunities to collaborate, work together and generate shared experiences (SocialLicense.com, 2013).

23 The institutional architecture for the English Compact included:

- An annual ministerial review meeting reporting directly to Parliament
- Compact Voice, a national body representing voluntary and community sector interests (first proposed as a Compact Working Group on Government Relations by the NCVO in 1997)
• The appointment of high-level ‘Compact Champions’ in each government department (commencing in 2002)
• The establishment of special units for third sector-related policy in the Home Office, Treasury and Trade and Industry, later merged into an Office for the Third Sector within the Cabinet Office (2006)
• The appointment in 2006 of the first Minister for the Third Sector (Ed Milliband, now Leader of the Opposition)
• A Compact Advocacy Programme offering support and advice to voluntary and community organisations in their dealings with public bodies, and
• The Commission for the Compact, a non-departmental public body established in 2007 to promote and monitor Compact implementation (Alcock, 2012, Taylor, 2012b).

Establishing the Compact infrastructure was not without its ‘false starts’, limitations and failures (Kendall, 2010, Zimmeck et al., 2011, Taylor, 2012b), but as Plowden observes, the complexity and the difficulty of communicating and embedding the Compact across the breadth and depth of government, including departments and non-departmental bodies cannot not be underestimated (Plowden, 2003:427-428).

24 Unlike post-devolution Scotland, Wales and Northern Ireland, there is in England no devolved parliament or territorial legislative body in which elected representatives exercise separate decision-making powers for voters in England (House of Commons Justice Committee:50-69, Kumar, 2010:477-478).

25 Similar observations have been made about the Howard Government’s relationship with Australia’s NFP Sector.

26 These reforms had their antecedents in earlier (1970s) critiques of the failings of state bureaucracies which, when combined with growing support for ‘pluralist provision’ within the modern welfare state, laid a platform for the delivery of mandated public services using systems organised in accordance with market principles (Lewis, 1999:260-261).

Hudson suggests that it was in the UK under Conservative administrations ‘where the revival of the free-market ideology of Hayek and Friedman has enjoyed its longest, most clearly articulated, and consistently pursued run (1979–97)’, leading government to ‘graft the qualities attributed to the marketplace onto social welfare provision’ (Hudson, 1998:253). As early as 1979 – the same year the Thatcher government was elected – the Secretary of State for Social Services, Patrick Jenkin, announced:

As the government sets about tasks for which it was elected—cutting income tax, cutting public spending and curbing the burgeoning bureaucracies of the public sector—we shall be looking to the voluntary movement to take up the running (as quoted in Finlayson, 1994:358, cited in Hudson, 1998:454).

The community and voluntary sector was regarded by government as a major vehicle for promoting choice and was praised for its ‘practical grass roots experience’ and its capacity for innovation, flexibility and responsiveness (Hudson, 1998:457). Ironically, the replacement of ‘grants-in-aid’ with ‘purchase of service agreements’ had the effect of tying the sector even more closely to state policies and priorities, thus constraining many of the very qualities that commended the sector as a viable substitute for the state (Hudson, 1998:456-457).

27 Alcock observes that much of the growth in public funding for the sector in the UK has come from an increase in the scale of government contracting (Alcock, 2012:229).

28 As will be seen elsewhere in this dissertation, these remarks prefigure similar statements made a decade later by Australian Labor politicians when addressing the need for a renewal of the government-sector relationship.
Kendall also notes the important roles played by unheralded policy actors such as career civil servant Sir Kenneth Stowe who acted as the ‘indispensable facilitator of the Compact negotiation’ (Kendall, 2003:62).

Indeed Alcock (Alcock, 2012:222) suggests that the very notion of a unified voluntary sector is a product of then emerging policy discourses informed by influential reports such as the Wolfenden Committee (1978) and the Deakin Commission (1996). This notion was later cemented by government policy actions in the form of formal relations with sector organisations, including the provision of financial support (Alcock, 2012:225). Until the 1990s, there was little awareness in the ‘balkanised’ policy landscape occupied by voluntary organisations of being part of a coherent ‘sector’ and thinking about how to address social problems was overwhelmingly framed in terms of ‘public’ versus ‘private’ (Kendall, 2000:545).

The Cross Cutting Review had the following terms of reference:

To examine the relationship between the voluntary sector and the Government in service delivery, taking account of the key role the sector can play in strengthening civil society and building capacity in local communities. The review will do this by:

i. mapping the extent and the variety of means by which the voluntary sector is already involved in overseeing and delivering services;

ii. examining best practice in effective partnership between the voluntary sector and the public sector, suggesting practical ways in which the principles of the Compact can be applied in the delivery of services;

iii. drawing common lessons to guide the public sector in working in partnership with the voluntary sector;

iv. establishing whether and how barriers to voluntary sector involvement, and lack of capacity, might be overcome to promote successful partnership with the public sector and how the Government might be able to assist to that end (HM Treasury, 2002:35)

The rationale for refreshing the Compact was given in the introduction to the consultation paper prepared for the Compact Partnership:

... If there is a lesson to be learnt from the first 10 years of the Compact, it is that policies, however admirable and widely agreed, need support to be implemented. A significant part of refreshing the Compact documents is to improve implementation of both the specific commitments which the documents set out as well as the broad principles on which they are based, so that the benefits of partnership working between the public sector and the third sector can be more fully realised (Commission for the Compact, 2009:9).

Compact Voice is co-signatory to the 2010 ‘revised’ Compact.

The promotion and dissemination of the Compact by the Labour government served to: (a) persuade the political Right to commit to the Compact in the event of a future change of government; (b) ‘shore up the consensus’ in favour of the Compact and against ‘dissenting voices’ in the ‘market fundamentalist political Right’ and the ‘social libertarian Left’; (c) generalise an inclusive ‘third sector friendly policy stance’ through dialogue and debate with ‘relevant representative groups’; and (d) ‘embed these general claims in the complex machinery of the state and within the variegated landscape of the third sector itself’ (Kendall, 2010:248-249). Kendall notes that the Conservative Party first committed to the Compact in 2008, thereby effecting a ‘U-turn from its position when in power’ (Kendall, 2009:19, fn. 6). Macmillan, reflecting on a convergence of Conservative and Labour Party thinking since 2008, speculates about ‘the possibility of a cross-party consensus on new institutional structures’ that will set the
stage for ‘the newly emerging political and policy configuration’ resulting from the 2010 general election (Macmillan, 2010:8-9).

35 Kendall refers to New Labour’s pursuit of engagement with the NFP sector as an exercise in ‘ideological double differentiation’: differentiation on the Left from unreconstructed statist traditions, and on the Right from neoliberal market fundamentalist traditions (Kendall, 2010:244). The Compact was the result of a ‘carefully choreographed’ policy discourse through which public sector and NFP sector policy entrepreneurs in concert with New Labour articulated an ‘apparent consensus’ that the NFP sector should have a greater role as a partner in delivering public services, fostering civic engagement (Kendall, 2009:6-7).

36 Currently Deputy Chief of Staff to Australian Prime Minister Julia Gillard.

37 As will be discussed in chapter seven, the pre-election undertakings of Australia’s Liberal/National Coalition opposition closely echo the actions of the coalition government in the UK.

38 These are the views of the Bow Group, a conservative think-tank whose President is former Prime Minister, John Major, and whose senior patrons are current Members of the House of Lords (and former Conservative Cabinet Ministers) Michael Heseltine, Geoffrey Howe, Norman Lamont and Cameron’s predecessor as leader of the Conservative Party, Michael Howard.

39 In Canada, only about 7 per cent of NFP revenue derives from the federal government (Thériault, 2009, Elson, 2011a:65-66). In federal systems such as Canada (and Australia), the constitutional division of powers confers responsibility on provincial and territorial governments for funding, commissioning and delivering a wide range of public services (Elson, 2011a:136).

40 Laforest (2009:165) comments that while most claims by the sector have been articulated within the federal arena, most innovation has in fact occurred at the provincial and local levels.

41 The Blair government separately negotiated compacts for each of the constituent countries and mandated the adoption of compacts by local government in England. Although a significant share of NFP sector income in the UK derives from local authorities the system of delegated authority in the UK allows central government to directly influence local government expenditure for social services.

42 It should be noted that these pressures were being exerted at both the national (federal) and sub-national (provincial/territorial) levels.

43 The JW McConnell Family Foundation’s mandate is ‘to improve the quality of life in Canada by building communities that help people develop their potential and contribute to the common good’. Founded in 1937, the Foundation’s ‘proactive mission’ involves supporting initiatives ‘to promote community economic development, to support innovation in higher education and to widen the impact of successful local innovations’. In 1993 the Foundation played an important role in encouraging the establishment of the Voluntary Sector Roundtable as a common front for national voluntary organisations representing a variety of policy domains (McConnell Foundation, 2012).

44 The PAGVS recommended that immediate priority be given to four actions:

1. The development and dissemination of a good practice guide for the effective stewardship of voluntary organisations to improve transparency and accountability

2. The creation by the federal government of a new Voluntary Sector Commission as an essential element in improving accountability and building capacity in the sector

3. That the federal government, in collaboration with the provinces and the sector, create a Task Force to begin the process of establishing legislated definition of which organisations should qualify for access to the benefits of the federal tax system, and
4. That federal and provincial governments enter into discussions with the sector with a view to negotiating a ‘compact of good practice or creation of other means for enhancing on-going dialogue, understanding and genuine partnership’ (PAGVS, 1999:viii-ix).

45 Of course it was not within the power – or necessarily in the political interests – of the federal government to enjoin the provinces to participate in such a discussion.

46 Despite a history of policy indifference and antagonism towards the NFP sector (Phillips, 2003b:26, Elson, 2007:54), the government made a number of policy commitments in its 1996-97 and 1997-98 Budgets aimed at enhancing the capacity of the sector. These included amendments to tax provisions for charitable donations, the provision of assistance to expand the sector’s technological capacity and promoting understanding of the sector by encouraging the direct participation of government employees in voluntary and exchange programs (PAGVS, 1999:15). This signalled an opportunity to make the case for a new framework for cooperation (Phillips, 2003a:20-25).

47 The similarities with the UK experience are striking: recall that in the UK the Deakin Commission was able to influence the direction and content of New Labour policy through informal discussions between Nicholas Deakin and Alun Michael, and were ultimately reflected in the ‘Building the Future Together’.

48 Social and health programs delivered by Canada’s provinces and territories are dependent upon cash transfers from the federal government (Advisory Panel on Fiscal Imbalance, 2006:36). Like Australia, the division of labour between the federal and provincial spheres in Canada is accompanied by a degree of ‘vertical fiscal imbalance’ or VFI. In Australia, VFI sees the federal government collect around 82% of all national taxation revenues while the states and territories account for around 40% of all public spending for which they are dependent upon federal transfers (about 50% on average) (Department of the Parliamentary Library, 2002). Although the existence in Canada of VFI is contested, a 2006 Report to the Council of Federation observed: ‘The federal government has more money than it requires to discharge the functions for which it is responsible. The governments of the provinces have insufficient resources to accomplish the tasks for which they are constitutionally responsible ’ (Advisory Panel on Fiscal Imbalance, 2006:14). This is especially true in relation to health and social spending which saw cash transfers rise from about CA$13 b in 1998-99 to about CA$28 b in 2005-06 (Advisory Panel on Fiscal Imbalance, 2006:36).

49 The governing Liberal Party held 177 out of 295 seats in the House of Commons.

50 In December 2003, the Joint Steering Committee (JSC) responsible for implementing the Accord published its first report on progress in relation to a range of practical measures announced in 2001. In its report ‘Taking the Accord Forward’ (VSI, 2003c) the JSC outlined the following achievements:

- **Processes for monitoring Accord implementation and performance** – By 2003, each sector had put into place monitoring processes and a reporting framework to support implementation. In addition, two national surveys had been undertaken to provide baseline data on the voluntary sector and identify priorities. The Voluntary Sector Initiative also commissioned a number of research projects focussing on issues of capacity building. Among them was ‘Funding Matters: The impact of Canada’s New Funding Regime on Nonprofit and Voluntary Organisations’ (Scott, 2003), a study assessing the impact ‘on the capacity and long-term sustainability’ of changes in the funding regime for non-profit and voluntary organisations.

- **The development of standards and codes of good practice** – By 2003, two codes of good practice had been published: *A Code of Good Practice on Funding* (VSI, 2002a) and a *Code of Good Practice on Policy Dialogue* (VSI, 2002b).
The creation of appropriate organisational structures to support implementation – By 2003 a Ministerial Consultative Committee (MCC) was established with a mandate to meet annually with the voluntary sector to review the implementation of the Accord and associated policy and administrative frameworks. An Assistant Deputy Minister Steering Committee comprised of key departments and central agencies provided advice to the MCC and offered strategic direction to government agencies. In addition, a Voluntary Sector Forum (comprised of 22 voluntary sector leaders) was set up to oversee the implementation of the Accord and associated Codes of Practice and a Joint Steering Committee (comprising 6 government and 6 voluntary sector representatives) was established to guide the implementation and monitoring of the Accord and Codes of Practice.

A Policy Internships and Fellowships program (PIAF) was also established (initially as a pilot program) for the purposes of placing interns and fellows in host federal government departments or voluntary sector organisations. The PIAF’s objectives were to ‘develop policy knowledge, experience and skills in both sectors’ and ‘enable the voluntary sector to become a more viable partner in the development of public policy’. As noted in a 2004 report of the program:

In its first year, the PIAF program showed considerable promise as an innovative approach to developing policy knowledge, experience and skills in both the voluntary sector and the federal government and to enabling the voluntary sector to become a more viable partner in the development of public policy. Despite PIAF funding limitations and financial barriers to the participation of voluntary sector employees as interns and fellows in 2003–04, the second year of the PIAF program was successful in bringing benefits to all parties concerned—the interns/fellows, host organizations and home departments (CVSRD, 2004:19)

Over the course of its five years (2000-05), the Voluntary Sector Initiative (VSI) produced and/or commissioned over 100 reports, practice guides, workbooks, policy documents, studies and on-line resources on diverse topics such as the government-sector relationship; NFP sector funding and financing; policy development; information management and information technology; regulation; sector identity; working and volunteering; and sector research. In addition to the Codes of Good Practice, these included:

- **Resources for Accountability and Financial Management in the Voluntary Sector** which provided ‘medium-sized organizations with resources, including website links, to advance their financial management knowledge and skills as well as enhance their accountability’ (VSI, 2003b)

- **Inventory of Effective Practices in Financing and Resourcing of Voluntary Sector Organizations in Canada**, a database of best practices drawn from case studies around Canada and published on-line, and

- **Participating in Federal Public Policy: A Guide for the Voluntary Sector** which aimed to ‘help voluntary organizations participate in the federal public policy development process’ as well as give ‘federal government departments insight into how to involve their voluntary sector counterparts more effectively’ (VSI, 2003a).

The summative evaluation of the VSI published in 2009 describes the initiative as a unique undertaking between government and the voluntary sector in that:

- its scope was beyond anything undertaken to date in terms of the broad objectives covering relationships, capacity and regulatory reform
- the joint nature of the work undertaken was unique in that the joint tables and the joint coordinating committee were comprised of members from both the Sector and the government, and

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50 PIAF's objectives were to 'develop policy knowledge, experience and skills in both sectors' and 'enable the voluntary sector to become a more viable partner in the development of public policy'.

51 The summative evaluation of the VSI published in 2009 describes the initiative as a unique undertaking between government and the voluntary sector in that:
• it was differentiated by its scale in attempting to engage the entire Sector and the entire Federal government (Canada, 2009:iii).

The evaluation offered the following salutary conclusion:

Overall, evaluation results demonstrate that the most positive impacts of the VSI are concentrated in the areas of intersectoral relationships, co-ordination and coherence in the interaction between government and the voluntary sector, knowledge of the Sector, and regulatory reform. While the evidence is limited, it points to the difficulties in achieving desired impacts in the following areas: awareness and engagement, increased capacity for the Sector as a whole, and challenges in achieving a full integration between the government and the Sector in undertaking policy development (Canada, 2009:ix)

Among the successes attributed directly and indirectly to the VSI by the evaluation are:

• the production of research outputs which were important in developing the sector’s identity and which indirectly promoted increased collaboration and networking within the voluntary sector
• the development a range of tools and resources for the sector’s use
• the initiation of a dialogue within the sector, and the creation of a united and strengthened voice for the sector
• an improved dialogue and relationship between the sector and the government, and
• the development of a Satellite Account, funded through the VSI, to ensure the availability of official economic statistics on the voluntary sector in Canada.

Aspects of the VSI found to be less successful were:

• Although the Joint Regulatory Table (JRT) was generally regarded as a ‘collaborative, inclusive, and progressive model’ a lack of clarity regarding mandates, roles, and responsibilities was identified as a significant process flaw. Also, to date it has not been possible to reliably evaluate the realisation of regulatory reform objectives pursued by the VSI owing to the fact that the implementation of the regulatory reform initiative did not begin until 2004 and continued until 2009.

• The VSI’s impact on capacity issues in the voluntary sector was not easily discernible. Although there were widespread improvements in relation to information technology (IT) and, to a lesser extent, observable improvements in relation to human resources (HR), the VSI was not widely credited with these changes and the take-up by the sector of tools developed by the HR Council of the Capacity Joint Table (CJT) was low (9% of voluntary organizations surveyed in 2007 had used the tools and resources of the HR Council, and for those users 74% reported a positive impact).

• The Sectoral Involvement in Departmental Policy Development (SIDPD) was a $28.5 million program aimed at creating a closer policy development relationship between the federal government and the voluntary sector. Although it aimed to improve the opportunities for input within federal departments by voluntary sector organisations and strengthen their capacity to contribute to policy development, an evaluation undertaken in March 2004 found a number of ‘process flaws’, including: ‘a significant lack of planning and design work leading up to the creation of SIDPD’; unclear lines of accountability; the lack of a governance framework delineating the division of responsibilities between the Voluntary Sector Task Force (VSTF) in the Privy Council Office (PCO) (which had overall responsibility for managing VSI activities, including SIDPD) and the 16 federal departments administering funding for 67 SIDPD projects; and a lengthy and overcomplicated administrative process for soliciting, reviewing and
approving proposals and delivering funding. There was a failure to engage across the breadth of the sector and poor dissemination and transfer of knowledge.

- Although one quarter of NFP organisations surveyed believe that the role of the sector in assisting the with the development and delivery of federal government programs and services increased over the VSI period, this was largely attributed to cuts to social programs that necessitated the involvement of the sector and a recognition by government of the necessity of sector engagement in service delivery (Canada, 2004:v-vi, Canada, 2009:v-viii).

52 After the public and private sectors (PAGVS, 1999:56).

53 This observation is given credence by Brock who comments that, ‘[w]hile the provinces and the territories were informed of the VSI proceedings, they did not actively engage in them and federal officials were respectful of the jurisdictional limits’ (Brock, 2008:18).

54 Phillips makes a number of additional observations about Accord/VSI processes that contributed to their falling short of expectations:

- the various ‘Joint Tables’ established to progress key elements of the VSI were hampered by unclear mandates; uncertainty about representation and the capacity of representatives from either sector to accept or approve commitments; and a lack of organisational/institutional leadership;

- although the practical agenda was ambitious, the timelines for implementation were unrealistic and often ‘events driven’ (e.g. 2001 was the International Year of Volunteers, and a number of VSI deadlines were timed to maximise their symbolic impact);

- unlike the English Compact, which reached out to Black and minority communities through a targeted Better Practice Guide, the express inclusion of ethnocultural and Aboriginal communities was not a demonstrated strength of the VSI, and this contributed to scepticism in parts of the NFP sector about the whole package;

- although the government had no clear idea of what it wanted from an Accord, it clearly did not want to be ‘unduly bound by commitments it could not live with from a political or financial perspective’: as a result the Accord was ‘long on principles but quite short on specific commitments’ while the VSI pursued objectives that were ‘politically viable’;

- differences arose between a government culture focussed on deadlines and deliverables and an NFP culture that is ‘flatter’ and more diverse and these differences at times detracted from the collegial spirit in which Joint Table discussions were undertaken; and

- even though the VSI initially had considerable support from within the senior ranks of the federal bureaucracy, the base of this support was narrow and was diluted by the high levels of professional mobility within the public service (Phillips, 2003a:32-51).

55 Brock, on the other hand, concluded that ‘crowding out’ does not alone account for the failure of the Accord/VSI to achieve ‘paradigmatic policy change’. Rather, she attributes the lack of substantive reform to a clash of values (Brock, 2008:16). Brock argues that ‘policy entrepreneurs’ had succeeded in ‘hijacking’ and re-defining the core ‘problem’ originally identified by the Broadbent committee – namely, perceived problems of accountability and governance in the voluntary sector – and supplanting it with a focus on the relationship between government and the sector (Brock, 2008:16). This change in focus and emphasis paved the way for a preferred solution – the Accord – that did not address the core problem as originally defined (Brock, 2008). Although Brock accepts that positive change occurred ‘where a values
match existed’, with the result that ‘the concerns of policy actors who focused on accountability and governance issues as primary were not squarely addressed’ (Brock, 2008:16):

... policy change is most likely when there is a convergence among the policy problem, political receptivity and an existing policy alternative or solution ... this convergence occurred in the case of the VSI. The problem emerged, the political actors recognized it as important and the policy actors offered a solution. The policy solution (VSI with a focus on the Accord and relationship building) had sufficient support among a key group of hidden policy actors and entrepreneurs who were able to mobilize and drive it forward but lacked support among a different set of policy actors and entrepreneurs who adhered to the problem in its original form of accountability and governance. As a result, the process was one of clashes between these two sets of values and the final product bore traces of both sets of concerns and were necessarily circumscribed where no agreement was possible.(Brock, 2008:19)

Brock (2004b:178-179, 2008:21-22) suggests that the ‘embedded nature’ of the state apparatus in Canada – one ‘tied down’ by its multiple linkages with society – means that substantive reform of state-sector relationships will be slow to change, except at the margins. Accordingly, the VSI showed greater success in obtaining improvements in existing processes and practices than in promoting either genuine innovation or challenging institutional norms (Brock, 2004b:176). Nevertheless, Brock observes that incremental policy and regulatory change can precipitate larger changes over the longer term and concedes that there had been a gradual embedding of awareness and acceptance of the Accord and its Codes of Practice in government and in the sector, accompanied by a ‘psychological shift’ in the form of a recognition that the NFP sector exists and is owed certain obligations by government (Brock, 2004b:177-178).

56 The Action Plan is the government’s response to the 2006 report of an Independent Blue Ribbon Panel on Grant and Contribution Programs (IBRP), ‘From Red tape to Clear Results’ (IBRP, 2006). The IBRP was established to ‘to recommend measures to make the delivery of grant and contribution programs more efficient while ensuring greater accountability’. Phillips (2009) and Graham (2009) have referred to the administration of grants and contributions in Canada as ‘sclerotic’ and ‘ossified’, noting the severe capacity constrains on NFP organisations flowing from the transaction costs associated with an operational infrastructure excessively focused on accountability and compliance measures – views supported by the findings of a 2006 review by the Office of the Auditor-General (OAG) which reported concerns about the heavy financial and administrative burden associated with applying for funding and meeting the compliance requirements of funding programs (OAG, 2006a). A 2012 audit carried out by the OAG found that the government’s Action Plan to reform to the $37 billion program of transfers to external organisations had been ‘adequately implemented’ but that neither the Treasury Board of Canada Secretariat nor the five organisations examined by the audit were able to determine ‘how much, if at all, their actions have led to streamlined administrative processes within federal organizations or a reduced administrative burden on recipients’ (OAG, 2012).

57 Phillips also suggests that a lack of investment by either governments or foundations in policy capacity and capability within the sector has impaired its ability to build strong vertical and horizontal linkages (Phillips, 2009:13). And while she concedes that some initiatives of the Conservative government are of benefit to the sector, such as reforms to Canada’s ‘incredibly inefficient and frustrating administration and accountability requirements for grants and contributions’, she points to a waning policy interest in investing in the social economy and a ‘distinct lack of innovation’ in the range of financing instruments available to the Canadian NFP sector (Phillips, 2009:15, 27).

58 Differences in the constitutional form of the state in the UK and Canada also have implications for the longevity of the countries’ respective framework agreements. To the extent that in England local compacts were actively promoted by central government (admittedly with
variable success) the potential existed to embed the broad principles of the Compact nearer the point of service delivery where they might be sustained even in the event of a change in the central government (Zimmeck and Rochester, 2011). Moreover the Blair government also attempted to bequeath its ‘Third Way’ policy approach to the newly devolved polities in Scotland, Wales and Northern Ireland (next chapter).

By contrast in Canada – a federal state – central government had no constitutional authority to require lower levels of government to adopt the Accord model (Elson, 2011a). As with Australian states and territories, Canadian provinces and territories are significant commissioners of public services in their own right and have a larger interface with the NFP sector than central government. Although sub-national cross-sector agreements have subsequently emerged in some provinces, these have only been indirectly inspired by the Accord (Carter and Speevak Sladowski, 2008, Lindquist, 2008, Elson, 2011a, 2012).

Although a recent study of Canadian sub-national policy frameworks for cross-sector cooperation suggests that the political ideology of governing parties appears to have little influence on whether such frameworks are pursued. Source: (Elson, 2011a)

Former Australian Prime Minister Kevin Rudd made precisely this case in two essays published in The Monthly (Rudd, 2006, 2009).

Most of the functions of the Scottish and Welsh Offices transferred to the Scottish Executive and the National Assembly for Wales at devolution. The Scottish and Welsh Offices were replaced, respectively, by the Scotland Office and the Wales Office, which have retained responsibility for those functions that are normally handled centrally by a nation-state. A Northern Ireland Office continues to exist to oversee the process of devolution and support the establishment of a functioning legislature, although it has progressively transferred functions to the Northern Ireland Executive.

It is important here to add a note about nomenclature. Although a matter of some contention, a number of writers use the term ‘countries’ when referring collectively to Scotland, Wales and Northern Ireland. In sporting contexts, the use of the terms ‘home nations’ or ‘home countries’ is of long standing. The term ‘constituent countries’ is often used in the UK (and is sometimes contentious when used in reference to Northern Ireland) although it has no precise legal definition. When referring collectively to any combination of England, Scotland, Wales and Northern Ireland this thesis will follow the practice of using the term ‘countries’ unless the context suggests otherwise.

The NCVO estimates that in 2010 there were around 900,000 civil society organisations in the UK, including 163,763 general charities and around 600,000 ‘below the radar groups’ (Alcock, 2012, Clarke et al., 2012). In Scotland there were (in 2007-08) 45,000 formal voluntary organisations and another 20,000 charities regulated by the Scottish Charity Regulator. In Wales there are over 30,000 voluntary and community based organisations while in Northern Ireland there are around 4,700 voluntary and community organisations (both 2007-08, Hopkins, 2010:18).

Alcock points out that dependence on statutory income is a distinguishing feature of the NFP sectors in the three devolved jurisdictions. In Scotland NFP organisations statutory funding accounts for 39% of income on average, compared to 44% in Wales and 61% in Northern Ireland. The average for the UK is 38% (Alcock, 2012:224-225). This suggests challenges ahead for both the sector and government in light of spending reductions being driven by central government (further compounded in Northern Ireland by the loss of European Union peace initiative funding which peaked at £60 million in 2005, but subsequently declined to £10.8 million in 2008) (Alcock, 2012:224-225).

The Scottish, Welsh and Northern Ireland Offices were cabinet-level ‘territorial’ departments with responsibilities for policy implementation in their respective jurisdictions (Mitchell, 2006).

The Scottish Compact Good Practice Guides may be viewed at: http://scotland.gov.uk/library2/doc16/cpgg-00.asp

Although funded by the SCVO, the Chair, former editor of The Herald newspaper Arnold Kemp asserted the Commission’s independence, saying in his report ‘I can testify that in our meetings we took a robust and even sceptical view of some of the SCVO evidence’ (Kemp, 1997:1).

Although a large proportion of Scottish NFP organisations belong to generalist intermediary organisations such as the SCVO (Vincent and Harrow, 2005:385-386) intra-sector relations can be ‘somewhat fractious’ (Osborne and Super, 2010:9).

A cursory survey of the official announcements of successive Scottish Governments suggests that the parliament, the national government, local government and civil society see themselves as partners in a national project, an endeavour described by Scottish Finance Secretary John Swinney as the building of a prosperous, fair and well-governed country (Swinney, 2012). In this the Scottish Government appears to look more to European countries and the European Union to benchmark its progress than it does to London. Seen in this light it is understandable that Scotland appears to have so thoroughly re-branded its inherited pre-devolution policy framework for cross-sector cooperation.

In a 2005 Parliamentary debate the Deputy Minister for Communities, Johann Lamont, asked: ‘How do we debate the voluntary sector without being cosy, precious or patronising and without focusing merely on the funding issues that face voluntary organisations?’ He spoke to the challenge of capturing and developing the ‘essence’ of the sector (Scottish Parliament, 2005). The session ended with the adoption of a motion recommending ‘the development of a differentiated strategy to meet the specific needs of the social enterprise sector of the social economy’ to be ‘developed in partnership with social enterprises and their networks beyond the voluntary sector’ (SENCOT, 2005). In 2007 the Scottish Executive published a social enterprise strategy and action plan (Scottish Executive, 2007) that highlighted the contribution ‘a social enterprise business model’ might make to ‘economic growth and business development while at the same time meeting social objectives’ (Scottish Government, 2007b).

Scottish elections use the ‘Additional Member System’ (AMS) under which voters are given two ballots: one to elect 73 constituency Members of the Scottish Parliament (MSPs) under a ‘first-past-the-post system’, and a second to elect 56 additional MSPs (seven for each of eight regions) (House of Commons Library, 2011c).

The ‘Scottish National Party & Scottish Green Party Cooperation Agreement’ can be accessed from http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/11_05_07_agreement.pdf

The SNP was followed by Labour with 37 seats and the Conservatives with 15. Eight seats were won by the Liberal Democrats (five seats), the Greens (two seats), and one independent (House of Commons Library, 2011c).

The Scottish Compact was not launched into a policy vacuum: in 1995, as a consequence of local government reorganisation in Scotland, the Convention of Scottish Local Authorities (CoSLA) and the Scottish Council for Voluntary Organisations (SCVO) released a ‘Positive Partnership’ statement outlining a number of commitments by the new Councils and voluntary organisations (Scottish Executive, 2003c:3). A 2006 review of local compacts in Scotland found that while they were slower to develop than in England, progress was being made (Henderson, 2006).
A later 2006 review remarked that ‘The experience of the original 1998 Compact was that it was, to all intents and purposes, invisible to most of the staff and organisations nominally covered by it’ (Henderson, 2006:52).

Futurebuilders Scotland provided for £16 million in ‘direct investment’ comprising:

- £12 million in grants to ‘medium to large sized social economy organisations that have established a reputation as service providers’ in order to encourage capital investment, encourage them to operate in a more business-like fashion, thereby assisting them to achieve financial sustainability; and
- £4 million in grants to ‘emerging organisations’ for the purpose of developing new ideas and enlarging existing schemes that will contribute to their growth and sustainability (Scottish Executive, 2004a:4).

Of the remainder, £1 million would provide access to skills development and training and £1 million would be used to improve the effectiveness of support services that underpin the growth of the social economy and the capability of organisations (Scottish Executive, 2004a:4).

The Office of the Scottish Charity Regulator (OSCR) is responsible for the regulation of charities in Scotland. The OSCR is a non-ministerial department of the Scottish Government and reports directly to the Scottish Parliament (see http://www.oscr.org.uk/about-oscr/).

Relationships between the NFP sector and local authorities have long had a special importance in Scotland. However, these relationships were severely disrupted by local government re-organisations undertaken by the Major government in 1994-96 (Bamford, 1997).

A review of local compacts in Scotland commissioned by the Scottish Executive in 2006 found that progress on the development of local compacts had been relatively slow with less than half of the potential partnerships in Scotland having commenced the development of some form of compact and only a small number having been published (Henderson, 2006:51).

Although the Local Government in Scotland Act allows for CPPs to ‘establish the Partnership as a legally distinct corporate body’, at the time of writing none have done so (Scottish Government, 2010b).

SOLACE (Scotland) is the Scottish Branch of the Society of Local Authority Chief Executives & Senior Managers, the representative body for senior strategic managers working in local government. Source: http://www.solacescotland.org.uk/

The Scottish Government accepts that building capacity and capability in third sector will require investment in, and the availability of training opportunities. To this end, in 2009, the Scottish Government’s Third Sector Division and the SCVO entered into a ‘strategic partnership’ under which a Third Sector Skills Framework – ‘designed by the third sector for the third sector’ – has been developed to support ‘collaborative and partnership working between third sector intermediary organisations’ as well as promote ‘formal partnership working and collaboration between the third sector and the skills bodies in Scotland’ (Scottish Government, 2010c: Action 4.3).

On 17 April 2008, the Scottish Parliament passed the following resolution:

That the Parliament applauds the vital contribution made to society and the economy by the third sector; believes that co-operation between the third sector, local authorities and the Scottish Government is vital in ensuring a strong role for the third sector; recognises that the Scottish Government is funding Project Scotland and has made clear to Project Scotland that further resources may be available for projects it runs in terms of the Scottish Government's employability agenda, and believes that the exemption from payment of water rates extended by the previous administration to 2010 should be further extended; calls on the
Scottish Government to work with the third sector to reduce the burden of regulation affecting the sector; recognises the problems facing the voluntary sector caused by short-term funding and re-tendering; believes that there is a pressing need to review the system to provide more stable funding for the sector including longer-term contracts and a national contracts framework; notes the establishment of the voluntary sector compact under the last administration and calls for a revitalised compact between local government and the voluntary sector; believes that this compact must ensure greater dialogue between councils and voluntary groups as to the operation of the local government Concordat and the single outcome agreements, and calls for a review of the operation of the Concordat including its key outcomes and performance indicators following the first year of its implementation (Scottish Parliament, 2008).

85 Michael subsequently became the inaugural First Secretary for Wales (later re-titled First Minister) as leader of the Welsh Labour Party (1999-2000).

86 The original Government of Wales Act 1998 required the Voluntary Sector Scheme to address the following matters:

(a) how the Assembly proposes to provide assistance to relevant voluntary organisations (whether by grants, loans, guarantees or any other means),

(b) how the Assembly proposes to monitor the use made of any assistance provided by it to relevant voluntary organisations, and

(c) how the Assembly proposes to consult relevant voluntary organisations about the exercise of such of its functions as relate to matters affecting, or of concern to, such organisations (Government of Wales Act 1998:s114)86

The Act also required that, ‘After each financial year the Assembly shall publish a report of how its proposals as set out in the VSS were implemented in that financial year’, and that the Assembly ‘shall keep the scheme under review and in the year following each ordinary election (after the first) shall consider whether it should be remade or revised’.86

87 Although the process of administrative devolution to Wales had begun in 1907 with the creation of the Welsh Board of Education, it was not until 1964 that the post of Secretary of State for Wales was created and the Welsh Office established (Mitchell, 2006, National Assembly for Wales, 2013).

88 A previous referendum in 1979 had failed to gain majority support for ‘home rule’.

89 Mitchell points out that differences in ‘allocative distributive policies’ across the UK resulted in a larger public sector in Scotland, Wales, and Northern Ireland (than in England) than would have merited by ‘a strict population-based allocation’ (Mitchell, 2006:162-163).

90 Under the terms of devolution, most of the powers of the Welsh Office and Secretary of State for Wales were transferred to the Assembly although, initially, it had no powers to initiate primary legislation. Limited law-making powers were subsequently conferred by the Government of Wales Act 2006 and, following a referendum held in March 2011, the Assembly gained primary law-making powers, making it possible for it to legislate in areas such as health, education, social welfare, local government, the environment and transport without having to consult either the UK parliament or the Secretary of State for Wales (BBC, 2011, Skully, 2011).

91 From 2007 a Board Member for the Charity Commission for England and Wales (reappointed in 2010 by Minister for Civil Society Nick Hurd) (Cabinet Office, 2010).

92 The Strategy represented the culmination of work begun in 2002 with the creation by the Welsh Assembly Government of a Joint Working Group including the Social Economy

93 Although such efforts might have been complicated by the intention, announced in 2004 by Welsh First Minister Rhodri Morgan, ‘to shrink and reform the quango state in Wales’ in order to ‘to simplify the shape of Wales’s public sector post-devolution’ (Morgan, 2004).

94 The average voter turnout over the last four Welsh Assembly elections has been about 42 per cent (Electoral Commission, 2011a).

95 The evaluation concluded that Partners for Change was but one factor amongst several contributing to the development of the relationship and that isolating its impact was difficult (PricewaterhouseCoopers, 2004:iii). The evaluation found that there had been progress towards achievement of each of the four common aims, and that there were many examples of good practice that could be disseminated (PricewaterhouseCoopers, 2004:iii).

96 Positive Steps, published in March 2005, was the Government’s response to ‘Investing Together’, the 2004 report of the Task Force on Resourcing the Voluntary and Community Sector. In Positive Steps the government undertook to provide £23m over three years to help support the changes recommended by the Task Force (Northern Ireland Assembly, 2007).

97 Details of the 2011 ministry can be viewed at the Northern Ireland Executive website at: http://www.northernireland.gov.uk/index/work-of-the-executive/ministers-and-their-departments.htm

98 See the Department for Social Development website at: http://www.dsdni.gov.uk/index/voluntary_and_community.htm and http://www.dsdni.gov.uk/index/about_dsd

99 The effects of the current SNP government’s push for independence on the social policy space remain to be seen.

100 The legitimacy that attaches to services provided on behalf of government by NFP organisations – which might also be expressed as ‘trustworthiness’ – represents a form of value capture by state service commissioners. Conversely, being in receipt of government funding confers legitimacy – in the form of both authority and perceived solvency – on funded organisations.

101 The Australian Constitution makes no explicit reference to local government. State and Territory governments have exclusive powers over the supervision of local government.

102 This not to suggest that central government does not also have a stake in forging constructive relations with the NFP sector. For example, the Commonwealth has a major investment in labour market programs ($3.9b between 2009-12) and family relationship services ($444m between 2008-11) delivered by non-government (including NFP) service providers. The Commonwealth also invests indirectly in the NFP sector through tax expenditures ($2.7b for 2008-09) and via tied funding to state and territory governments (Productivity Commission, 2010b). Here it should be noted that in Australia’s federal system central government has few levers with which to influence the relationship between sub-national governments and the NFP sector. It is also noteworthy that Australia exhibits the largest vertical fiscal imbalance (VFI) of any federated nation owing to the fact that the Commonwealth government has constitutional responsibility for the collection of tax revenue while states and territories have responsibility for the direct provision of costly health, education and other community services (Department of the Parliamentary Library, 2002). VFI exists where: (a) the national government share of revenues is disproportionately larger than its share of direct outlays, and (b) the sub-national government’s share of revenues is disproportionately smaller than its share of outlays. Although the Australian Constitution allows both the federal and sub-national governments to raise revenue, constitutional interpretation and political factors have combined over the years to
constrain the capacity for states and territories to exercise taxation powers. States and territories
are therefore reliant on the Commonwealth to distribute funds, thus imposing some limitations
on their autonomy. This, combined with the fact that states and territories have primary
responsibility for the direct provision of costly health, education and other community services
has led to the emergence of vertical fiscal imbalance (Department of the Parliamentary Library,
2002).

State and territory primacy in the social policy domain also contributed to the rapid
expansion of Australia’s NFP sector through the 1970s and 1980s. Growth in both the number
and variety of NFP organisations has been underwritten by investment by state and territory
governments attempting to provide for a plurality of ‘voice’ and ‘choice’. State and territory
governments also exercise regulatory functions in relation to the NFP sector. The regulatory
environment is complex and varies from one jurisdiction to the next.

Pascoe would in 2011 be appointed Chair of the federal government’s NFP Reform
Implementation Taskforce and in 2012 was nominated as the as inaugural Commissioner of the
Australian Charities and Not-for-profits Commission.

NFP employers have experienced significant workforce pressures during Australia’s mining
boom.

As recalled by a Victorian NFP sector representative, ‘You know, there’d been some pretty
hard years there, where you had to sit in meetings and just get barked at by people who are just
rude and obnoxious, and there was more than one of those Howard government ministers that
was just rude and disrespectful and obnoxious’ (personal communication, 15 April 2011).

Attributed to former Minister for Communities under Premier Peter Beattie, Warren Pitt

In New South Wales Queensland, South Australia, Victoria and Western Australia there are
state government departments with responsibility for community development and fostering
community cohesion. In South Australia community development is coupled with a focus on
social inclusion. In New South Wales an Office of Communities located within the Department
of Education and Communities exists to support the development of ‘vibrant, sustainable and
inclusive communities’. In Tasmania a Community Development Division located in the
Department of Premier and Cabinet focuses on ‘building community capacity, addressing social
disadvantage and facilitating active citizenship’.

The Office for the Community Sector (OCS) was intended to provide an interface between
the Department of Health and Human Services and the community sector. The OCS was
notionally time-limited and was tasked to create a quality framework; address the funding
relationship; and develop a compact or partnership agreement with the community sector.
Shortly after its creation the OCS was overtaken by a broader departmental fiscal management
policy focussing on program reductions and ceased to exist as a separate entity. Its functions
were dispersed to mainstream business units within DHHS dealing with policy, purchasing and
commissioning (personal communication, 3 October 2011).

In the NFP sector the vertical dimension is most commonly associated with the vertical
segmentation of organisations ranked from the largest (being those most likely to have a
privileged perspective on the nature of the framework) to the smallest (and most likely to have
had little direct engagement in the development of the framework). In the public sector, the
vertical dimension is most commonly associated with the hierarchical segmentation and/or
geographical dispersion of organisations.

Almost one quarter of respondents simply skipped the question, possibly suggesting they too
were unaware of the Social Compact. Of those responding, 48 per cent of those identifying as
public sector employees were unaware of the Social Compact compared to 27 per cent of
workers in the community sector.
The Tasmanian **Partnership Agreement**, however, states that a Peaks’ Network and Government Strategic Forum – the body established for the purposes of governing the agreement – ‘will resolve any disputes in the implementation of the Partnership Agreement’ whilst affirming that both sector are accountable for their performance against the agreement (Tasmanian Government, 2012).

Wales is the only jurisdiction in the English speaking world where there is a statutory requirement to table a plan for government-NFP sector relations (Government of Wales Act 2006: s74:1).

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).

The exceptions are (at the time of writing) the Australian Capital Territory, South Australia and Tasmania.

NPM Australasian style is sometimes also referred to as ‘economic rationalism’. Although the term has been appropriated in some quarters as an epithet of scorn, it is simply refers to a structural policy framework in which deregulation, downsizing government, restructuring public services along managerialist (or quasi-private sector) lines and the privatisation of government businesses (and some services) figure strongly in the public policy discourse (Castles et al., 1996:9).

In Australia and New Zealand, social democratic labour governments (Hawke/Keating in Australia, Lange in New Zealand), according to Castles et al. (1996:215), embodied ‘the policy vigour of economic rationalism intertwined with an almost comparable predisposition to radical social innovation’.

Although, as Considine (2001:119-120) points out, the establishment of a competitive quasi-market for publicly-funded employment services commenced in 1994 under the Keating Labor government, with one third of public assistance for the long-term unemployed contracted to both for-profit and NFP providers in the expectation that competition would lead to service improvement.

It should be noted that the federal government was not necessarily leading the charge in this regard—Australian state governments, which have constitutional responsibility for the provision of a wide range of health and human services, had also made major forays into third party service provision.

Growth in social expenditure through the mid-2000s, coupled with the increased utilisation of third party service delivery, saw a net expansion in both the reach and impact of social programs, although, as Norton (2006-07:22) observes, a significant proportion of that expansion reached deep into the middle class.

To borrow a term from the iconic Australian film, The Castle (1997), in which a bumbling suburban lawyer arguing (ineptly) before the High Court bases his representations on the ‘vibe’ of the Australian Constitution. The term has since passed into the contemporary Australian parlance and has even been invoked in recent legal proceedings (Marsden's Law Group, 2012).

At various times over recent decades, the British and Australian Labor/Labour Parties have looked to the other for policy and tactical inspiration (Scott, 2000:1-10).
Wilson (2008) points out that South Australia was a proving ground for social inclusion strategies drawing on the British model as early as 2002.

O’Flynn, however, cautions that governments tend to label a wide spectrum of engagements with non-state actors as ‘collaboration’, and questions whether commercial-style contracts for the delivery of public services can be regarded as being inherently ‘collaborative’ (O’Flynn, 2008:187-188).

The Platform for the Australian Labor Party’s 46th National Conference states, ‘Labor is a party of community. As a nation we are at our best when we are working together for the common good. Individual self-interest alone does not create a fair and decent society. We are committed to a society in which every person is treated with respect and dignity and can actively participate and contribute to the life of their community. Labor believes a strong and resilient not for profit sector is part of the nation’s social economy, working to provide services and opportunities that enrich Australian lives. We will work to strengthen them and improve their skills and capabilities. We recognise the contribution of philanthropy and will work to foster a regulatory environment, which fosters a culture of giving. We celebrate diversity and respect the rights and responsibilities of Australian citizenship.’ (ALP, 2011, article 16)

Stephens’ thesis, Bridging the service divide: new approaches to servicing the regions, 1996-2001 (2005), examines Australian policy responses to issues of regional service delivery in an environment in which many institutional arrangements have been transformed by reforms based on the precepts of new public management.

Gillard characterised the Canadian experience as ‘an experiment which is currently being unpicked by a Howard Government-inspired counter-revolution in social policy, which is meeting with huge public resistance.’ (Gillard, 2007:108).

Key among these were a radical overhaul of hospitals funding, the establishment of an emissions trading scheme, and the imposition of a resource super profits tax. The former met trenchant resistance from some state governments, and the latter saw the mobilization of a vociferous campaign on the part of climate change skeptics and Australia’s largest mining companies.

David Locke is seconded from the Charity Commission of England and Wales as Chief Adviser to the Taskforce. Source: http://acnctaskforce.treasury.gov.au/content/Content.aspx?doc=about/advisor.htm

Key among these were a radical overhaul of hospitals funding, the establishment of an emissions trading scheme, and the imposition of a resource super profits tax. The former met trenchant resistance from some state governments, and the latter saw the mobilization of a vociferous campaign on the part of climate change skeptics and Australia’s largest mining companies.


Source: http://www.tradingeconomics.com/australia/government-budget

With the exception of Queensland – whose upper house, the ‘Legislative Council’, was abolished in 1922 – the Australian Capital Territory and the Northern Territory.

Martin argues that by the mid-1990s, ‘the traditional boundaries of New Zealand's labor movement have been dismantled by the radical reforms of the 1980s and 1990s’ (Martin, 1996:177). However, even David Lange, who with Roger Douglas had initiated New Zealand’s radical neo-liberal reforms, seemed to have harboured reservations towards the end of his Prime Ministership. He signalled a pause to reform when he said to an Australian audience in Canberra in August 1988, ‘But what say we sort of have a little breather here and then set off on the road again after we have picked up the casualties and had a cuppa’ (citing Pope, 2011, Stone, 2011).

Larner and Craig caution that the rhetoric of ‘partnership’ might simply mark a form of ‘hybridisation’ through which an increasing ‘bureaucratised’ NFP sector is further co-opted within a neo-liberal paradigm of market-based governance (Larner and Craig, 2005). They suggest that ‘[p]artnerships have only recently explicitly entered into policy discourse in Aotearoa New Zealand and are most commonly understood to be an integral aspect of the third phase of neoliberalism: a response to the fragmentation of services associated with the earlier phases of neoliberal reforms’ (Larner and Craig, 2005:407).

The Accord is signed by Prime Minister, John Key, Minister for the Community and Voluntary Sector, Tariana Turia, and the Associate Minister for the Community and Voluntary Sector, Hekia Parata.

It should be noted that the charge of ‘fragmentation’ to some extent flies in the face of practical realities. As noted by the Controller and Auditor-General, procedural guidance ‘cannot be applied equally in all circumstances’ and attempts to apply uniform processes can ‘sometimes be counter-productive’ (OAG, 2006b).

'Strategic umbrella organisations' is the preferred term for what, in Australia are usually called ‘peak organisations’, and in the UK are called ‘intermediary organisations’.

Silos can prevail between New Zealand government ministers as well as departments: sector representatives recounted occasions of being quizzed by ministers about the positions or actions of ministerial colleagues – a situation the sector attributes, in part to the dynamics of multi-party coalition government (personal communication, 13 December 2010a).

A prime example being the Guidelines for Contracting with Non-Government Organisations for Services Sought by the Crown produced by the Treasury (The Treasury, 2009).

Steve Maharey, Minister for Social Services and Employment from 1999-2003 made the following observations: ‘In the United Kingdom, high level agreements have been achieved between the Government and the voluntary and community sectors in England, Wales, Scotland and Northern Ireland. Each of these agreements (called ‘compacts’) has been developed along similar lines but through consultation processes better suited to each region. The implementation of these ‘compacts’ has been dropped down to the local government level and it is there that their future will be determined. Canada has taken a different route to consultation by establishing Joint Tables, which have outlined a series of methods to encourage development of the sector and promote collaboration with government. Community and voluntary organisations in both countries have been drawn to these approaches in response to central Government’s withdrawal from providing a range of services. Along with this expanded role for the not-for-profit sector has come the demand for increased accountability from government and the pressures that brings. These pressures have placed substantial strain on the whole voluntary sector infrastructure. In New Zealand, the Government has already flagged a need to re-examine the nature of contracts in dialogue with community and iwi organisations. In addition, a project to find practical ways to minimise funding compliance costs is also in progress.’ (Maharey, 2000d)

Elsewhere in the speech from which these remarks are extracted, Maharey defines ‘New Times’ as follows: ‘Stated succinctly, the New Times argument was that the world had changed and that societies like our own were increasingly characterised by diversity, differentiation and
fragmentation rather than homogeneity, standardization and the economies of scale that characterised 20th century society.’ (Maharey, 2003)

It is interesting to note here the Australian connections with Mulgan, who with Tom Bentley and John McTernan, have influenced contemporary Australian Labor policy, and Mark Latham, a former leader of the Australian Labor Party who has written extensively on social capital (Butcher, 2006).

Sir Stuart Etherington has been the Chief Executive of Britain’s National Council of Volunteer Organisations since 1994.

Pākehā is a Maori term for New Zealanders of predominantly European descent, although it is sometimes it is applied more widely to include all non-Māori. The term has largely passed into common usage.

Twyford cites personal communications with sources in New Zealand umbrella organisations, some of whom were also interviewed for this study.

In 1998, amid concerns that the funding model employed by government ‘promoted a lack of trust and goodwill’, the National government threatened a forced merger of the three principal umbrella organisations under a single, substantially reduced, funding contract (Twyford, 2008:6-7, Prestidge, 2010:70-71).

Tāngata whenua is a Māori term referring to the indigenous peoples of New Zealand that has now entered into formal policy and political usage.

The Steering Group’s report and recommendations might have been seen by the government as a case of letting the genie out of the bottle as they seemed to go beyond the initial brief to address three priority areas: improving participatory processes around developing and making policy; reviewing resourcing and accountability arrangements; and strengthening the community sector itself (Maharey, 2001).

Similar forays into social capital research were initiated in Australia by the Howard Government – social capital being a concept that can be interpreted in support of conservative conceptualisations of civil society as standing apart from the state (Butcher, 2006).

O’Brien et al. contend that that part of the Labour Party manifesto committing to address concerns about the relationship between the government and the NFP sector were ‘drafted in response to lobbying by key national and umbrella community organisation leaders before the November 1999 General Election’ (O’Brien et al., 2009:17).

Labour had called an early election on the pretext of the collapse of its junior coalition partner the Alliance Party. Following the election, Labour governed with the support of the left-wing Progressive Coalition, and with a supply and confidence agreement with the United Futures Party.

Although Maharey relinquished the Community and Voluntary Sector portfolio in 2002, he continued to hold senior cabinet-level portfolios. In October 2007 Maharey announced his intention to resign from cabinet to take up a position as the Vice Chancellor at Massey University (Trevett, 2007).

Work on the Good Practice Participate website was begun in 2002 as a result of discussions between community and government representatives. The aim of the website is to promote good practice ideas across the whole of government. See http://www.goodpracticeparticipate.govt.nz/tools/about-this-site.html

The object of the Foreshore and Seabed Act 2004 was to ‘to preserve the public foreshore and seabed in perpetuity as the common heritage of all New Zealanders in a way that enables the protection by the Crown of the public foreshore and seabed on behalf of all the people of
New Zealand, including the protection of the association of whānau, hapū, and iwi with areas of the public foreshore and seabed.’

160 In a 2010 speech, Tariana Turia described whānau ora as being ‘about transforming social service delivery so that services are focused on the needs of whānau [family or extended family] rather than only responding to the specific issue that an individual has presented with at a service … That means taking an all-of-whānau approach; demonstrating a spirit of collaboration between funders, providers, practitioners and Whānau to enable coherent service delivery, effective resourcing and competent and innovative provision’. She added that, ‘In policy-speak, I am expecting a transformation from output based, tick-box contracts to outcome based relational contracts’ (Turia, 2010).

161 Mana whenua refers to the exercise of traditional authority over an area of land: see Te Kāhui Māngai (Directory of Iwi and Māori Organisations) http://www.tkm.govt.nz/glossary/

162 The Foreshore and Seabed Act 2004 contributed to the co-founding of the Māori Party by Turia and former academic Pita Sharples. The Act was subsequently repealed in 2011 by section 5 of the Marine and Coastal Area (Takutai Moana) Act 2011, which restored ‘customary interests’ extinguished by the Foreshore and Seabed Act.

163 It was suggested that the 2010 appointment of National ‘List’163 MP, Hekia Parata, as Associate Minister for the Community and Voluntary Sector might be indicative of a desire by the National Party to forge a more direct link with the sector (personal communication, 13 December 2010a). Sector representatives also noted that Parata has substantive Cabinet level responsibilities and is, therefore, senior to Turia. This, it was suggested, might be a sign of some dissatisfaction with Turia’s performance (personal communication, 13 December 2010b). One sector representative pointed to rumours that Parata had been tasked to ‘get on the tail’ of the Minister because ‘the Prime Minister is getting “stick” from the sector and he doesn’t like it’ (personal communication, 13 December 2010a).

164 Goodhew is a minister outside cabinet and, in addition to the Community and Voluntary Sector portfolio she holds the portfolios of Minister for Senior Citizens and Minister of Women's Affairs, as well as Associate Minister of Health (Littlewood, 2011).

165 MBIE is due to report back to Cabinet on this in November 2013. The contract management framework will be 'suitable for bilateral and integrated contracting arrangements' and will incorporate 'performance measures that are linked to NGOs’ contributions to the Crown purchaser’s desired outcomes' (Goodhew, 2012b).

166 OCVS staff interviewed for this study pointed out that just making the unit bigger would not give it more influence. Where the agency ranks in the hierarchy of government priorities and governance is more important, and the functions of the OCVS were not at the time considered to be of major importance to government (personal communication, 14 December 2010a). The fact that the OCVS was accountable through the Chief Executive of the department in which it is situated (currently the DIA) rather than to the Minister directly also had obvious and unavoidable implications insofar as the Office needed to be mindful of its host department’s perspectives and priorities when framing its advice (personal communication, 14 December 2010b).

167 It should be noted that funding for the review was approved by the then Labour Minister for the Community and Voluntary Sector, Ruth Dyson, in mid-2008, not long before the change of government. ANGOA’s report, Good Intentions (ANGOA, 2009) set out 15 recommendations to which Minister Turia responded – together with the report of the BBGE reference group – in her Cabinet Paper (Cabinet Social Policy Committee, 2009). Among its recommendations, ANGOA advocated the establishment of a ‘Treaty of Waitangi Commission’. The National-led government announced in 2010 that it would undertake a wide-ranging review of constitutional matters, including the size of Parliament, the length of the electoral term, Maori representation,
the role of the Treaty of Waitangi and whether New Zealand needs a written constitution. The review would occur over three years (English and Sharples, 2010).

The name of the framework document would eventually change from ‘relationship agreement’ to ‘relationship accord’.

The Minister’s original intention was to finalise the agreement and seek Cabinet approval by October 2010. It was proposed that government ministers would sign the agreement in November 2010 at an inaugural event convened for the purpose.

Formerly the New Zealand Federation of Voluntary Welfare Organisations.

The relationship between government, the NFP sector and the ‘tāngata whenua’ is a ‘vexed’ one with constitutional and sovereignty implications for Māori. Although there has been strong community sector support for ‘separate and related Māori and non-Māori work streams’ in relation to government-sector relationships this has ‘always been resisted by the government’ (personal communication, 13 December 2010a). According to the sector, it is only with the advent of contracting that one sees the emergence of Māori organisations that are not ‘iwi based’ (personal communication, 13 December 2010a). And although some Māori engage with policy processes via Pakeha organisations, more ‘traditional’ Māori regard the Treaty of Waitangi as their primary relationship with the Crown – a relationship that in the eyes of Māori is about shared governance (personal communication, 15 December 2010). In that light, instruments such as the Relationship Accord are considered to be largely irrelevant to their interests (personal communication, 13 December 2010b).

This phrase is a fairly free borrowing from American humourist, Ambrose Bierce’s definition of a cynic, being: ‘A blackguard whose faulty vision sees things as they are not as they ought to be.’ (From the Devil’s Dictionary, by Ambrose Bierce, University of Georgia Press, 2002, first published 1911).

The names of the persons in question could not be recalled, and the story might well be apocryphal, however it has a ring of authenticity in a state much subject to social and cultural influences from the mainland state of Victoria.

With regard to Scotland, Cairney points out that the system of devolved government was to a large extent designed from a ‘blank slate’, thereby allowing new practices, norms and expectations to evolve over a relatively short time (Cairney, 2013 (forthcoming)). The same could be said of the Welsh and Northern Ireland Assemblies. The new administrations were therefore relatively unencumbered by political ‘baggage’ from Westminster.

And in the case of Wales, enshrined in its enabling legislation.

In an article that pre-dated the first compacts, Lloyd (1990) pointed to the emergence of two contrasting discourses that had arisen in response to the contemporary welfare state: one, the ‘liberal’ discourse argued for breaking the state monopoly on the policy-making process through increased opportunities for popular participation; the other, the ‘conservative’ discourse argued against what its proponents see as an excessive dependence on the state and excessive state intrusion into the lives of citizens. Notwithstanding the obvious differences between the two discourses, Lloyd observed that when translated into policy recommendations, both extolled the virtues of the informal sector (informal family and social networks) and the voluntary sector. Lloyd asks whether voluntary sector organisations can sustain a role as critic and innovator while at the same time serving as a junior partner to the state. Lloyd considered that the independence of voluntary sector organisations would inevitably be threatened as a consequence of an increased dependence upon government funding, citing prohibitions on policy commentary as a condition of funding from statutory sources in the UK at the time of writing. Lloyd warned of a ‘colonisation’ of the voluntary sector by government, rendering NFP organisations subordinate to statutory agencies and resulting in their losing sight of their original objectives (Lloyd 1990:252).
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Appendix 1 – Interview request & questions
Dear <NAME>

I am conducting research for a PhD dissertation on the subject of the National Compact between the Australian Government and the not-for-profit sector.

The National Compact represents an important development in the national policy framework governing the relationship between the Australian Government and the broad range of not-for-profit organisations that comprise Australia’s Third Sector.

It is my intention to chart the history and assess the prospects of the National Compact and will proceed, in part, by comparing the Compact with policy instruments in place, or in prospect, in other Australian and overseas jurisdictions. The National Compact will be compared along various dimensions including: the process through which it was developed and ratified; the resources and administrative arrangements allocated for its implementation; and, its likely practical effects on the relationship between government and the not-for-profit sector.

This research is expected to make an important contribution to the understanding of institutional and organisational behaviour within collaborative frameworks. The benefits of this research will flow to decision-makers and policy practitioners in government and the not-for-profit sectors and will build on knowledge available to researchers in public policy and administration.

I wish to invite the participation of the <ORGANISATION> in this research project. I seek your approval to interview an employee of your organisation – nominated by you – who has authority to represent the organisation and who possesses relevant knowledge of the policy frameworks governing relationships between the government and not-for-profit sectors.

The interview will take the form of a guided discussion and is expected to take about one hour. At the interview I will confirm both orally and in writing the consent of interviewees to: (a) participate in the interview; and (b) to have a voice recording made of the interview as an aide memoire. It will be made clear that the interviewee is completely free to decline either request. A written report of the interview will be provided in draft form to interviewees for confirmation or correction. Attached to this letter is an Information Sheet that more fully describes the research project together with a Consent Form.

If you agree to participate, please sign and return the attached consent form together with the name and contact details of your nominee(s) to the following address:

John Butcher
School of Politics and International Relations
Old Canberra House
Australian National University, Canberra ACT 0200
or via email to: john.butcher@anu.edu.au

I look forward to your response.

Kind regards,

John Butcher
CONSENT FORM

1. I, <NAME> «POSITION», consent to the <ORGANISATION> taking part in the National Compact research project. I have read the information sheet for this project and understand the nature and purpose of the research project, so far as it affects the <ORGANISATION>. This consent is freely given.

2. I understand that by agreeing to participate in the research project such agreement will entail my nominating a person or persons employed by this organisation to participate in an interview of approximately one hour in duration.

3. I understand that the interview will involve questions about this organisation’s participation in government/not-for-profit policy initiatives.

4. I understand that while information gained during the research project may be published in academic journals or books, the name and position title of interviewees will not be used in relation to any of the information they have provided, unless the interviewee explicitly indicates that they are willing to be identified when quoted.

5. I understand that any personal, sensitive or potentially incriminating information will be kept confidential so far as the law allows. This form and any other data collected throughout the duration of the interview will be stored separately in a locked office at the Australian National University. Data entered onto a computer will be kept in a computer accessible only by password by the researcher, John Butcher.

6. I understand that although any comments made by interviewees will not be attributed to them in any publication; it is possible that others might guess the source of information, and interviewees should therefore avoid disclosing information which is of confidential status or which is defamatory of any person or organisation.

7. I understand that this organisation and its nominated interviewees may withdraw from the research project at any stage, without providing any reason and that this will not have any adverse consequences for this organisation. If this organisation withdraws, the information provided at interview will not be used by the project.

8. I understand that my nominees will be asked to verbally indicate their consent to participate in interviews and that their consent will be sought in relation to making a voice recording of the interview and that interviewees will be completely free to decline to participate and/or to have a voice recording made of their interview.

Signature: ___________________________________ Date _____ / _____ / 20_______

Position/Title: _________________________________________________________________

Name of organisation: __________________________________________________________

Telephone: _______________________ Email: ______________________________________
Cooperation Agreements Between Governments and the Not-for-Profit Sector – experience and prospects

Project Overview

The object of this doctoral research is to assess the processes leading to, and the prospects for a National Compact between the Commonwealth Government and the not-for-profit sector. This research will entail a review of strategies and processes established by the Commonwealth Government to give effect to the National Compact together with a comparative analysis of the policy frameworks pursued in other national and sub-national jurisdictions for ostensibly similar purposes: viz. to encourage and support more effective collaboration between the government and not-for-profit sectors. This examination of the national government’s efforts will take into account the comparative experience of state and territory governments.

Why am I carrying out this research?

The research project aims to chart the history and assess the prospects of a Commonwealth government policy initiative – the creation of a National Compact. The research will consider:

• the rationale and drivers of this initiative;
• the respective roles, priorities and perceptions of the parties to the Compact;
• the political and process dimensions of the policy and its implementation;
• the comparative experience of other Australian and overseas jurisdictions; and
• the expectations and experiences of those with a stake in the implementation of the policy.

This research will proceed, in part, by comparing the Australian Government's National Compact with policy instruments in place, or in prospect in other Australian and overseas jurisdictions. The National Compact will be compared along various dimensions including: the process through which it was developed and ratified; the resources and administrative arrangements allocated for its implementation; and, its likely practical effects on the relationship between government and the not-for-profit sector.

The benefits of this research will flow to decision-makers and policy professionals in government and the not-for-profit sectors and will build on knowledge available to scholarly researchers in public policy and administration.

What does this research involve?

This research will depend heavily on a thorough analysis of primary and secondary documentation. This will be supplemented by fieldwork comprised of semi-structured interviews with selected informants in government and the not-for-profit sector.

There are two broad target groups for interviews. The first is comprised of senior officials of national and sub-national government agencies that have a significant interface with not-for-profit organisations. The second is comprised of senior personnel of national and sub-national peak not-for-profit organisations.

Confidentiality

Participation in interviews is purely voluntary and there will be no adverse consequences from any decision not to participate. Participants may withdraw and, if they choose to withdraw, any information provided by them will not be used. The results of this research will be reported in a doctoral thesis and may be published in academic journals or books. The names of individuals or their position titles will not be reported in connection with any of the information collected during interviews, unless they have explicitly consented to be identified.

Transcripts/summaries of responses will be provided to participants for further comment or correction as soon as possible after the interview. Once published, the results of this research will be made available upon request. The interview instrument has not been designed to elicit
any information that is personal, confidential, sensitive or potentially incriminating in nature. It is important to stress that participants may refuse to answer any given question without consequence. Should participants have any further concerns about confidentiality and anonymity, please raise the issue prior to, or during the course of the interview so that assurances can be made that specific information is not reported or published.

Consent

The Chief Executive Officer of organisations contacted to participate in this study (or their delegate) will be asked to confirm their agreement in writing (including email) either by letter or using the attached Consent Form. CEOs will also be asked to nominate a primary point of contact in the organisation for the purposes of arranging an interview. All interviews, unless indicated otherwise by participating organisations, will be conducted on the organisation’s premises. It is expected that interviews will take approximately one hour. At the time of the interview, the interviewer will:

a. obtain the **written consent** of the interviewee to participate in the interview

b. obtain the **written consent** of the interviewee to make a voice recording of the interview

c. confirm **verbally and in writing** that the interviewee has read and understands the information sheet and the purpose of the interview

d. confirm the interviewer’s undertaking to provide a **written record** of the interview to the interviewee for confirmation or correction.

It is expected that most interviewees will be interviewed once, although it is possible that supplementary questions or clarification might be required on occasion.

Contact names and phone numbers

If you have any questions, comments or complaints about this research, please do not hesitate to contact:

John Butcher, School of Politics and International Relations, Research School of Social Sciences, The Australian National University, Australian Capital Territory, 0200. Tel. 0438 630 561 Email: john.butcher@anu.edu.au

Professor John Wanna, School of Politics and International Relations, Research School of Social Sciences, The Australian National University, Australian Capital Territory, 0200. Tel. 61 2 6125 2134 Email john.wanna@anu.edu.au

Dr Janine O’Flynn, Crawford School of Economics and Government, The Australian National University, Australian Capital Territory, 0200. Tel. 61 2 6125 9825 Email janine.oflynn@anu.edu.au

If you have any concerns regarding the way the research was conducted you can also contact the ANU Human Research Ethics Committee: Human Ethics Officer Human Research Ethics Committee, The Australian National University Tel. 61 2 6125 7945 Email: human.Ethics.Officer@anu.edu.au
SCHEDULE OF INTERVIEW QUESTIONS FOR SELECTED COMMONWEALTH GOVERNMENT AGENCIES AND NATIONAL NOT-FOR-PROFIT PEAK BODIES

Title: The National Compact: An examination an Australian initiative to reset the terms of engagement between government and the not-for-profit sector

Respondents: nominated representatives of selected Commonwealth government agencies and national not-for-profit peak bodies

Preamble: The object of this research is to assess the processes leading to and the prospects for a National Compact between the Commonwealth Government and the not-for-profit sector. The following questions are intended to elicit information about: the history of this initiative; the processes guiding its development; the resources and strategies applied; key capability and capacity issues affecting its implementation; and participants’ perceptions of both the process and its prospects.

Interview: The interviews will follow a semi-structured approach, using nine broad questions to guide general conversation.

Confidentiality: Participation in this interview is purely voluntary and there will be no adverse consequences if you decide not to participate. You may withdraw from participation and, if you choose to withdraw, any information you provide will not be used. The results of this research will be reported in a doctoral thesis and may be published in academic journals or books. The names of individuals or their position titles will not be reported in connection with any of the information collected during interviews, unless they have explicitly consented to be identified. Transcripts/summaries of responses will be provided to participants for further comment or correction as soon as possible after the interview. Once published, the results of this research will be made available upon request. The interview instrument has not been designed to elicit any information that is personal, confidential, sensitive or potentially incriminating in nature. It is important to stress that you may refuse to answer any given question without consequence. Should you have any further concerns about confidentiality and anonymity, please raise the issue prior to, or during the course of the interview so that assurances can be made that specific information is not reported or published.

Contact names and phone numbers

If you have any questions, comments or complaints about this research, please do not hesitate to contact:

John Butcher, School of Politics and International Relations, Research School of Social Sciences, The Australian National University, Australian Capital Territory, 0200. Tel. 0438 630 561 Email john.butcher@anu.edu.au

Professor John Wanna, School of Politics and International Relations, Research School of Social Sciences, The Australian National University, Australian Capital Territory, 0200. Tel. 61 2 6125 2134 Email john.wanna@anu.edu.au

Dr Janine O’Flynn, Crawford School of Economics and Government, The Australian National University, Australian Capital Territory, 0200. Tel. 61 2 6125 9825 Email janine.oflynn@anu.edu.au

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QUESTIONS

1. How would you describe the current situation with regard to the implementation of the National Compact announced by the Prime Minister on 17 March 2010? (For example: has progress exceeded or fallen short of expectations? Respondents will be asked to identify any relevant public documents.)

2. What role does your (department/agency/organisation) play in relation to the development/implementation of the National Compact? (For example: does the organisation lead with respect to carriage of the policy? does the organisation participate in formal deliberative, decision-making or advisory structures?)

3. What do you consider to have been the major challenges to date in bringing the National Compact to the current situation (as described in Q1)? (For example: were resources sufficient? was the level of knowledge/expertise adequate or appropriate? was there a clear assignment of roles and responsibilities? was communication effective? was it difficult to gain the trust/cooperation of participants?)

4. Please describe the principle organisational participants and their respective roles and contributions to the development and implementation of the National Compact? (For example: what roles do they play with regard to policy development, provision of advice, policy implementation, program administration, monitoring or advisory functions? Respondents might be asked to draw a ‘mud-map’ describing the approximate relationship between participants and/or key policy domains.)
   a. What challenges, if any, have you encountered in getting ‘buy-in’ from other players in this policy space?

5. What aspects of the policy development process and implementation framework for the National Compact are working/have not worked well? (i.e. is the policy process or implementation framework delivering the desired outcomes?)
   a. To what do you attribute these successes?

6. What aspects of the policy development process and implementation framework for the National Compact are not working /have not worked as well as one would like? (i.e. in what respects is the process or policy framework failing to deliver the desired outcomes?)
   a. To what do you attribute these shortcomings?
   b. If given the opportunity to do things differently, what might you change?

7. To what extent has the policy development process and implementation framework for the National Compact taken account of similar initiatives in other national or sub-national jurisdictions? (For example, the UK Compacts, Canada’s Accord, or similar policy instruments in Australian states and territories?)

8. Do you expect the National Compact to make a material difference to the effectiveness of the government – not-for-profit sector relationship in Australia?
   a. Can you offer some reasons for your answer?

9. What do you see as the principal challenges or risks to the successful implementation of the National Compact?
   a. What would success ‘look like?’

END OF INTERVIEW
SCHEDULE OF INTERVIEW QUESTIONS FOR SELECTED STATE/TERRITORY GOVERNMENT AGENCIES AND NOT-FOR-PROFIT PEAK BODIES

Title: The National Compact: An examination an Australian initiative to re-set the terms of engagement between government and the not-for-profit sector

Respondents: nominated representatives of selected state/territory government agencies and not-for-profit peak bodies

Preamble: The object of this research is to assess the processes leading to and the prospects for a National Compact between the Commonwealth Government and the not-for-profit sector. Australia presents a unique case amongst countries that have implemented national compacts or accords in that sub-national governments here preceded the national government in pursuing similar policy instruments for cooperation. Consequently, any examination of the national government’s efforts ought to take into account the comparative experience of state and territory governments. The following questions are intended to elicit information about the experience in (state/territory) with such policy instruments.

Interview: The interviews will follow a semi-structured approach, using eight broad questions to guide general conversation.

Confidentiality: Participation in this interview is purely voluntary and there will be no adverse consequences if you decide not to participate. You may withdraw from participation and, if you choose to withdraw, any information you provide will not be used. The results of this research will be reported in a doctoral thesis and may be published in academic journals or books. The names of individuals or their position titles will not be reported in connection with any of the information collected during interviews, unless they have explicitly consented to be identified. Transcripts/summaries of responses will be provided to participants for further comment or correction as soon as possible after the interview. Once published, the results of this research will be made available upon request. The interview instrument has not been designed to elicit any information that is personal, confidential, sensitive or potentially incriminating in nature. It is important to stress that you may refuse to answer any given question without consequence. Should you have any further concerns about confidentiality and anonymity, please raise the issue prior to, or during the course of the interview so that assurances can be made that specific information is not reported or published.

Contact names and phone numbers
If you have any questions, comments or complaints about this research, please do not hesitate to contact:

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QUESTIONS

1. Could you briefly outline for me the current situation in (state/territory) with regard to formal policy instruments supporting government – not-for-profit sector engagement and/or cooperation? (For example: what instruments are in place? what processes or frameworks are in place/being developed/or in prospect for the purposes of supporting government – not-for-profit sector engagement? Respondents will be asked to identify any relevant public documents.)

2. Could you briefly outline the history of efforts in (state/territory) with regard to the development of policy frameworks for government – not-for-profit sector engagement and/or cooperation? (For example: when did work begin on the current policy framework? what events or foundation documents/studies or initiatives gave impetus to the current policy? what policy frameworks/initiatives preceded the current policy settings?)

3. What role does your (department/agency/organisation) play at present in relation to the policy framework for government – not-for-profit sector cooperation? (For example: does the organisation lead with respect to carriage of the policy? does the organisation participate in formal deliberative, decision-making or advisory structures?)

4. Please describe the principle organisational participants and their respective roles and contributions to the policy framework for cooperation? (For example: what roles do they play with regard to policy development, provision of advice, policy implementation, program administration, monitoring or advisory functions? Respondents might be asked to draw a ‘mud-map’ describing the approximate relationship between participants and/or key policy domains.)
   a. What challenges, if any, have you encountered in getting ‘buy-in’ from other players in this policy space?

5. What aspects of the policy process/framework in (state/territory) are working/have not worked well? (i.e. is the process or policy framework delivering the desired outcomes?)
   a. To what do you attribute these successes?

6. What aspects of the policy process/framework in (state/territory) are not working/have not worked as well as one would like? (i.e. in what respects is the process or policy framework failing to deliver the desired outcomes?)
   a. To what do you attribute these shortcomings?
   b. If given the opportunity to do things differently, what might you change?

7. Are you aware of what has occurred/is occurring in this policy space in other states and territories?
   a. How do you feel the policy framework for government – not-for-profit sector cooperation in (state/territory) compares to what has occurred/is occurring in other jurisdictions?

8. What implications do you see, if any, for the policy framework for government – not-for-profit sector cooperation in this state/territory of the National Compact announced by the Prime Minister in March 2010?
   a. How well does the state/territory policy framework align with the framework being developed by the Commonwealth?
   b. What lessons might the state/territory experience offer the Commonwealth as work continues on the Compact implementation?

END OF INTERVIEW
SCHEDULE OF INTERVIEW QUESTIONS FOR SELECTED NEW ZEALAND GOVERNMENT AGENCIES AND NOT-FOR-PROFIT PEAK BODIES

Title: The National Compact: An examination an Australian initiative to reset the terms of engagement between government and the not-for-profit sector

Respondents: nominated representatives of selected New Zealand government agencies and not-for-profit peak bodies

Preamble: The object of this research is to assess the processes leading to and the prospects for a National Compact between the Commonwealth Government and the not-for-profit sector. To some degree the Australian Government has modelled this initiative on the approaches taken by national governments in the UK and Canada. The following questions are intended to elicit information about New Zealand’s experience with policy and/or strategies intended to encourage engagement and collaboration between government and the not-for-profit sector. Of particular interest for this research is the apparent decision by New Zealand governments to not pursue a Compact model.

Interview: The interviews will follow a semi-structured approach, using nine broad questions to guide general conversation.

Confidentiality: Participation in this interview is purely voluntary and there will be no adverse consequences if you decide not to participate. You may withdraw from participation and, if you choose to withdraw, any information you provide will not be used. The results of this research will be reported in a doctoral thesis and may be published in academic journals or books. The names of individuals or their position titles will not be reported in connection with any of the information collected during interviews, unless they have explicitly consented to be identified. Transcripts/summaries of responses will be provided to participants for further comment or correction as soon as possible after the interview. Once published, the results of this research will be made available upon request. The interview instrument has not been designed to elicit any information that is personal, confidential, sensitive or potentially incriminating in nature. It is important to stress that you may refuse to answer any given question without consequence. Should you have any further concerns about confidentiality and anonymity, please raise the issue prior to, or during the course of the interview so that assurances can be made that specific information is not reported or published.

Contact names and phone numbers

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QUESTIONS

1. Could you briefly outline for me the current situation in New Zealand with regard to the policy and/or administrative framework supporting government – not-for-profit sector engagement and/or cooperation? (For example: what instruments/structures are in place? what processes or frameworks are in place/being developed/or in prospect for the purposes of supporting government – not-for-profit sector engagement? Respondents will be asked to identify any relevant public documents.)

2. Could you briefly outline the history of New Zealand’s efforts with regard to the development of policy frameworks for government – not-for-profit sector engagement and/or cooperation? (For example: to what extent has active consideration been given to the potential for a Compact or similar policy instrument?)

3. What role does your (department/agency/organisation) play at present in relation to the policy framework governing government – not-for-profit sector cooperation? (For example: does the organisation lead with respect to carriage of the policy? does the organisation participate in formal deliberative, decision-making or advisory structures?)

4. Please describe the principle stakeholders in this policy space and their respective roles and contributions to the policy discourse around the issue of government – not-for-profit cooperation? (For example: what roles do they play with regard to policy development, provision of advice, policy implementation, program administration, monitoring or advisory functions? Respondents might be asked to draw a ‘mud-map’ describing the approximate relationship between participants and/or key policy domains.)

5. What aspects of the policy process/framework currently in place in New Zealand are working/have not worked well? (i.e. is the process or policy framework delivering the desired outcomes?)
   a. To what do you attribute these successes?

6. What aspects of the policy process/framework currently in place in New Zealand are not working /have not worked as well as one would like? (i.e. in what respects is the process or policy framework failing to deliver the desired outcomes?)
   a. To what do you attribute these shortcomings?

7. What challenges does New Zealand face in relation to the relationship between government and the not-for-profit sector? (For example: problems with asymmetry of information? the standing of the not-for-profit sector in formal policy discourses? capacity and capability deficits in public sector and not-for-profit sector organisations? managing and reporting performance in relation to purchase-of-service contracting?)

8. How would you characterise the level of awareness in government and the not-for-profit sector about the Australian National Compact?
   a. Have you observed any evidence of support for a Compact in New Zealand? (Respondents will be asked to nominate the sources and strength of support).

9. Do you believe that a Compact or similar policy instrument offer any advantages for government – not-for-profit relationships in New Zealand?

END OF INTERVIEW
Appendix 2 – English Compact & Canadian Accord
The original 1998 Compact enunciated the following broad principles:

- Voluntary action is an essential component of democratic society.
- An independent and diverse voluntary and community sector is fundamental to the well-being of society.
- In the development and delivery of public policy and services, the Government and the voluntary and community sector have distinct but complementary roles.
- There is added value in working in partnership towards common aims and objectives. Meaningful consultation builds relationships, improves policy development and enhances the design and delivery of services and programs.
- The Government and the voluntary and community sector have different forms of accountability and are answerable to a different range of stakeholders. But common to both is the need for integrity, objectivity, accountability, openness, honesty and leadership.
- Voluntary and community organisations are entitled to campaign within the law in order to advance their aims.
- The Government plays a significant role, among other things, as a funder of some voluntary and community organisations. Funding can be an important element of the relationship between Government and the voluntary and community sector.
- Both Government and the voluntary and community sector acknowledge the importance of promoting equality of opportunity for all people, regardless of race, age, disability, gender, sexual orientation or religion (Home Office, 1998).
Figure A2.2 – Codes of Good Practice
The original English Compact was complemented by the publication of five Codes of Good Practice providing practical guidance in relation to:

1. **Community Groups** (2000) – the Code promoted recognition of the diversity and contribution of the community sector; set out the policies, consultative arrangements and support needed for the community sector to play an effective role in building local communities and improve access to the national Compact and Local Compacts (Commission for the Compact, 2003).


3. **Funding** (2000) – The Code offered guidance on a comprehensive range of practical matters, including: core costs, matched funding, contracts for partnership-based initiatives, fair access to funding, voluntary and community sector infrastructure, the application process, joint funding bids, the assessment and notification process, feedback on grant applications, payment procedures and financial reporting and accounting and audit requirements (Home Office, 2005a).

4. **Volunteering** (2000) – The Code set out good practices in relation to volunteering with the aim of enabling wider involvement in voluntary activity. It addressed issues such as investing in and promoting volunteering and community involvement; barriers to volunteering; strengthening volunteering infrastructure; and managing volunteers (Home Office, 2005b).


Some of the Codes were revised in 2005 and were reprinted in 2008. However, they now appear to have been superseded by the most recent iteration of the Compact (HM Government, 2010). Although the documents no longer appear on the Home Office website, they still form part of the corpus of policy guidance documents used by some local governments in England. The Code on Consultation and Policy Appraisal was replaced in 2012 with a three-page guidance on Consultation Principles (Cabinet Office (UK), 2012).
In addition to the Codes of Good Practice, the NCVO published a set of Local Compact Guidelines in 2000 with the aim of promoting and supporting the development of Compacts between voluntary organisations and local authorities (NCVO, 2000). The development of local compacts was ‘joined-up’ to other Labour initiatives, such as the ‘modernising local government initiative’ which saw a role for the NFP sector in facilitating community planning, an ‘active citizens’ initiative aimed at developing a participative culture at the local government level, and to tackling problems of social exclusion (McLaughlin and Osborne, 2003:11). HM Treasury identified the extension of the Compact to the local sphere as essential, invoking the principle of subsidiarity (HM Treasury, 2002).

The first local compact was signed in Dorset in 1999 and by 2006, 363 local compacts had been signed (although it should be noted that reorganisations of local government have resulted in a reduction in the number of local government authorities from 388 in 1998 to 353 in 2011) (Zimmeck and Rochester, 2011). By 2010 the Commission for the Compact claimed on its website that ‘100% of local areas in England are committed to better partnership working between local government, local public bodies and local voluntary and community organisations through Local Compacts’.

A recent study by Zimmeck and Rochester (2011) estimates the national coverage of local compacts at around 92% after accounting for local government consolidations. Even so, the impact of local compacts is hard to gauge and it is difficult to ascertain the proportion of reported compacts that are ‘alive and kicking’ (Zimmeck and Rochester, 2011:10-12).

A separate comparative case study of selected local government authorities prepared in 2010 for the Commission found that the ‘level of recognition of the Compact varied widely both within and across authorities’ and that benefits flowing from local compacts ‘varied according to the type of authority, the level of engagement with the [voluntary and community sector] and the maturity of partnership working in the area’ (Thornton and Jenkins, 2010:15). The report concluded that:

Although implementing the Compact involves some investment in staff time and other resources, the great majority of local authorities reported that the benefits far outweighed the costs (Thornton and Jenkins, 2010:24).

McLaughlin and Osborne (2003:12) noted that replicating the a newly structured collaborative arrangement between government and the sector at the local level posed ‘significant new challenges’. There was an early realisation that a ‘pro forma’ compact could not simply be cascaded downwards to the local level and a recognition that local compacts could have a much wider remit than originally thought (McLaughlin and Osborne, 2003:13-14). At the time of writing (2003) McLaughlin and Osborne had observed little evidence of that the principle of ‘co-governance’ founded on mutual trust had been embedded at the local level (McLaughlin and Osborne, 2003:21). They warned against the risks to the sector posed by the ‘three Is’: an incapacity to act independently; incorporation into the local state; and isomorphic pressures leading to a loss of sector identity (McLaughlin and Osborne, 2003:23).

Although Zimmeck and Rochester (2011) note that the most recent iteration of the national Compact (2010) does not mention local compacts, they are relatively optimistic about local compact activity and suggest that there are areas where relations between local authorities and voluntary and community sector organisations have been improved as a result. They do express concern, however, that the ‘de-prioritisation’ of the national Compact as a ‘flagship policy’ will ‘trickle down into the local arena’ (Zimmeck and Rochester, 2011:22).
Figure A2.4 – Between the rhetoric and the reality
In 2008 the House of Commons Public Administration Select Committee set out to ‘scrutinise the desirability and achievability of the Government’s vision for third sector involvement in public service delivery.’ The Committee had a broad remit, not solely concerned with the operation of the Compact and the institutions created to give effect to it. Nevertheless, the Committee’s report does contain a number of findings and observations about systemic issues in the service commissioning environment that are of long-standing concern to the sector and which had not been addressed by the Compact – some of which contravened express or implied Compact provisions. Among these were:

• the persistence of the practice of government commissioning agencies seeking to ‘claw-back’ surpluses from NFP sector service providers contrary to the Compact Code on Funding and Procurement to which central and local government funders are expected to adhere;

• the persistence and prevalence of short term (i.e. one year) contracts and the extreme uncertainty they entail for funded organisations;

• a lack of commitment to the principle of full cost recovery in a competitive market context – commissioning agencies still view contracts through ‘grant spectacles’;

• promoting the formation of NFP sector consortia in the face of evidence of onerous costs to consortium partners and the potential loss of protections conferred by the Compact;

• a failure of capacity-building initiatives to create a level playing field, especially for smaller organisations unable to compete for contracts.

(Source: House of Commons Public Administration Select Committee, 2008a)
The performance of the 1998 English Compact has been reviewed annually since 2000 and its institutional architecture has been incrementally augmented along the way. In 2009 the government announced a review of the Compact and its Codes 'to bring it up-to-date with policy development and public service reform'. The review would be led by the Commission for the Compact supported by the Office of the Third Sector and Compact Voice (House of Commons Public Administration Select Committee, 2008b:11). The resignation of Tony Blair in favour of Gordon Brown in 2007, coupled with the need to refurbish the ‘New Labour’ brand ahead of the 2010 election created a policy window favourable to refreshing the Compact (see Bentley, 2007). The official rationale was given in the introduction to the paper prepared for the consultation process:

There is a consensus that a refresh of the Compact is needed to bring the documents up to date while preserving the sound and enduring principles on which the Compact was founded. The refreshed Compact must look and feel relevant to public bodies and third sector organisations of all sorts. It must be free from duplication or repetition. It must be clearer as to what organisations have to do to implement it and to fulfil their commitments under it (Commission for the Compact, 2009:8).

The refreshed Compact – signed on behalf of government by then Prime Minister, Gordon Brown and, on behalf of the third sector, by Simon Blake Chair of Compact Voice – was published in December 2009 and retained ‘all the key points of the original’ while taking into account ‘recent developments in law, policy and practice’ (Commission for the Compact, 2009:8-9).

Sector leaders welcomed the refreshed Compact, however, the political landscape changed dramatically following the formation of the Conservative/Liberal Democrat coalition government in May 2010. At that time, the Commission for the Compact foreshadowed the likelihood of changes to the Compact and its supporting architecture to reflect the policy and legislative agenda of the incoming government (Commission for the Compact, 2010:20). The Commission reiterated the new Government’s ‘strong commitment to maintaining the Compact as a basis for government and voluntary sector partnership working’ and observed that we do not think there is any appetite, either in Government or in the voluntary sector, for another substantial revision of the text of the national agreement following the refresh of 2009 (Commission for the Compact, 2010:20-21).

In September 2010, Compact Voice – ‘The voice of the voluntary sector on the Compact’ - announced ‘the beginning of a new phase in the development of the Compact’ in which it would work with the new government ‘towards a new Compact agreement with a “renewed” Compact document and greater accountability mechanisms’ (Compact Voice, 2010). Compact Voice acknowledged that:

[S]ome may be concerned about potential changes to the Compact and frustrated that it is being renewed so soon after the last update. However we feel that it is in the best interests of the sector to undertake this renewal (Compact Voice, 2010).

Soon after the election the Cameron government announced its intention to reduce the number of non-departmental bodies it claimed had mushroomed under Labour. The resulting ‘cull of the quangos’ swept up the Commission for the Compact, which ceased to operate in March 2011 (Taylor, 2012). The renewed Compact, now sub-titled ‘The Coalition Government and civil society organisations working effectively in partnership for the benefit of communities and citizens in England’ appears to be much more instrumentalist in nature (Zimmeck and Rochester, 2011, Taylor, 2012). It is expressly linked to the Cameron government’s Big Society policy agenda and much more narrowly concerned with the role of the NFP sector as a provider of statutory public services (citing NAO, 2012, Taylor, 2012).
Figure A2.6 – Big Society

Big Society encompasses reforms based on decentralisation, streamlining government, devolution to local government, encouraging social entrepreneurship, and promoting individual and community empowerment (Norman, 2010).

Proponents of the Big Society defend it as ‘smarter government’ while detractors see it as a thinly veiled ‘return to Thatcherism’ (Hasan and Macintyre, 2010).

In late 2011, the Minister for Civil Society, Nick Hurd, published an ‘Open Letter to Civil Society’ outlining the government’s ‘strategic framework’ for restoring trust and conferring power and responsibility on citizens ‘to improve our own lives, the communities we share and public services we use’.

The framework is situated within a ‘Big Society vision’ founded on the proposition that ‘we have given too much power and responsibility to Government and have too little to show for it’ (Hurd, 2011). The framework intends to enable ‘long term culture change’ and consists of three strands:

1. Transferring power to communities, chiefly through the mechanism of the Localism Act 2011 to ‘shift power from central government back into the hands of individuals, communities and councils’;
2. Modernising public services in ways that ‘give power to those who have been overlooked and underserved’ (HM Government, 2011) by promoting choice and control, encouraging decentralisation and diversity of providers, ensuring fair access to and accountability of public services; and
3. A suite of initiatives and programs aimed at encouraging social action and building social capital, including measures to cut red tape, promote social investment (including the creation of Big Society Capital), and the development of social impact bonds (Hurd, 2011).

Hurd also drew attention to the importance of reconciling opportunities for reform with the ‘urgent need to reduce Government borrowing’ (Hurd, 2011). And, while noting that cuts in government funding have resulted in ‘real frustration and difficulty for the significant minority of charities and social enterprises who rely heavily on public funding’, Hurd nevertheless cautioned that ‘[a] sector which receives £13 billion of taxpayers money a year cannot be immune from the painful but necessary process of reducing Government expenditure’ (Hurd, 2011).
Enforcing the Compact

If proof were needed of the weakness of government policy and of the Office of the Third Sector in particular, then one need look no further than the Compact.

This agreement between the voluntary sector and the various branches of government is supposed to guarantee fair play on issues such as full cost recovery and operational independence. However, as is almost universally acknowledged across the sector, the Compact is great in theory and toothless in practice.

The Compact is supposedly a guarantor of the promises made by the Government to the sector – particularly those made in the 2002 Treasury Review, which include commitments on full cost recovery and multi-year funding. However, as reported by the National Audit Office, these promises have not been kept.

The Compact is a voluntary agreement. As such it stands in stark contrast to the contract-based controls to which the voluntary sector has been increasingly subject. Various public sector bodies, including Whitehall departments, can thus breach the Compact with impunity.

Recent innovations like the Commission for the Compact have no powers of enforcement and in the course of 2007 both the original Compact Commissioner and his Chief Executive resigned.

The next Conservative Government will look to strengthen the Compact, working with the voluntary sector to do so. In particular, we want to strengthen the right of voluntary organisations to be treated on the same terms as the private sector, with the same right to earn a competitive return on their investment. A strengthened Compact will, in addition, reflect the various other commitments set out in this green paper, including longer contract terms; commissioning on the basis of outcomes rather than intrusive control of process; and the use of contracts instead grants only where justified.

We will also enforce the strengthened Compact. There is no point having an agreement if it is not respected. On reported breaches, we will abide by the decision of the Compact Commissioner and consult the sector on whether further measures should be taken to entrench the Compact.

A Compact gold standard

It is clearly best for all concerned that breaches do not occur in the first place. Various preventative approaches have been described earlier in this green paper – for instance the use of model grant agreements and model contracts for the commissioning of services.

We are committed to rolling out these preventative measures across central government, but an equal commitment to decentralisation means that we cannot order local authorities to do likewise.

In partnership with local government and the voluntary sector we will develop a Compact Gold Standard: a package of practical measures – such as model contracts – aimed at designing Compact compliance into the everyday workings of the public sector.

It will be up to individual local authorities to decide whether or not to adopt the Gold Standard; however a Conservative Government would certainly recommend it. Furthermore, we will lead by example, implementing the Standard across all central departments and agencies.

Of course, where prevention fails and Compact breaches occur, the same enforcement regime will apply across the entire public sector. As a final measure we will ensure that official audits of local authority performance take compliance with the Compact fully into account.

(Source: Conservative Party, 2008:75-77)
Figure A2.8 – 2012 National Audit Office Report: ‘Central government’s implementation of the national Compact’

The current UK government views the civil society as a key partner in delivering its planned reforms in public service delivery and the Coalition Agreement between the Conservative and Liberal Democrat parties emphasises the role of the civil society in helping government to address social and economic issues. Following the renewal of the Compact in December 2010, the government tasked the National Audit Office to examine the implementation of the national Compact. The NAO reviewed nine departments representing 98 per cent of an estimated £1.9 billion in central government expenditure with the ‘civil society’ sector.

The NAO considers that the Compact is important in helping to encourage effective partnerships between central government and the civil society. Following the Compact principles can help departments to deliver better outcomes and achieve value for money in their relationships with civil society organisations.

The NAO found that departments are supportive of the Compact and there are good examples of it being applied and embedded, for example, in formal guidance on procurement. However, the report also observed that departments faced systemic challenges in identifying and monitoring Compact compliance and, overall, did not have arrangements to gain a broad level of assurance about Compact implementation.

The NAO found that ‘complaints received’ is the main indicator of concerns with departments' observance of the Compact and concluded that that there is scope for improvement. Funding is the most common reason for notifying potential non-compliance with the Compact. Although the number of complaints is relatively small relative to the number of transactions undertaken, the NAO suggests that Compact compliance might not be as embedded as departments believe.

The NAO also found that leadership within departments on Compact issues is not always visible. Despite the appointment of senior departmental officers responsible for promoting the Compact, some of these ‘champions’ did not know who their counterparts in other departments were and neither did stakeholders in the civil society sector.

A number of departments were unable to provide meaningful assurance on Compact implementation in their 2012-13 Business Plans despite requirements to do so and departments lacked a systematic approach for identifying and disseminating good practice in the operation of the Compact.

Moreover, the NAO found that responsibility for promoting Compact compliance, increasing awareness and disseminating good practice lacks clarity. The precise role of the Office for Civil Society is unclear and there is no central body that identifies and disseminates good practice on the Compact’s implementation nor is information on alleged non-compliance is centrally analysed to identify priority areas for improvement.

While noting a need for improvements in departments with regard to monitoring, leadership, sharing good practice and consultation, the NAO considers that there is little evidence that the implementation of the Compact in central government is fundamentally flawed.

The NAO also considers that there is scope for the Office for Civil Society to do more to promote Compact compliance, increase awareness, and disseminate good practice.

(Source: NAO, 2012)
Figure A2.9 – Current status of the Canadian Accord and the institutional frameworks established for its implementation

An Accord between the Government of Canada and the Voluntary Sector (VS) was signed by both the federal government and sector representatives in 2001. The accord was followed with the release of the Codes of Good Practice on Funding and Code on Good Practice on Policy Dialogue in 2002.

The accord and codes were jointly developed, and while not legal documents, they are designed to guide the evolution of the relationship by identifying the common values, principles and commitments governing the relationship between the federal government and the voluntary sector.

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.’

2. [the] Joint Steering Committee (JSC) no longer exists and Volunteer Sector Initiative (VSI) ended in 2005.
3. Human Resources and Skills Development Canada (HRSDC) continues to be the federal interlocutor and policy lead for the not-for-profit (NFP) sector in Canada. HRSDC is raising awareness of the value of the sector as a partner in developing policy [and] delivering services with all federal departments.

The Government of Canada continues to support its commitment to this sector by:

• Ensuring funding processes are streamlined, accountable and focused on results, specifically, the Government established the Independent Blue Ribbon Panel on grants and contributions and will act on its recommendations to streamline funding and ensure accountability and results.
• Eliminating capital gains tax on donations of publicly-listed securities (federal Budget 2006) and stimulating giving by exempting donations of publicly listed securities to private foundations from capital gains (federal Budget 2007).
• Supporting an increase in knowledge and understanding of the sector: Through a number of federal departments and agencies, the Government of Canada supports the ongoing work to develop relevant, timely and accurate data on the voluntary sector’s contribution to the economy and its role in the lives of individual Canadians and communities.
• Working to increase sustainability and self-sufficiency of sector organizations: Under a three year initiative that ended in 2009, the Voluntary Sector Strategy (VSS) guided the federal government’s collaboration with the sector to foster social innovation and entrepreneurship to achieve greater sustainability and self-sufficiency over the long term.

Figure A2.10 – Lessons Learned from the VSI
Improving Sector Government Relationships

• Collaboration between the voluntary sector and the government can produce benefits but requires significant amounts of time and energy.

• There are limits to the areas and extent to which collaboration can take place.

• It is imperative that there is clarity regarding the issues that are on the table and the roles and responsibilities of each party.

• The work of the Joint Tables was conducted with unclear and unrealistic objectives.

• There were some slight improvements in the relationship between the voluntary sector and the federal government, however they tended to be short-lived and were adversely affected by issues such as expectations around accountability, high turnover in staff and change in priorities in the federal government.

• It would be important for any initiative following in the wake of the VSI to avoid the ‘goal overload’ by restricting the objectives and mandate.

• The engagement of the whole sector, as large and heterogeneous as it is, was unrealistic.

• An important consideration for these types of initiatives is to clarify whether the government views the Sector as a provider of goods and services or as the builder of civil society and social capital in shaping a similar initiative in the future.

• During the VSI, staff turnover of government representatives was considered to be high.

Communications

• The value added for those in the voluntary sector included improvements in the relationship with the government, the development of tools and resources for their use, and the creation of a united and strengthened voice for the Sector.

• Awareness of the VSI, and its key products, An Accord between the Government of Canada and the Voluntary Sector, The Code of Good Practice on Policy Dialogue, and The Code of Good Practice on Funding, was modest among those surveyed in the voluntary sector.

Role of the Sector

• Improvements in program and service delivery by the federal government reflected the increased awareness of the need to involve groups in influencing the development of policy and programs along with more consultation and awareness of the role the Sector can play in identifying priorities.

Building Sector Capacity

• The most visible and sustainable outputs of the VSI were in aspects of the Initiative which were institutionalized (HR Council and Satellite Account)

• While the satellite account is an invaluable addition to the knowledge base of the voluntary sector, there are still gaps and inconsistencies for certain measures.

• The most noteworthy example is volunteering; which is a difficult concept to define and there is no reliable survey that reports levels of volunteering in a consistent way.

Policy Development

• Policy development is the focus of a relatively small number of large organizations within the Sector. Most organizations cannot afford the significant outlay in time and resources that policy participation requires.

• Sector organisations are more focused on the delivery of services rather than direct involvement in policy development.

• The process around funding allocation for SIDPD resulted in low engagement of the whole sector, lack of a clear reporting and accountability framework, and the lack of a strategy to facilitate knowledge transfers.

Evaluation Lessons Learned

• It was necessary that the evaluation be incorporated into the Initiative at the outset in order for an evaluation of this type and scale to be successful.
• Program goals and objectives were not linked in advance, nor were there clearly specified and quantifiable impacts to be achieved.

• Establishing causality as directly attributable to the VSI was challenging, given the inability to control for activities in the external environment.

• There were obstacles for the specific high-quality evaluation studies that served as the lines of evidence for this synthesis. The reader is directed to the specific reports for a further description of their challenges.

(Canada, 2009:viii-ix)
Appendix 3 – Compacts in Scotland, Wales and Northern Ireland
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Figure A3.2 – The Scottish Compact Implementation Strategy 2003-2006

The Implementation Strategy delivered in 2004 by the Compact Review Group, set out a series of actions, completion dates and expected outcomes in relation to:

- **Strategic aims and vision** – The 1998 Scottish Compact set out strategic aims for developing the relationship between the Executive and the voluntary sector supported by Good Practice Guides that ‘outline commitments and practical actions that should be taken to secure those aims’. The text was subsequently revised in order to achieve a ‘renewed commitment to achieving an open and participative working relationship between the Executive and the voluntary sector in Scotland’ and to better reflect devolved political and administrative arrangements (Scottish Executive 2004: 9). The revised Compact would aim to adopt ‘Compact principles and practice ... as part of the accepted everyday culture within the Executive and the voluntary sector’ through ‘require regular profiling, promotion of benefits and the sharing of best practice’ (Scottish Executive 2004a: 9).

- **Leadership** – It was recognised that effective implementation requires all parties with a link to the voluntary sector to have ‘ownership’ of the Compact principles and processes. This would be supported by launching the revised Compact ‘as a high profile, national initiative’ in order to ‘demonstrate the commitment of the Executive and of voluntary sector leaders to Compact principles and to secure its application across the board’ (Scottish Executive 2004a: 10).

- **Mainstreaming** – The Implementation Strategy acknowledges the need to mainstream the application of Compact principles through the systematic integration of voluntary issues into ‘the everyday work of policy makers’ with the involvement of ‘voluntary sector representatives, specialists and other external partners’. Mainstreaming involves building awareness of government policy priorities, as well as providing avenues for the voluntary sector to make substantive contributions across policy areas ‘alongside other stakeholder interests, to the formulation, design and delivery of policy, legislation and services’ (Scottish Executive 2004a: 11).

- **Raising awareness and promoting best practice** – The Strategy set out a number of specific actions focused on capacity building and promoting best practice with particular emphasis on raising awareness within smaller voluntary organisations ‘who tend to be less engaged with the Compact than others’ (Scottish Executive 2004: 12). The Strategy noted the potential importance of local compacts in ‘developing effective relationships at a local level across Scotland’ and concluded that ‘local Compacts could be effective in promoting Compact principles at levels which national campaigns would find difficult to reach’ (Scottish Executive 2004a: 13). The Strategy also noted the emergence of community planning partnerships at the local authority level in Scotland in which the voluntary sector is recognised as an important partner in the community planning process.

- **Communication** – The Strategy set out a variety of mechanisms to ensure more effective communication between government and the voluntary sector through bilateral discussions at both the political and official levels in order to provide the basis for a strong working relationship. It also endorsed actions to develop, pilot and evaluate a ‘compliance system for the recording and potential resolution of grievances related to non-compliance with Compact principles’ (Scottish Executive 2004a: 16).

- **Resources** – The Strategy accepted that Compact implementation would require a significant commitment of resources by government and the voluntary sector, and suggested that priority be given to: on-going promotion and implementation of the Scottish Compact and good practice guidance; reaching key target audiences at all levels throughout the Executive and local government in Scotland and throughout a large, complex and disparate voluntary sector; targeting awareness raising activities at those parts of the voluntary sector/organisations that currently lack awareness of the Compact principles and commitments (e.g. smaller organisations); and continuous comprehensive monitoring and cyclical review of Compact implementation (Scottish Executive, 2004:17-18).
Figure A3.3 – Enterprising Third Sector Action Plan 2008-2011

The Action Plan consists of seven main objectives, each having a number of sub-objectives together with detailed commitments for action:

1. Opening markets to an enterprising third sector
   • Working with public sector purchasers to recognise the benefits of contracting with an enterprising third sector including their contribution to delivering national outcomes
   • Working with the third sector to make organisations better able to compete for and win contracts
   • Developing social-to-social business
   • Encouraging collaboration with the private sector

2. Investing more intelligently
   • Direct investment in an enterprising third sector
   • Measuring social return
   • Collaboration between funders and development of new funds
   • Finance training for the third sector

3. Promoting social entrepreneurship
   • Providing funding to support social entrepreneurs
   • Promoting social entrepreneurship in schools and colleges

4. Investing in skills, learning and leadership across the third sector
   • Funding for skills
   • Developing the learning infrastructure
   • Improving governance

5. Providing support for business growth
   • Creating an effective supply of business development support
   • Mentoring for an enterprising third sector

6. Raising the profile of enterprise in the third sector
   • Supporting third sector infrastructure
   • Awards
   • International exchange and learning

7. Developing the evidence base
   • Demonstrating the value of the third sector
   • Increasing our knowledge of the third sector in Scotland

A progress report on actions to the end of 2009 has been compiled and is available on-line (Scottish Government, 2010).

(Source: Scottish Government, 2008:5)
Figure A3.4 – Government of Wales Act 2006 (section 74)

Voluntary sector scheme

(1) The Welsh Ministers must make a scheme (“the voluntary sector scheme”) setting out how they propose, in the exercise of their functions, to promote the interests of relevant voluntary organisations.

(2) In this section “relevant voluntary organisations” means bodies (other than local authorities or other public bodies) whose activities—

(a) are carried on otherwise than for profit, and

(b) directly or indirectly benefit the whole or any part of Wales (whether or not they also benefit any other area).

(3) In determining the provision to be included in the voluntary sector scheme, the Welsh Ministers must consider how they intend to exercise such of their functions as relate to matters affecting, or of concern to, relevant voluntary organisations.

(4) The voluntary sector scheme must specify—

(a) how the Welsh Ministers propose to provide assistance to relevant voluntary organisations (whether by grants, loans, guarantees or any other means),

(b) how the Welsh Ministers propose to monitor the use made of any assistance provided by them to relevant voluntary organisations, and

(c) how the Welsh Ministers propose to consult relevant voluntary organisations about the exercise of such of their functions as relate to matters affecting, or of concern to, such organisations.

(5) The Welsh Ministers—

(a) must keep the voluntary sector scheme under review, and

(b) may from time to time remake or revise it.

(6) Before making, remaking or revising the voluntary sector scheme, the Welsh Ministers must consult such relevant voluntary organisations as they consider appropriate.

(7) The Welsh Ministers must publish the voluntary sector scheme when they make it and whenever they remake it; and, if they revise the scheme without remaking it, they must publish either the revisions or the scheme as revised (as they consider appropriate).

(8) If the Welsh Ministers publish a scheme or revisions under subsection (7) they must lay a copy of the scheme or revisions before the Assembly.

(9) After each financial year the Welsh Ministers must—

(a) publish a report of how the proposals set out in the voluntary sector scheme were implemented in that financial year, and

(b) lay a copy of the report before the Assembly.

Source: http://www.legislation.gov.uk/ukpga/2006/32/section/74
Figure A3.5 – The Welsh Voluntary Sector Scheme

The VSS does not look like other compacts, although it shares some features such as enunciations of principles underpinning the government-sector relationship and shared values. Reflecting its statutory basis, the Scheme is much more detailed and, in places, prescriptive. The document runs to 22 pages set out in six chapters that address the following:

- Chapter 1 is an Introduction that sets out the statutory basis of the Scheme.
- Chapter 2 sets out the general principles of Assembly–voluntary sector relations, including statements about shared values and a Code of Practice for funding the Voluntary Sector.
- Chapter 3 addresses the principal mechanisms governing how the Assembly proposes to work in partnership with the voluntary sector, including:
  - a functional definition of ‘partnership’,
  - formal arrangements to promote dialogue and co-operation (for example, each Assembly Minister is required to ‘meet with representatives of the relevant networks of voluntary organisations covering their areas of responsibility at least twice in any one calendar year’, with at least one such meeting to be ‘be tied in with the Assembly Government’s Budget Planning Round’),
  - the form, composition and terms of reference for a Voluntary Sector Partnership Council.\(^1\)
  - expectations in relation to information and understanding, including the collection and production of information and the identification of opportunities for joint training, holding joint events, and opportunities for secondment, and
  - proofing policies by taking into consideration ‘the implications for the voluntary sector of new policies, or changes in policy’ and seeking ‘as far as possible to avoid or to ameliorate any undesirable impact on the voluntary sector and to identify and encourage opportunities for voluntary sector organisations’.
- Chapter 4 sets out the government’s commitments in relation to consultation with the voluntary sector and the manner in which consultation might occur.
- Chapter 5 enunciates the Assembly’s policy on volunteering, and
- Chapter 6 describes how the Assembly will promote community development with an emphasis on tackling disadvantage and deep-rooted social exclusion, by ‘cutting across traditional functional boundaries where necessary’.

(National Assembly for Wales, 2000)

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\(^1\) The Voluntary Sector Partnership Council, established in 2000, was recast in 2007 as the Third Sector Partnership Council. The Council is chaired by the Minister for Local Government and Communities (as the Welsh Minister Responsible) and includes twenty-five representatives, appointed from the third sector, representing distinct strategic areas of interest. The Council exists to facilitate consultation with relevant third sector organisations and public sector bodies on the implementation, operation and review of the VSS; and to consider, and make recommendation, on issues that ‘relate to the functions and responsibilities of the Welsh Government that affect, or are of concern to, the Third Sector’ (source: Welsh Government, 2011).
Figure A3.6 – Northern Ireland Concordat, Commitment Programme

- To formally present to the NI Executive and Assembly a yearly report from the Joint Forum through the DSD Minister on issues impacting on the Voluntary and Community Sector.
- To review the Terms of Reference and Membership of the Joint Forum, which includes the Voluntary and Community Sector Panel and the Inter-Departmental Group, to reflect this new agreement and emerging public sector structures and responsibilities.
- To engage with senior representatives from the NI public service on a six monthly basis to review key policy issues arising from implementation of the Concordat commitments following submissions received from Joint Forum.
- To agree and develop best practice guides which impact upon the relationship, for dissemination across Government and the Voluntary and Community Sector.
- To explore the use of alternative funding structures between Government and the Voluntary and Community Sector including, for example, the use of grant-in-aid, memoranda of understanding and service level agreements.
- To work together to implement an outcome-focussed approach to funding.
- To work together to remove duplication of services, systems or overheads where this exists
- To maximise opportunities for Voluntary and Community Sector participation in procurement processes
- To develop proposals for embedding Full Cost Recovery within contractual arrangements between public sector and voluntary and community sector organisations.
- To provide opportunities for the Voluntary and Community Sector to influence and examine the impact of government policy.
- To investigate the potential for community asset management and ownership in NI.
- To explore and develop processes whereby Concordat non-compliance can be addressed.

(Source: Department for Social Development, 2011:8-9)
Appendix 4 – Productivity Commission report 2010
Figure A4.1 – Productivity Commission Report on the Contribution of the Not-for-Profit Sector

In March 2009, Assistant Treasurer, Chris Bowen, requested the Productivity Commission to ‘undertake a research study on the contributions of the not for profit sector with a focus on improving the measurement of its contributions and on removing obstacles to maximising its contributions to society’. In framing this request, the Minister observed that:

The Government is committed to finding the best solutions to problems of social exclusion by ensuring the not for profit, private and government sectors work together effectively, and by using evidence-based programs and policies. In this context, measurement of the contributions of community organisations, and identification of ways to enhance those contributions, are important.

Further, the Government acknowledges the changing relationships between government, business and community organisations and wants to explore their impacts and future opportunities for optimising such relationships to further the well-being of society.

The terms of reference for the study were as follows:

• assess measures of the sector’s contribution to Australian society and how these can be used to improve government policy and programs and to optimise the sector’s contributions

• identify unnecessary impediments to the efficient and effective operation of NFPs and measures to improve their productivity

• consider ways in which the delivery and outcomes of government–funded services by NFPs could be improved

• examine recent changes in the relationships between government, business and community organisations and whether there is scope to enhance these relationships so as to improve outcomes delivered by the sector

• examine the impact of the taxation system on the ability of NFPs to raise funds and the extent to which the tax treatment of the sector affects competitive neutrality (Productivity Commission, 2010:iv-v).

During 2009 the Commission conducted 155 informal discussions with organisations and government departments, convened 10 round tables with various groups and received 319 written submissions (Productivity Commission, 2010:389). Meetings were held in capital cities and included one meeting in New Zealand.

In 2010 the Commission published its final report containing a number of key findings and proposed recommendations. The report canvassed three broad areas: the sector’s contribution to the community; factors affecting the efficiency and effectiveness of the sector; and government funding and related service delivery arrangements with the sector (Productivity Commission, 2010:8).

The report also acknowledged that the development of a national compact had been underway since 2008. While noting the tendency of similar instruments in state and territory jurisdictions to focus on not-for-profits involved in the delivery of government-funded services, the report confirmed the federal government’s intention for the national compact to be inclusive of the whole of the sector (Productivity Commission, 2010:375).

The report found ‘a need for wide-ranging reforms and a reduction in compliance costs faced by the not-for-profit sector’. The Commission also proposed a ‘one-stop shop’ for Commonwealth-based regulation in order to ‘consolidate regulatory oversight, and enhance public transparency’ (Productivity Commission, 2010). This recommendation provided the basis for the establishment of the ACNC.
Appendix 5 – State and territory policy vignettes
Cross-sector Policy Frameworks in Australian States and Territories

Each of the following vignettes – with the exception of Vignette A5.82 – draws upon a review of available primary documents and secondary literature, together with the content of interviews with elite policy actors in each jurisdiction between late 2010 and late 2011.

Each sets out a brief narrative account of the nature of the framework proposed for each state and territory and sets that account against the backdrop of the recent political history and the framing of problems the frameworks were intended to address in each jurisdiction. The observations of key policy actors interviewed for this study are woven throughout to give the reader a sense of the people working and making decisions in these policy spaces.

These narrative accounts serve to contextualise the ‘policy conversation’ around partnership frameworks in a way that helps the reader to understand how the conversation differs from one jurisdiction to another and how it has changed over time.

2 Because attempts in the Northern Territory to develop a policy framework document had been aborted prior to the commencement of this research and because attempts to elicit information from government and NFP sector officials were unsuccessful, it was decided not to undertake fieldwork in the capital city, Darwin. Nevertheless, the meagre documentary record is sufficient to allow us to draw some rudimentary observations about the course of events in that jurisdiction.
The Australian Capital Territory (ACT) has a population of approximately 367,000, the majority of which live in Canberra, the national capital. Self-government was granted to the ACT in 1988 and the ACT’s Legislative Assembly exercises the normal functions of a state legislature as well as local government functions. The Assembly’s 17 members are elected using a Hare Clark proportional representative electoral system and from the time of its first election in 1989 minority governments have been the norm in the ACT, apart from 2004-08 when Labor (which previously headed a minority government elected in 2001) formed the territory’s first majority government. Following elections in 2008 and 2012 Labor has governed in coalition with the ACT Greens.

The ACT has been described as a ‘social laboratory’ – often in association with Labor governments (Fischer, 1984). The ACT that led the way with Australia’s first compact in 2001 (ACT, 2001) – just months before the launch of the Canadian Accord. This was not a Labor initiative, however. Rather, the first ACT compact commenced under a minority Liberal government led by Chief Minister Gary Humphries (2000-01).

In 2000 Humphries succeeded the previous Chief Minister Kate Carnell (1995-2000) following the latter’s resignation in the face of a threatened ‘no-confidence motion’ after a series of high profile public scandals (Singleton, 2001). That the Liberal government chose to pursue a compact was possibly motivated by a desire to ease long-standing tensions with the community sector ahead of the 2001 election (personal communication, 1 April 2011).

The 2001 compact continued to guide government policy after the election of a Labor minority government in 2001. It was re-published in a revised edition in 2003 and was eventually replaced in 2004 with a re-branded and re-branded version of the previous government’s compact. The new Social Compact (ACT, 2004) contained few material changes to the core provisions of the original. This is perhaps unsurprising given that in framing its pre-election Budget, the previous Liberal government, emphasised social spending in an attempt to outflank the centre-left Labor Party (Singleton, 2001:587-88).

The impetus for the original compacts (Liberal and Labor) came from the Chief Minister’s Department (CMD). Both the Social Compact and an associated community sector funding policy were ‘co-designed’ by the public sector officials and government’s community sector partners (personal communication, 6 April 2011, 31 April 2011). However, a Functional Expenditure Review undertaken in 2006 saw the policy lead transfer to the Department of Disability, Housing and Community Services (DDHCS) which, by virtue of its share of contract and grants funding, was seen to have greater ‘direct ownership of contracting policy’ (personal communication, 31 April 2011).

Initially the Social Compact stimulated interest in the NFP policy space and was seen to make a difference (personal communication, 31 April 2011). Although the sector acknowledged the Social Compact’s ‘good intentions’, it also expressed concern about a range of perceived problems with its operation (ACTCOSS, 2008). Personnel changes, administrative re-organisations, and emerging processes also took a toll and the influence and visibility of the Social Compact waned (personal communication, 31 April 2011).

In 2011 a Joint Community-Government Reference Group (established in 2004 to oversight the Social Compact and the community sector funding policy) undertook a review of the Social Compact. One official observed that as a small jurisdiction in which ministers and senior executives are quite accessible, ‘we’re well-placed to get it right and to connect and communicate effectively with our community partners’ (personal communication, 6 April 2011).

A refreshed Social Compact was launched in June 2012 (ACT, 2012). The Social Compact is intended to complement the Canberra Plan, the Canberra Social Plan and policy governing community engagement. Officials acknowledge the on-going challenge of maintaining the relevance of policy frameworks, particularly as the principles and behaviours they engender become woven into practice (personal communication, 6 April 2011). One official looks forward to the day when policy frameworks mandating respect, equity and acceptance of diversity are regarded as anachronistic because these attitudes and behaviours have become ingrained (personal communication, 31 April 2011).
Vignette A5.2 – South Australia: Stronger Together, or the weakest link?

South Australia’s (SA) key relationship framework document, Stronger Together (2009) forms one part of a suite of policy documents and institutional arrangements that, in the words of a key policy actor from the NFP sector: ‘probably don’t hang together as neatly and as easily as we would necessarily like them to’ (personal communication, 6 July 2011a). Although portrayed in some quarters as an example of a well-functioning framework agreement (Baulderstone, 2006), the South Australian example is also offered as a cautionary tale of a framework agreement hampered by weak institutional arrangements and a low level of executive commitment (ACOSS, 2008).

Stronger Together and its predecessor document, Common Ground (South Australia, 2004), were initiatives of the former SA Departments of Families and Communities, and Health. Although the NFP sector participated in drafting both agreements, the sector harboured ‘a level of cynicism about the capacity of the agreement to change the nature of the relationship in a really fundamental way’ (personal communication, 6 July 2011a). Interviews with elite policy actors in the NFP sector, line agencies of government and central agencies reveal important ‘disconnects’ in the way the parties think about the effectiveness of the framework document and the overall health of the relationship between government and the sector.

There is a view, widely shared in the sector, that framework documents such as Stronger Together serve symbolic as opposed to practical purposes: ‘over the years government has wanted some instruments that can be paraded in a public context’ (personal communication, 6 July 2011a). One key NFP policy actor admitted being ‘very sceptical and cynical about any real intention on the part of the government to behave in manner that would be consistent with the Stronger Together agreement’ (personal communication, 6 July 2011a). Barriers in gaining access to the responsible minister coupled with a bureaucracy with little latitude to negotiate the parameters of public policy, serves to diminish Stronger Together as a mechanism for promoting robust policy discussion (personal communication, 6 July 2011a).

Conversely, officials in the SA government line agency primarily responsible for the administration of the agreement consider that, on the whole, peak organisations are ‘very happy’ with Stronger Together: ‘there’s a great sense of ownership around it … it gets referred to regularly within the Peaks Forum as a guide … it holds a certain amount of power’ (personal communication, 7 July 2011). One official suggested that there was a ‘healthy tension’ in the cross-sector relationship, pointing out that attempts by public sector agencies to partner effectively with peak organisations are sometimes made difficult by matters beyond their direct control (such as resourcing) while peak organisations sometimes ‘respectfully decline’ to work with line agencies ‘because they’re mad with the government’ (personal communication, 7 July 2011).

The relationship between government and the sector in South Australia has been observed to vary ‘from sub-sector to sub-sector, and from personality to personality’ (personal communication, 6 July 2011a) and was described by one senior central agency official as ‘patchy’. The same official conceded that ‘some agencies and individuals within agencies are doing very well and in other circumstances that’s not the case’, adding: ‘It would be unfair to say there’s a poor relationship across the board – it would wrong to say that – nor could you say there are no issues at all’ (personal communication, 21 July 2011). It is noteworthy that strong cross-sector relationships appear to exist in policy domains not covered by Stronger Together, such as the arts (personal communication, 6 July 2011b).

South Australian central agencies exercise no oversight of cross-sector relationship frameworks an executive government leadership is demonstrably lacking. Although line agency officials suggested that some level of central agency coordination might be welcome, the suggestion was dismissed by one central agency official who observed, ‘those days are gone’ (personal communication, 21 July 2011).

There was broad agreement amongst the policy actors interviewed for this study that in smaller jurisdictions, such as South Australia, relationships between individuals often exerts greater influence on the shape of the cross-sector discourse than official processes or institutional frameworks – both within and across domain boundaries, and between sector representatives and particular officials and/or ministers. This observation is echoed in other ‘small’ jurisdictions such as the Australian Capital Territory and Tasmania.
Reform to ‘rationalise’ the public sector reached its apotheosis in Victoria under the Liberal-National Coalition government led by Premier Jeff Kennett (1992-99) who ‘eagerly embraced the neoliberal agenda of the economic policy think-tanks’ (Economou, 2006:370). In 1992 the Coalition defeated a third term Labor government mired in political crises. Asset sales, spending cuts, administrative consolidation and outsourcing formed the core of the new government’s strategy, leading to Victoria being dubbed ‘the contract state’ (Alford and O’Neill, 1994). In the process the Victorian NFP sector, which has a long history of community engagement, was marginalised as a policy partner (personal communication, 15 April 2011, 18 April 2011, Webster and Atkins, 2011). The effect was a sector that was less collegial, faced greater uncertainty, and reported higher transaction costs and overheads flowing from the new contracting regime (personal communication, 18 April 2011). Even so, contracting did leverage ‘service change’ and ‘fresh thinking’ (personal communication, 18 April 2011).

The 1999 state election saw the Labor Party form a minority government. Premier Steve Bracks described his government as ‘financially conservative and socially progressive’ (Costar and Hayward, 2005:111). Labor made substantial investments in health, education and regional development and ‘did much to restore civility to public life after the divisiveness and sheer self-indulgence of Kennett’s reign’ (Dyrenfurth and Bongiorno, 2011). The Bracks government emphasised ‘inclusivity’ (Hayward, 2006) and advocated a ‘partnership approach’ to human services delivery (PAEC, 2002) and went on to win elections with working majorities in 2002 and 2006. A 2002 report found several problems associated with the complexity of service agreements for community, welfare and health services and pointed to work then occurring in overseas and Australian jurisdictions around the issue of formal partnership frameworks (PAEC, 2002).

The Victorian community sector first advocated a compact as early as 2000 and most recently in 2006 (VC OSS). Calls for a compact gained little traction, however the Premier’s department offered strong support for achieving a better alignment between the Department of Human Services (DHS) processes and the way community organisations work (personal communication, 18 April 2011). This led in 2002 to a Partnership Agreement between DHS, the Victorian Council of Social Service (VCOSS) and the Victorian Health Care Association. The Partnership Agreement has been renewed periodically. Now in the form of a Memorandum of Understanding (MoU), the framework celebrates a strong, positive relationship based on trust, respect and collaboration and understanding (DHS, 2009). However, its primary focus is streamlining funding arrangements and improving consistency (personal communication, 15 April 2011). Although parts of the sector have ‘grumbled’ from time to time, positive results have generated broad confidence in the DHS’s – and the government’s – commitment to the process (personal communication, 15 April 2011).

A compact is no longer a priority for the Victorian NFP sector whose interests run more to practical matters such as pricing, funding and contracting arrangements, red tape reduction, data collection and workforce issues (personal communication, 15 April 2011). Reviews of NFP regulation (Victoria, 2007a) and performance (Victoria, 2007b) contributed to the establishment in 2008 of an Office for the Community Sector (OCS) within the Department of Planning and Community Development. The OCS works with agencies and the sector to reduce compliance burdens, cut red tape, and strengthen sector capacity (personal communication, 18 April 2011). It has no role with respect to partnership agreements. The Bracks government also instituted a fixed price index mechanism that has worked ‘remarkably well’ over the last decade (personal communication, 18 April 2011).

The ‘Victorian model’ of sector-specific frameworks begun under Labor has continued under the Liberal/National Coalition government (personal communication, 18 April 2011): a trend confirmed in 2010 with a separate Partnership Agreement in the early childhood development domain (Victoria, 2010). The current government, elected with a slim majority in 2010, has sought to distance itself from the Kennett legacy (personal communication, 15 April 2011). The ‘Black Saturday’ bushfires of 2009 and the floods of 2011 highlighted the constraints under which community services operate and the government is keen reduce administrative burdens and ‘do everything they can to make it easier for those organisations to deliver’ (personal communication, 18 April 2011).
The relationship between government and the NFP sector in Western Australia (WA) has been evolving over a long time. In 2004 the state Labor government initiated an Industry Plan for the non-government human services sector with three broad objectives: improving the relationship between government and the sector; ensuring the viability and sustainability of non-government human services; and building sector capacity (Western Australia, 2004). The plan was complemented by: a policy statement on funding and purchasing community services (Department of Premier and Cabinet, 2002); and an indexation policy for non-government human services (Department of Premier and Cabinet, 2004). Both measures were strongly influenced by an earlier WA Auditor-General report that found significant shortcomings with the contracting regime used to procure services from NFP service providers (Auditor-General, 2000).

Once considered a possible precursor to a compact, the Industry Plan faltered owing to a lack of central agency leadership (personal communication, 5 July 2011), inconsistent implementation (personal communication, 5 July 2011) and a failure to enforce the application of policy guidance by line agencies (personal communication, 4 July 2011, 5 July 2011). Said one central agency official: ‘There had been great policies launched in the past but then implementation had failed. Line agencies had gone back to “bad behaviours”. We’ve had standard templates and approaches but everyone had butchered them along the way’ (personal communication, 5 July 2011).

In 2008 the newly elected Liberal-National government established the Economic Audit Committee (EAC) to conduct a wide-ranging audit of the efficiency and effectiveness of state government functions, including how government partners with the NFP sector to deliver community services (EAC, 2009). Wishing to respond to the opportunities presented by an economic boom created by the state’s mining industry, the new government initiated a change agenda built around a narrative of delivering better outcomes for Western Australians (personal communication, 5 July 2011). This provided a ‘platform for engagement’ between government and the sector (personal communication, 4 July 2011). A Partnership Forum comprised of public and NFP sector leaders, chaired by the former Secretary of the Prime Minister’s Department, Dr Peter Shergold, was established in mid-2010 to address issues relating to: social innovation; the resolution of long-standing problems with contracting; and historic failures to fund the full cost of services delivered by the NFP sector (personal communication, 5 July 2011).

The Delivering Community Services in Partnership Policy, launched in July 2011, is the centrepiece of a suite of administrative and financial measures aimed at re-building government’s relationship with the sector and placing the sector on a more sustainable footing (Western Australia, 2011). Although it is not a bilateral agreement, the Policy was extensively co-produced by government officials and sector leaders. As one close observer remarked: ‘WACOSS has been almost joined at the hip with [the Department of] Premier and Cabinet throughout this process and I think that has raised some concerns actually, as regards its potential to been seen as supping with the devil’ (personal communication, 5 July 2011).

There is a broad consensus amongst sector representatives and public sector officials that Shergold played a critical role by building trust and understanding amongst the participants in the process. Even more important has been the ‘hands-on’ role played by Premier Barnett, which has given added impetus and authority to the change agenda: ‘To have a First Minister that is driving this across government is quite important ... eighteen months in and he’s still engaged in [the] process’ (personal communication, 5 July 2011).

In its 2011/12 Budget the state government committed $604 million over four years to help redress the gap between the level of funding provided in state contracts and the actual cost of service delivery and an additional $400 million for new services. One senior official suggested that there was genuine surprise in some quarters at the size of the spend: ‘Only through actions can you demonstrate genuine listening and partnership’ (personal communication, 5 July 2011). An on-going challenge will be to sustain the momentum of change and the capacity of the sector to remain engaged in the policy and implementation process (personal communication, 4 July 2011).
Vignette A5.5 – Tasmania: the long conversation

The 2012 Tasmanian Partnership Agreement between the Department of Health and Human Services (DHHS), the Department of Premier and Cabinet (DPaC) and the community sector represented the culmination of an on-again/off-again conversation about a formal relationship framework begun in 1996 (personal communication, 3 October 2011b, Tasmanian Government, 2012). According to one official, the fact that the cross-sector relationship is mediated by a line agency is ‘entirely problematic because it reduces the sector relationship essentially to a service delivery role,’ thereby reinforcing the emphasis on contracting and procurement (personal communication, 4 October 2011b).

The extent of outsourced service provision in Tasmania has increased over time. With a population of 512,000 and a total land area of 68,401 square kilometres, Tasmania exhibits strong formal and informal connections both within the NFP sector and between the sector and government. The community sector is closely-knit and there is a ‘strong relationship’ between the sector and government, based on ‘a process of strong consultation in the way [government] forms its policies and the way it does its business’ (personal communication, 3 October 2011a). Tasmania’s small size also serves to accentuate differences in the size and market-share of NFP service providers, ranging from those with a part-time executive officer supported by volunteers through to large employing organisations – a prime example being Anglicare, which delivers services ‘across absolutely every conceivable part of the community sector’ (personal communication, 3 October 2011a).

Personal relationships between state and non-state policy actors are also important: ‘We hold a lot of store in the development of personal relationships’, says one sector informant (personal communication, 3 October 2011a). ‘Everybody does know everybody’, said a senior official (personal communication, 3 October 2011b). A downside is that cross-sector relationships are so often ‘person dependent’: ‘a champion or a leader … moves on and then things go splat’ (personal communication, 4 October 2011a). Tasmanian ministers are highly accessible to the sector, and the Hare Clark electoral system make political compromise virtually unavoidable (the Labor Party governs in Tasmania with the support of the Tasmanian Greens, two of whom are ministers in the government).

Partnership is an important theme in the state’s political ecology: over recent years the Tasmanian government has entered into a number of partnership agreements with local councils and institutions such as the University of Tasmania. Social inclusion, social enterprise and place-based approaches have figured strongly as organising perspectives in Tasmanian social policy (personal communication, 4 October 2011b). It can also be said that Tasmanian approaches reflect to some degree a diffusion of policy and praxis from the mainland, most noticeably from Victoria (personal communication, 3 October 2011b, 4 October 2011b, a).

At one time promoted within government as an indicator of success in forging effective cross-sector relationships (OCS, 2009), by 2009 cross-sector discussions ‘ran out of steam’ (personal communication, 3 October 2011b) – largely owing to personnel and structural changes in the DHHS (personal communication, 3 October 2011a, 4 October 2011b). In 2010, Peter Shergold was enlisted to help re-start the conversation around a framework agreement (personal communication, 3 October 2011b). Although initiated by the government, one official observed, ‘I don’t think the sector needed to be dragged kicking and screaming’ (personal communication, 4 October 2011b). The agreement ‘very quickly became a joint enterprise’ and, despite ‘the normal suspicions that you would expect from the sector’, key policy actors have reported high levels of good-will (personal communication, 4 October 2011b).

A sector leader commented that ‘there is a lot of hope resting on a partnership agreement’ despite lingering cynicism within the sector (personal communication, 4 October 2011a). The sector appears to accept the practical necessity for the policy lead to reside with the DHHS, nevertheless it is hoped that avenues will be found to eventually extend the footprint of the agreement to policy domains beyond traditional community services (personal communication, 4 October 2011a). In the meantime, practical issues of workforce recruitment, retention and replacement are of primary concern (personal communication, 3 October 2011b).
Vignette A5.6 – New South Wales: a long road to nowhere in particular

In New South Wales (NSW) the conversation leading to a formal policy framework around the government-sector relationship commenced the mid-1990s (personal communication, 13 September 2011). As Australia’s largest state, government agencies’ operational and financial exposure to the NFP sector is enormous and has grown steadily as third party contracting grew in importance as a staple service delivery strategy.

The desire for a formalised relationship was driven by policies favouring greater competition in the procurement of public services (personal communication, 17 November 2010) (personal communication, 13 September 2011). A difficult relationship between the sector and a state Coalition government (1988-95) was succeeded by an equally problematic relationship with a national Coalition government (1996-2007). The idea of a compact was largely ‘sector driven’, and a former Director of the New South Wales Council of Social Service (NCOSS), Gary Moore, played an early leading role (personal communication, 17 November 2010, 18 November 2010b). Alarmed at the ‘unfettered market change’ that defined the mid-late 1990s, the sector (and Moore in particular) looked to the proposed English Compact for inspiration (personal communication, 13 September 2011).

A window of opportunity for change opened in NSW with the election of a Labor government in 1995. The new Labor Premier, Bob Carr, was receptive to the sector’s proposal for a formal relationship framework, although there is a lingering view in the sector that Carr was less interested in fundamental change than he was in political branding in the lead-up to the 1999 state election (personal communication, 13 September 2011, 17 November 2010, Casey et al., 2008a, Edgar and Lockie, 2010). Negotiations on a compact commenced in 2001 and were conducted on behalf of the sector by the Forum of Non-Government Agencies (FONGA) – a coalition of peak and service provider organisations – and on behalf of government by the NSW Premier’s Department.

It is noteworthy that the compact was being actively developed during a turbulent period of significant change in the modus operandi of the public and NFP sectors (personal communication, 17 November 2010). To some extent, the parties looked to the compact to resolve problems it was not designed to address: for example, the bureaucracy looked to the compact to drive rationalisation within the sector, while the sector looked to the compact to resolve competitive pressures and tensions amongst provider organisations (personal communication, 17 November 2010). The compact was sometimes used in an adversarial way to confront and criticise government. One official remarked that parts of the sector see government agencies ‘as the big bag of money in the room’ while failing to reflect on their own obligations under the compact (personal communication, 18 November 2010a).

Working Together for New South Wales was launched in 2006 by Premier Carr just months before he resigned from politics. Working Together came to be regarded by the sector as narrowly instrumental and overly focussed on funding agreements (personal communication, 17 November 2010). Although originally intended to apply across government, the bureaucracy concluded this was not feasible owing to cultural, operational and institutional differences between human services sub-sectors (personal communication, 18 November 2010b). Weak institutional design, machinery-of-government changes, turn-over of personnel, inconsistent representation and the loss of corporate memory all helped to undermine the legitimacy and relevance of the compact (personal communication, 17 November 2010).

Although there is no clear consensus on this point, it is possible that successive leadership changes in NSW contributed to the progressive marginalisation of Working Together. The long gestation of the compact (1999-2006), coupled with personnel changes, also contributed to a loss of interest once it became policy (personal communication, 13 September 2011). With Carr’s departure, suggested one observer, ‘you almost immediately saw the Compact being put in the bottom drawer’ (personal communication, 17 November 2010). Working Together was virtually a ‘dead letter’ by the time of the Coalition victory at the 2011 state general election. The state government has not revisited the idea of a formal relationship framework although called upon to do so by the sector (NCOSS, 2011). Government continues to liaise with the sector on new policy initiatives such as ‘social benefit bonds’ (The Treasury (NSW), 2012) and FONGA for its part elected in 2011 to emulate its Queensland Counterpart by largely appropriating the Community Services Charter developed by the Futures Forum (FONGA, 2011).
In Queensland, a decade of state Labor government went by without any significant moves by either government or the NFP sector towards a formal relationship framework. An early ‘top-down’ policy overture in this direction, Engaging Queensland (DPC, 2003), focussed primarily on supporting volunteering as opposed to engaging the non-government sector in issues of policy or funding generally.

In August 2007 the Futures Forum, a coalition of peak and service provider organisations, launched a Queensland Community Services Sector Charter, the purpose of which was to ‘to define and communicate to other sectors of society (Government, business and community) what the community services sector is, and to raise awareness of its vital role and invaluable contribution to society’ (Futures Forum, 2007). The Futures Forum was a response both to tensions in the government-sector relationship and those inherent in a diverse and fragmented sector (personal communication, 20 December 2010a).

In September 2007, the charismatic and populist Premier, Peter Beattie, retired in favour of his deputy, Anna Bligh. The Charter and leadership change coincided with a report by the Queensland Auditor General that found an excessive focus on compliance in state agencies’ management of funding to non-government organisations (QAO, 2007) and an internal review of the Department of Communities (DoC). The latter resulted in the publication of the Framework for Investment in Human Services (Queensland, 2007) – ‘the absolute precursor to the Queensland Compact’ (personal communication, 22 November 2010).

These events provided the impetus for action on government-NFP sector relations. Through the Framework five major human services agencies, together with the Treasury, sought to establish clear and agreed funding processes. Said one official, this was about ‘government getting its house in order’ (personal communication, 22 November 2010). The Charter added weight to efforts to address observed problems with the relationship, and the Futures Forum became the key interlocutor with government. A Joint Working Group was formed to oversee consultations about a compact and an associated ‘action plan’ – the rationale being that a compact without an action plan is ‘happy words and not a whole lot else’ (personal communication, 22 November 2010).

The 2008 Queensland Compact became a touchstone for the National Compact. A Compact Governance Committee (CGC) was created (with a membership drawn from government and the sector) to which the Premier, whose personal political support was critical (personal communication, 20 December 2010a, b, 22 November 2010), appointed an ‘Independent Chair’. The CGC provided a ‘safe and reliable forum for discussion’ in which ‘hard conversations’ could occur and consensus reached about reform priorities (personal communication, 20 December 2010b).

Although extolled in some quarters as ‘best practice’ (personal communication, 20 December 2010b), scepticism persisted amongst service providers who believed the compact constrained their capacity to maximise their position. The dominant view, however, was one of cautious optimism: ‘We knew, as it progressed, it was going to be a less than perfect vehicle but we felt, hey, it’s going to be better than anything we’ve got, and there’s no basis for these conversations at the moment, so why don’t we have a go?’ (personal communication, 20 December 2010a).

The CGC saw its role as moving a range of issues from being ‘intractable’ to ‘just plain hard’ (personal communication, 20 December 2010b). The action plan developed to further the compact focused on concrete measures, process reforms and culture change. The CGC, with secretariat support from DoC, gave the action plan a strong regional focus and reported annually against achievements.

A landslide defeat of the incumbent Labor government in the 2012 general election threw the compact into abeyance. The new government chose not to release an independent review of the compact, the CGC was suspended and its independent chair was not re-appointed. The new Liberal National Party government has focused on expenditure reductions and has re-imposed ‘gag clauses’ in service procurement contracts. The sector has responded cautiously to the seismic changes in the political landscape, seeking clarity and preserving lines of communication with the government. It now appears that the LNP government is considering a new compact to replace the original (Futures Forum, 2012).
The Northern Territory (NT) does not, at present, have a formal policy framework for cross-sector cooperation. In 2005, the former Labor government led by Chief Minister Clare Martin (2001-07) engaged the firm RPR Consulting to assist with the development of a partnership framework between the NT government and the community sector. The consultant’s final report, *New Foundations*, recommended the adoption of a *Common Cause Charter* as a framework for future relationships between the government and community sectors. It also recommended the formation of a joint taskforce to steer the implementation of the proposed charter as well as the creation of a number of ‘peak councils’ (DCM, 2004?). By 2008, however, and despite initial good intentions, the taskforce had ceased to operate, leading to cynicism within the community sector (Casey *et al.*, 2008b:17, NTCOSS, 2008).

Leadership change was a possible factor in the apparent abandonment of the process for developing a formal framework document in the NT. Then Chief Minister Clare Martin (2001-07) was both the first female and the first Labor first minister in the NT. Labor under Martin held a one-seat majority after the 2001 election and increased her majority in a landslide win at the 2005 election. The win might have provided added impetus for Martin’s push for a new settlement with the sector.

In June 2007 the federal government led by John Howard, relying upon constitutional powers to override NT government jurisdiction in Aboriginal communities, announced the Northern Territory Emergency Response (NTER) in response to the alarming prevalence of child sexual abuse in Aboriginal communities. The NT government’s cooperation in the federal government’s NTER was highly contentious. This was a show of political resolve on the part of the federal government in an election year. Although there was strident criticism of the NTER from a number of quarters, the federal government was on safe political ground: there was no political skin to be lost protecting Aboriginal children or in overriding a Labor government portrayed as failing to act in their behalf. Martin was surprised and seemingly unsettled by the move. The NT government was obliged to acquiesce and Martin’s and Labor’s credibility with the community sector was undermined.

Martin resigned suddenly in November 2007, citing the NTER as a factor (Martin was subsequently appointed as the Chair of the Australian Council of Social Service). At the 2008 NT election, Labor was returned with a one-seat majority under Martin’s successor, Paul Henderson. The defection of a Labor MLA to the Country Liberal Party in 2009 led to a minority Labor government dependent upon the support of one independent MLA. Labor lost the 2012 general election to the CLP, in part owing to a swing against it in Indigenous communities that comprise around 30% of the NT population of 233,000.

It is likely that the NTER helped to push *Common Cause* off the policy agenda – and keep it off. By 2011 there were signs of a possible re-opening of the policy window – possibly influenced by the example of the National Compact. The former Chief Minister affirmed that ‘building stronger relationships and creating opportunities to improve systems and support for non-government organisations’ and ‘reducing red tape’ would be a priority of his government (Henderson, 2011). In the area of child and family services, the NT Labor government called for: ‘The development of new partnerships with the non-government sector’ (NT Government, 2011?). In mid-2012 Labor initiated a ‘conversation’ with Territorians about a ‘social participation framework’ that would clarify the respective roles of ‘individuals, community groups, businesses, government agencies and non government organisations’ (Department of the Chief Minister, 2012). The current status of this initiative is unknown.

‘Hot button’ social issues such as child protection, compulsory income management, substance abuse, domestic violence and youth justice dominate in the Territory. These issues disproportionately affect Indigenous communities, and policy responses must therefore take into account vast distances, small populations and geographically dispersed communities with complex needs. Political ructions in the territory have also offered distractions, such as when Chief Minister Terry Mills was controversially replaced as leader after only seven months in office while on an overseas trip.

3 RPR Consulting was one of two consulting firms engaged by the ACT Government to assist in the development of the Territory’s first compact in 2001 (ACT, 2000).
Appendix 6 – Australian National Compact
Prime Minister’s Message
The National Compact promotes a better way of working between the Government and the not-for-profit sector. It recognises that there is a role for everyone to play in strengthening our nation and offers us the chance to forge meaningful and collaborative relationships based on greater trust, insight and unity. We must harness the talent of all our people and move forward together to address challenges facing Australian communities. There are over 600,000 not-for-profit organisations serving our community. I strongly encourage organisations who have not yet signed up to the National Compact to get behind this joint initiative to help give life to the National Compact’s principles and help it reach its enormous and valuable potential. Together we can achieve great things for our nation’s future.

The Hon Julia Gillard MP

Message from The Minister for Social Inclusion
The National Compact: working together is a framework for building a better relationship between the Australian Government and the not-for-profit sector. The Government recognises the invaluable role that not-for-profit organisations play in enriching Australian communities and is committed to building better relationships based on collaboration and respect. This partnership will ensure that we work together to sustain a strong, productive and innovative sector which is essential in supporting our society, particularly the most vulnerable and disadvantaged. I believe in the value and potential of the National Compact to provide a foundation for action to improve working relationships, strengthen sector viability, and develop and deliver better policy and programs. I am delighted to offer my support.

The Hon Mark Butler MP

Foreword
The Australian Government (the Government) believes a strong, vibrant, independent and innovative not-for-profit sector is essential to underpin a productive and inclusive Australia. Our social inclusion agenda also has at its core a commitment to create communities where all Australians can participate, learn, engage and have a voice. The National Compact: working together outlines how the Government and not-for-profit organisations will work together in new ways based on partnership and respect. It is the culmination of extensive consultation between the Government and the not-for-profit sector. The National Compact: working together recognises the vital contribution of the not-for-profit sector to Australian communities, especially in supporting the most vulnerable in our society. It is through not-for-profit organisations that governments and communities are able to work together to support and strengthen our democracy.

Not-for-profit organisations contribute to good public policy, enrich our culture, protect our environment and promote health and wellbeing as well as advocate on behalf of Australian communities including marginalised groups. The National Compact: working together reflects the commitment of all parties to find innovative and better ways of working together. This collaborative relationship will allow us to work on the challenges we face, build a stronger not-for-profit sector in Australia and through this, drive innovation, wellbeing and sustainability in our communities.

Context
The National Compact has been developed by the Australian Government in consultation with Australia’s not-for-profit sector – the broad range of not-for-profit organisations that exist to provide services, advance causes, share enthusiasm, preserve traditions or worship together. The National Compact is an agreement setting out how the Government and the not-for-profit sector want to work together to achieve their shared vision. The National Compact is a starting point for a stronger, more productive relationship. As the relationship matures over time, the not-for-profit sector and the Government may need to refine this document to reflect their new ways of working together.

Shared vision
The Australian Government and the not-for-profit sector will work together to improve social, cultural, civic, economic and environmental outcomes, building on the strengths of individuals and communities. This collaboration will contribute to improved community wellbeing and a more inclusive Australian society with better quality of life for all. Purpose and status The National Compact represents a commitment by the Australian Government and the not-for-profit sector to genuinely collaborate to achieve this shared vision. The National Compact’s shared principles provide a foundation for action to improve working relationships, strengthen not-for-profit sector viability and develop and deliver better policy and programs. National Compact signatories from the not-for-profit sector agree to work with all Australian Government agencies to achieve these goals.
Shared principles

The Australian Government and the not-for-profit sector will work together according to these principles to achieve their shared vision:

• We believe a strong, independent not-for-profit sector is vital for a fair, inclusive society.
• We acknowledge and value the immense contribution the not-for-profit sector and its volunteers make to Australian life. We aspire to a relationship between the Government and the not-for-profit sector based on mutual respect and trust.
• We agree that authentic consultation, constructive advocacy and genuine collaboration between the not-for-profit sector and the Government will lead to better policies, programs and services for our communities.
• We believe the great diversity within Australia’s not-for-profit sector is a significant strength, enabling it to understand and respond to the needs and aspirations of the nation’s varied communities, in collaboration with those communities.
• We commit to enduring engagement with marginalised and disadvantaged Australians, in particular, Aboriginal and Torres Strait Islander people and their communities.
• We recognise the value of our multicultural society and we will plan, design and deliver culturally responsive services.
• We share a desire to improve life in Australia through social, cultural, civic, economic and environmental activity. To achieve this we need to plan, learn and improve together, building on existing strengths and making thoughtful decisions using sound evidence.
• We share a drive to respond to the needs and aspirations of communities through effective, pragmatic use of available resources.
• We recognise concerted effort is needed to develop an innovative, appropriately resourced and sustainable not-for-profit sector.
• We acknowledge the need to develop measurable outcomes and invest in accountability mechanisms to demonstrate the effectiveness of our joint endeavours.

Aspirations for our relationship

We all will:

• understand and value the not-for-profit sector’s contribution;
• work together respectfully, based on mutual understanding;
• communicate openly with each other;
• support networks and mechanisms that strengthen our ability to work together; and
• develop new skills to work more effectively together.

Aspirations for engagement and consultation

We all will:

• develop and implement codes of engagement together;
• find ways for people who are vulnerable and excluded to have a direct, strong voice in policy and planning processes;
• protect the freedom of not-for-profit organisations to contribute to public debate without impacting on their funding or status; and
• work in real partnership with Aboriginal and Torres Strait Islander and multicultural community organisations.

Aspirations for achieving better results

We all will:

• improve our focus on achieving outcomes for individuals and communities;
• better coordinate policy, programs and services to improve these outcomes;
• share relevant information and data to help us all plan and evaluate our efforts;
• improve funding and procurement arrangements;
• reduce red tape and streamline reporting;
• implement consistent, simple financial arrangements across government;
• continue to improve management and efficiency of service and program delivery; and
• achieve more transparent, accountable decision making and program delivery.

Aspirations for a more sustainable not-for-profit sector

We all will:

• foster research and innovation;
• work together to strengthen the capacity of the not-for-profit sector;
• collaborate on workforce strategies to improve attraction, retention, development and recognition of paid workers and volunteers in the not-for-profit sector; and
• investigate and support opportunities for diverse funding sources and partnerships.

National Compact

Shared aspirations

The National Compact is a starting point towards a stronger, more productive relationship between the Australian Government and the not-for-profit sector. We will work together to achieve the following goals. We will know that we have achieved the National Compact’s purpose when we can see real evidence of these aspirations in all our interactions.
Priorities for action

Implementing the National Compact principles will require coordinated engagement across Government and collaboration with the not-for-profit sector to implement the eight priorities outlined below:

1. Document and promote the value and contribution of the not-for-profit sector.
2. Protect the not-for-profit sector’s right to advocacy irrespective of any funding relationship that might exist.
3. Recognise not-for-profit sector diversity in consultation processes and sector development initiatives.
4. Improve information sharing, including greater access to publicly-funded research and data.
5. Reduce red tape and streamline reporting.
6. Simplify and improve consistency of financial arrangements including across state and federal jurisdictions.
7. Act to improve paid and unpaid workforce issues.
8. Improve funding and procurement processes.
Appendix 7 – New Zealand NFP sector reform
Creation of the Community and Voluntary Sector portfolio (1999)

The Labour-led government established the Community and Voluntary Sector Portfolio early in its first term. Steve Maharey, a senior and influential member of New Zealand labour’s left and a committed ‘Blairite’, was the inaugural Minister. Several people have held the portfolio since: Tariana Turia (Labour 2002-04), Rick Barker (Labour 2004-05), Luamanuvao Laban (Labour 2005-07), Ruth Dyson (Labour 2007-08), Tariana Turia (Māori Party 2008-11) and Jo Goodhew (National Party 2011-present). Of those who have served in this portfolio, Maharey and Turia have had the greatest impact to date.

Office for the Community and Voluntary Sector (OCVS) (September 2003-2012)

The foundations for this initiative were laid by Steve Maharey and seen through by Tariana Turia. The purpose of the OCVS is ‘to strengthen the relationship between government and the community sector’. The OCVS provides ‘cross-sectoral policy development and advice’ and acts ‘as a contact point for community, voluntary and tangata whenua organisations at the national level’. The work program of the OCVS consists of five inter-related streams of activity:

• supporting work to build the capacity of the sector
• building knowledge of the community and voluntary sector through on-going research
• providing other government agencies with policy advice on overcoming policy barriers and addressing issues of concern to the community and voluntary sector
• actively supporting the development and promotion of good practice by government agencies when engaging with the sector
• encouraging participation and promoting volunteering in line with the Government Policy on Volunteering (source, OCVS, 2012).

Located initially within Ministry of Social Development (MSD), the OCVS functioned as a semi-autonomous agency in its early years, but over time came to be regarded more as a business unit within the MSD. Following a review by the State Services Commission, it was announced in November 2010 that the OCVS would operate from the Department of Internal Affairs (DIA) from February 2011. It was claimed the move would simplify access to government and enable community groups to ‘deal with one department not two, with a single work programme’ (Guy and Turia, 2010). During the 2011-12 financial year the OCVS ceased to exist as a separate office. Its functions of were integrated with the existing policy capacity of the DIA (for example, its policy functions are now part of the department’s Policy Group and its operational functions are now part of the Community Operations team).

Pathway to Partnership (2007)

In 2008 the Labour-led government committed to a four-year strategy, Pathway for Partnership, ‘aimed at strengthening community based family, child and youth focused services’ (Ministry of Social Development, 2008). Funds would be introduced progressively with an extra NZ$52 million available in 2008/09 building to NZ$192.8 million in 2011/12. The Minute of the Cabinet decision allocating funds to the strategy noted:

• that New Zealand’s high incidence of child abuse and neglect, family violence and criminal offending, and the need for expensive, remedial and statutory services, will not reduce unless there is a robust and well-funded NGO sector that can get quality services and early support to families, children and young people;
• that NGO services are increasingly struggling to provide quality services to families and children because most are funded at levels significantly below the cost of delivering the service, and their funding has been insufficient to address volume and/or cost increases; and
• that New Zealand has a large number of small NGO social services providers exacerbated by a previous market-based funding model which atomised the sector and created problems of high provider overheads, lack of innovation, some duplication of services, and a program rather than outcomes focus (Cabinet Business Committee, 2008).
Pathway to Partnership was ‘reshaped’ by the National-led government in 2009 by redirecting NZ$104 million to support a short-term, time limited Community Response Fund, ‘targeted at those groups facing increased demand for services, or severe financial difficulty due to the recession’ (Bennett, 2009b, Ministry of Social Development, 2009).

High Trust Contracting (2009)

In 2009 the New Zealand government announced its intention to trial a ‘High Trust Model’ of funding and contracting and, in so doing, ‘radically’ reshape its approach to contracting for ‘services to social sector groups’.

Said the Minister for Social Development and Employment, Paula Bennett:

I’ve heard horror stories about providers with multiple contracts, which have had to go through a ridiculous number of audits each year - all while continuing to deliver a trusted service. In many cases they are burdened with days and days of admin for contracts with just one agency - imagine how hard it is for those groups trying to work with multiple agencies (Bennett, 2009a).

Under the new contracting model multiple contracts would be combined into a single, contract with simplified reporting requirements, thereby cutting down on ‘unnecessary bureaucracy’.

This funding model lets high-performing social service providers get on what they do best - delivering effective services to communities - instead of getting bogged down ticking the boxes and filing endless paperwork for the sake of it (Bennett, 2010)

The High Trust model was trialled initially with service providers to the Ministry for Social Development and subsequently extended to ‘whole of government’ providers with ‘multiple government funders such as the Ministries of Health, Social Development, Education and Justice, Housing New Zealand and New Zealand Police’ with the aim of placing greater weight on ‘the results actually being achieved for clients and families’ and reducing the preoccupation with compliance and reporting.

Source: Author’s compilation
Government Policy on Volunteering (December 2002)

The policy expressly recognises the contribution, importance and extent of volunteering in the community and, importance, states that whilst volunteers are an essential part of civil society, they should not replace paid workers. Through the policy, the government commits itself to ensure ‘good practice in volunteer programmes which government directly manages’, encourage ‘community and voluntary organisations to develop and maintain good practice in supporting and involving their volunteers’ and to reduce ‘barriers associated with volunteering in legislation, policy and practice’. As well, the government undertook to: ‘take into account the needs of volunteers and their organisations, and the costs associated with volunteering, when developing policies and delivering services’; and to ‘have policies in place that support the private volunteering activities of staff while ensuring that public servants continue to fulfil their professional obligations’ (OCVS, 2002).

Principles to underpin management by public entities of funding to non-government organisations (June 2006)

This ‘good practice guide’ observes ‘a broadening of the base of service delivery’ as a consequence of public sector reforms over the past 20 years, noting that ‘NGOs are now frequently involved in delivering public services, influencing policy design and implementation, or performing a facilitative role to ensure that government objectives are met’ (OAG, 2006:5). The guide observes that, in providing independent assurance in relation to the use of public resources, ‘[a] different set of risks arise when a public entity funds another organisation to deliver services on its behalf’ (OAG, 2006:6). The guide seeks to complement existing guidance about NGO funding arrangements in order to ‘further enhance public entities’ existing practices’ (OAG, 2006:3). The guide enunciates a number of principles that ought to inform funding arrangements between public entities and non-government organisations: lawfulness; accountability; openness (transparency; value for money; and fairness and integrity (OAG, 2006:6-7).

Building Better Government Engagement (BBGE) (2008-09)

Following a Community-Government Forum convened by the OCVS in 2007 the government set up a BBGE reference group comprising people from community and government agencies with particular interest and expertise in community engagement. The purpose of the group was to advise the Office OCVS on ‘ways to enhance central government engagement with citizens and communities’ (BBGE, 2009). Following the change of government, the reference group released a discussion paper in December 2008 and followed with a three-month period of consultation. The final report published in July 2009 made a number of recommendations aimed at addressing what the reference group identified as the ‘core issue’, being:

Central government agencies are not yet sufficiently committed to, and skilled at, collaborating with citizens and community organisations in order to jointly tackle societal problems (BBGE, 2009).

In addition to feedback from consultations, the reference group also took into account the findings of a series of case studies focusing on organisational responses to embed good practice engagement, and effective engagement processes. The final report recommended actions in relation to a range of matters, including government commitment, culture change, accountability, capacity-building within government, building collaboration and communication and engagement with Iwi/Māori. In September 2009, Tariana Turia announced the government’s commitment to ‘strengthening its community relationships … through an agreement with the sector’ that would include ‘a programme of action to strengthen government engagement with citizens and communities’ (Turia, 2009).

In August 2009, Turia sought approval from the Cabinet Social Policy Committee for a whole-of-government response to the range of cross-cutting concerns outlined in the BBGE final report and a separate report by ANGOA assessing the previous government’s Statement of Government Intentions (ANGOA, 2009). In particular, Turia recommended that the Committee
agree to enter into discussions with the sector concerning a relationship agreement to replace the 2001 Statement of Government Intentions (Cabinet Social Policy Committee, 2009).

Building Better Government Engagement has been credited by some in the NFP sector with empowering policy actors in government agencies to pursue more positive and constructive modes of engagement at the coalface (personal communication, 13 December 2010).

**Guidelines for Contracting with Non-Government Organisations for Services Sought by the Crown (April 2009)**

These guidelines were first issued by the New Zealand government in 2001. They were subsequently reviewed and updated in 2009 in consultation with ‘a sample of non-Government organisations (NGOs), Government departments and other agencies’. The guidelines are ‘intended to encourage the use of better contracting practices by all departments and Crown entities involved in negotiating arrangements with NGOs for the provision of services that support the Government’s objectives’ and are described as ‘just one of a range of Government initiatives aimed at promoting better relationships between Government agencies and the community and voluntary sector’ (The Treasury, 2009).

**Code of Funding Practice (2010)**

The Code of Funding Practice helps government funders and non-profit organisations work together when using public funds to benefit communities. This Good Practice Funding section helps you implement the Code of Funding Practice. It offers guidance on how to meet the seven core codes and 22 key criteria in different situations. Most parts of the Code will apply to all funding arrangements, but will require different emphasis to suit the funding purpose and type of funding arrangement being used. The Minister for the Community and Voluntary Sector launched the Code of Funding Practice on 1 October 2010 (OCVS, 2010).

Source: Author’s compilation
Figure A7.3 – Statement of Government Intentions for an Improved Community – Government Relationship

DECEMBER 2001

Vision
Strong and respectful relationships between government and community, voluntary and iwi/Maori organisations.

Government recognises that community, voluntary and iwi/Māori organisations play a unique and vital role in New Zealand society.

An independent and vibrant community sector is essential to a healthy civil society. Government and the community sector depend on each other to achieve shared goals of social participation, social equity and strengthened communities.

The Community and Voluntary Sector Working Party delivered a strong message that government relationships with the community sector need to improve if these goals are to be realised.

Government will be an active partner in building a relationship based on honesty, trust and integrity – tika and pono; compassion and caring – aroha and manaakitanga; and recognition of diversity.

Principles
Government is committed to developing relationships with community, voluntary and iwi/Maori organisations that:

- enable mutual interests to be achieved through co-operation –
- respect the independence of community, voluntary and iwi/Maori organisations
- recognise and respect the principles of the Treaty of Waitangi
- demonstrate effective two-way communication
- involve leadership within the community sector and from government ministers
- acknowledge and support the positive role played by umbrella, national and strategic collective bodies
- embrace innovation and creativity
- respect and recognise cultural diversity
- are founded on public accountability and appropriately flexible good practice.

Government commitments
Culture of government
Government expects public servants to treat all New Zealanders with dignity and respect. This requires leadership from public service chief executives and senior managers to ensure that all staff have a good understanding of the values, governance arrangements and working realities of the community, voluntary and iwi/Māori organisations with whom they interact.

“Whole of government” approach
Government recognises that community, voluntary and iwi/Māori organisations interact across the range of government ministries and departments. Government agencies will give priority to working together, breaking down ‘silos’ and establishing co-ordinated, inter-sectoral policies and programmes.

Treaty of Waitangi
Government expects its departments and ministries to recognise and apply the principles of the Treaty of Waitangi. Public servants need to be well informed about, and responsive to, Treaty matters. Government agencies will continue to develop and improve public servants’ understanding of the principles of the Treaty of Waitangi, its relevance to the agency in which they work and its application to their own roles.

Participation in decision-making
Government values the contribution of community, voluntary and iwi/Māori organisations to good policy making and delivery of effective services. Government agencies and the community sector will work together to develop and improve consultation processes through sharing good practice, guidelines, workshops and training.

Government funding to community organisations
Government acknowledges the valuable contribution made by community, voluntary and iwi/Māori organisations to the achievement of shared social, cultural, environmental and economic goals. Government agencies will, together with the community sector, undertake a programme of work to address concerns about funding arrangements, effectiveness, compliance costs and related matters.

Strengthening the community sector
New Zealand’s social, cultural, environmental and economic well-being requires a healthy and strong community sector. Government will work alongside community, voluntary and iwi/Māori organisations to support and strengthen the community sector.

Implementation
Government is committed to creating a genuine partnership with community, voluntary and iwi/Māori organisations. Building strong and respectful relationships with the community sector will take time and will require hard work, reflection and active engagement.

Government sees a future where the state performs its role as a facilitator of a strong civil society based on respectful relationships between government and community, voluntary and iwi/Māori organisations.
Figure A7.4 – Kia Tūtahi Standing Together: The Relationship Accord between the Communities of Aotearoa New Zealand and the Government of New Zealand (May 2011)

wawata - vision
The communities of Aotearoa New Zealand and the Government of New Zealand working together for a fair, inclusive and flourishing society.

kaupapa- purpose
Communities and government are increasingly working together to navigate the cultural, social, environmental and economic challenges for our society. In this context, the Relationship Accord supports the building of strong relationships between communities and government, with benefits accessible to all, so that we can jointly achieve our vision.

tuapapa-foundations
The work of communities and government together is integral to the fabric of our society. At the heart of our relationship, are the aspirations and wellbeing of whanau and individuals within our communities.

We, as communities and government:
• acknowledge the special relationship between the Crown and tangata whenua through Te Tiriti o Waitangi
• acknowledge our history and the past work achieved by communities and government to strengthen relationships
• respect and value the many cultures and diversity of the communities of Aotearoa New Zealand
• respect and value the contribution of tangata whenua, community and voluntary sector organisations; whether large or small, structured or informal
• respect and value the contributions of everyone who dedicates their time and energy voluntarily for the benefit of their communities
• recognise the role of government in setting policy and managing public resources and the importance of communities contributing to the development of policy.

tikanga- principles
We, as communities and government, agree to build our relationship on a set of principles that form the basis for committed actions.

We will respect Te Tiriti o Waitangi.
• We recognise Te Tiriti o Waitangi as the foundation document of Aotearoa New Zealand.
• We respect all commitments that parties make under Te Tiriti o Waitangi.
• We will weave Te Tiriti through the work we do.

We have a collective responsibility to hear and respond to the voices of all.
• We will reach out to those who are not usually included and respond to the diversity in our communities.
• We will take account of the people whose daily lives are affected by our work.
• We will work to enable communities to determine their own destinies for the betterment of all.

• We will increase opportunities for people to participate and flourish in their communities.
• We will champion the principles and intent of this Relationship Accord.

We will act in good faith.
• We will do what we say we will do and put in place ways of making this clear to everyone.
• We will work cooperatively to resolve issues arising between us.
• We will act in the spirit of generosity towards each other.
• We will share our knowledge, celebrate success and learn from our experiences.

Our work together will be built on trust and mutual respect.
• We will be honest and open.
• We will develop and promote effective communication.
• We will be responsive to each other’s guidance and advice.
• We will respect the different roles and responsibilities we have.

nga mahinga -putting the principles into practice
The success of the Relationship Accord will depend on how we put the principles into practice. We start from a strong base of more than a decade of work to strengthen relationships between communities and government and deliver better results for the people of Aotearoa New Zealand.

We will commit to implementing this Relationship Accord to achieve the following outcomes.
• The principles of the Relationship Accord are widely understood and modelled through consistent good practice.
• Communities and government are in genuine and purposeful engagement on matters of mutual interest and importance.
• Productive relationships between communities and government lead to decisions that reflect mutual interests.
• Communities and government jointly resolve longstanding matters of concern, such as, participation in decision-making around policy and service delivery issues, and funding arrangements.
• Communities and government have the resources to support working together better.

We will draw on the skills and knowledge within communities and government to resolve any differences and put in place strategies to give effect to the principles in the Relationship Accord.

Signed by the Government of New Zealand
Appendix 8 – Recognition of the Advocacy Function
**Figure A8.1 – References to the NFP Sector’s Advocacy Role – National Framework Documents**

<table>
<thead>
<tr>
<th>National Framework Documents</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Australian National Compact 2010</strong></td>
<td>Includes among eight ‘priorities for action’ to ‘Protect the not-for-profit sector’s right to advocacy irrespective of any funding relationship that might exist.’</td>
</tr>
<tr>
<td><strong>English Compact 1998</strong></td>
<td>Includes in ‘shared principles’ the statement: ‘Voluntary and community organisations are entitled to campaign within the law in order to advance their aims.’ Also includes an undertaking by government to: ‘To recognise and support the independence of the sector, including its right within the law, to campaign, to comment on Government policy, and to challenge that policy, irrespective of any funding relationship that might exist, and to determine and manage its own affairs.’</td>
</tr>
<tr>
<td><strong>English Compact 2009</strong></td>
<td>Retains the clause: ‘The independence of the third sector is recognised and supported. This includes its right within the law to campaign, to comment on and to challenge government policy (whatever funding or other relationship may exist with government) and to determine and manage its own affairs.’</td>
</tr>
<tr>
<td><strong>English Compact 2010</strong></td>
<td>States that the Coalition Government, ‘believes that strong and independent CSOs are central to this vision through their role in encouraging social action and campaigning for social change, through playing a bigger part in designing and delivering public services and through driving community empowerment.’ And offers an undertaking by government to, ‘Respect and uphold the independence of CSOs to deliver their mission, including their right to campaign, regardless of any relationship, financial or otherwise, which may exist.’</td>
</tr>
<tr>
<td><strong>Canadian Accord 2001</strong></td>
<td>Among the guiding principles of the Accord are: ‘The independence of voluntary sector organizations includes their right within the law to challenge public policies, programs and legislation and to advocate for change; and Advocacy is inherent to debate and change in a democratic society and, subject to the above principles, it should not affect any funding relationship that might exist.’</td>
</tr>
<tr>
<td><strong>NZ Statement of Government Intentions 2001</strong></td>
<td>Calls for ‘respectful relationships’ between government and an ‘independent and vibrant community sector’, and undertakes to ‘respect the independence of community, voluntary and iwi/Maori organisations’ and ‘acknowledge and support the positive role played by umbrella, national and strategic collective bodies’.</td>
</tr>
<tr>
<td><strong>NZ Relationship Accord 2011</strong></td>
<td>No specific protections of a right to engage in advocacy or campaigns without a risk of sanction, but does include among its ‘foundations’ the following undertaking: ‘we, as communities and government ... respect and value the contribution of tangata whenua, community and voluntary sector organisations; whether large or small, structured or informal’</td>
</tr>
</tbody>
</table>
### Figure A8.2 – References to the NFP Sector’s Advocacy Role – Framework Documents in UK Devolved Jurisdictions

<table>
<thead>
<tr>
<th><strong>UK Sub-National Framework Documents</strong></th>
<th><strong>Description</strong></th>
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<tbody>
<tr>
<td><strong>Scottish Compact 1998</strong></td>
<td>States in a Foreword, ‘The Compact acknowledges that Government and the voluntary sector each has its distinct sphere of action; it recognises that partnership, however beneficial in many circumstances, is not the inevitable state of Government/voluntary sector relations; it acknowledges the sector’s role as critic and policy advocate’. The Compact also commits government to: ‘recognise the role which umbrella bodies have in representing the views of their constituents without prejudice to the right of individual organisations to represent their own views’ and ‘recognise and support the sector’s independence, including its right to comment on and challenge Government policy’.</td>
</tr>
<tr>
<td><strong>Scottish Compact 2003</strong></td>
<td>Commits the Scottish Executive to ‘recognize and support the sector’s independence, including its right to comment on and challenge Executive policy’ and ‘recognise the role which intermediary bodies have in representing the views of their constituents without prejudice to the right of individual organisations to represent their own views’.</td>
</tr>
<tr>
<td><strong>Welsh Compact 1998</strong></td>
<td>Recognises that ‘that voluntary and community organisations have an obligation to represent the interests of their constituents’ and further states that ‘The Government recognises that voluntary organisations have an obligation to represent the interests of their constituents and the people and communities they work with. The Government acknowledges organisations’ right to campaign on behalf of these interests within the regulatory framework.’ Also imposes a reciprocal responsibility on the NFP sector, viz. ‘Where organisations claim a leading role in representation they should be prepared to respond in reasonable time to Government consultations on relevant subjects, commensurate with their available resources.’</td>
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<tr>
<td><strong>Welsh Third Sector Scheme 2004</strong></td>
<td>The National Assembly recognises ‘that the voluntary sector has an obligation to represent the interests of its constituents’. Whilst recognising that ‘different parts of the sector have differing abilities to engage with it [government]’, the Scheme further states that, ‘failure of an organisation to respond to a particular consultation will not be regarded as being due to a lack of interest’.</td>
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<tr>
<td><strong>Welsh Third Sector Scheme 2014</strong></td>
<td>Whilst stating that ‘The Welsh Government expects the Third Sector to recognise the primacy of Welsh Ministers in formulating policy and legislation’, it also recognises that ‘the Third Sector has an obligation to represent the interests of its constituents’.</td>
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<tr>
<td>Northern Ireland Compact 1998</td>
<td>Government ‘recognises, respects and supports the independence of the sector and its right to campaign within the law, to comment on and, where appropriate, to challenge Government policy’. The Compact further states that the (central) government, ‘recognises, respects and supports the independence of the sector and its right to campaign within the law, to comment on and, where appropriate, to challenge Government policy.’ In relation to ‘representation’, the Compact states that government will: ‘respect the right of the voluntary and community sector to comment on, to challenge and to seek to influence Government policies’; ‘understand that advocacy and campaigning on behalf of individuals, groups and causes is a distinctive characteristic of the voluntary and community sector’; and ‘recognise that the voluntary and community sector has a vital role in identifying and in addressing issues of social justice and equality’. In addition, the sector will: ‘advise Government on issues of concern, drawing on real experience gathered through the work of individual voluntary and community organisations, volunteers and service users’ and ‘advocate and campaign to seek change as a response to need’.</td>
</tr>
<tr>
<td>Northern Ireland Concordat 2012</td>
<td>The partnership ‘recognises, respects and supports the independence of the sector and its right to campaign within the law, to comment on and, where appropriate, to challenge government policy’. Under ‘shared principles’ the Concordat obliges government to: ‘respect the right of the Voluntary and Community Sector to comment on, to challenge and to seek to influence Government policies’; ‘understand that advocacy and campaigning on behalf of individuals, groups and causes is a distinctive characteristic of the voluntary and community sector’; and ‘recognise that the Voluntary and Community Sector has a vital role in identifying and in addressing issues of social justice and equality, and in protecting and promoting the value of our environment’.</td>
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**Figure A8.3 – References to the NFP Sector’s Advocacy Role – Framework Documents in Australian States & Territories**

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<tr>
<th>Australian Sub-National Framework Documents</th>
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<tr>
<td><strong>ACT Social Compact 2004</strong></td>
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<td>Acknowledges that community organisations ‘will at times necessarily disagree with government about the relative priority that should be given to different issues or how community needs are best addressed’ and that, ‘They may be strident on behalf of their constituency or community in their opposition to government decisions of policy’. The Compact also acknowledges that the community sector ‘provides advocacy with and on behalf of people who for different reasons have little say or power in the community’. Government undertakes to: ‘understand and recognise the role that peak bodies and representative groups play in advocating issues on behalf of their constituencies’; ‘respect the right of community organisations and groups to work through political channels, as well as with staff of government agencies’; ‘respect the right of community organisations to comment on and challenge the government’s policies and programs’.</td>
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<tr>
<td><strong>ACT Social Compact 2012</strong></td>
</tr>
<tr>
<td>Government undertakes to ‘Respect the right of community organisations to comment on and challenge the Government’s policies and programs by working through political channels, as well as with staff of Government agencies.’</td>
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<td><strong>NSW Working Together for NSW 2006</strong></td>
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<td>States that ‘Non-government organisations are also independent bodies that are free to pursue their goals, which may involve advocating for changes in Government policies and priorities. In this sense, there is a healthy tension inherent in the relationship between Government and the non-government sector. This Agreement has been formulated on the understanding that an independent, diverse non-government sector is an essential component of a democratic, socially-inclusive society’. Government accepts that it is the role of non-government organisations to ‘[advocate] in the interests of disadvantaged people and communities across NSW ‘ and that government will ‘recognise the interest of non-government organisations to pursue their own organisational goals, but expect that the objectives of any government funding received will be fully met by the organisation’, and accepts that non-government organisations will ‘pursue policy development, program design and advocacy through various means including consultation and collaboration with government agencies’.</td>
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<tr>
<td>Compact</td>
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<td>SA Common Ground 2004</td>
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<td>SA Stronger Together 2009</td>
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<td>Queensland Compact 2008</td>
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<td>TAS Partnership Agreement 2012</td>
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<tr>
<td>Victorian Partnership Agreement 2002</td>
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<tr>
<td>Victorian Memorandum of Understanding 2009</td>
</tr>
<tr>
<td>WA Delivering Community Services in Partnership Policy 2011</td>
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Appendix 9 – Appendix references


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DCM 2004? Common Cause Taskforce Terms of Reference: A Partnership between the Northern Territory Government and the Community. Department of the Chief Minister, Government of the Northern Territory, Darwin, NT: Government of the Northern Territory, Department of the Chief Minister.


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--- 2011. Delivering Community Services in Partnership Policy: A Policy to Achieve Better Outcomes for Western Australians Through the Funding and Contracting of Community Services. Government of Western Australia, Department of Premier and Cabinet.