

Submission into the drafting of a National Compact

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1. Executive Summary

The Alcohol and other Drugs Council of Australia (ADCA) welcomes the opportunity to provide feedback to the Government's National Compact Consultation Paper, drafting of a National Compact between the Government and the Third Sector. With the recent commissioning of the Productivity Commission to undertake a study into the contribution of the not-for-profit sector and the drafting of a National Compact between the Government and the Third Sector, Government puts the Third Sector on the national agenda, acknowledging the central role it plays in the Government's social inclusion agenda.

ADCA is pleased to see the contribution of the sector being discussed at centre stage, and hopes that this will lead to addressing and removing some of the challenges and operational impediments that not-for-profit organisations are faced with. ADCA believes it to be of vital importance that government 'walks the walk' and acknowledges the not-for-profit sector's contributions to fighting social exclusion by deregulating their operations and streamlining reporting requirements.

In its submission, which has been developed in consultation with the State/ Territory AOD peak organisations, ADCA stresses the importance of the peak organisations of the Third Sector sub-divisions identified by the Australian Bureau of Statistics (ABS) to be part of the National Compact development process as these bodies are in a position to represent the jurisdictional views at the national level. It is considered imperative that peak organisations have a seat at the table in order for the National Compact to achieve its objectives and be successfully enacted.

ADCA argues that the following recommendations should also receive serious consideration.

ADCA recommends:

- that the concepts captured within the six identified principles indeed guide the actions of the National Compact but that the terminology of the six principals is further reviewed in order to ensure they are fully encompassing the listed concepts
- that actions to overcome sector fragmentation and to encourage a more unified voice for the sector are added to the high priority actions listed in the consultation paper
- that more information is provided on governance arrangements and implementation strategies of the National Compact in order to strengthen support for the partnership
- that the peak organisations of the nine subdivisions identified by the ABS constitute the National Compact Council as they represent and advocate on behalf of their respective sub-sectors and represent the jurisdictions at the national level

- that policy and program development at all levels as well as best practice is informed by comprehensive evidence, and that not-for-profit organisations are enabled to have a bigger contribution to policies that have a direct impact on their operations
- that Government acknowledges the Third Sector's contribution to the provision of community, welfare, and health services as well as to social inclusion by reviewing funding arrangements and reducing red tape for not-for-profit organisations to enable them to fulfil their contractual obligations most efficiently and effectively; and
- that both Government and the Third Sector accept dual responsibility for the successful enactment of the National Compact and stresses that reciprocal open and ongoing collaboration, as well as two-way communication are vital to successfully strengthen the relationship between Government and the Third Sector.

2. Introduction

As the recognised national independent peak body, ADCA represents the interests of the alcohol and other drugs (AOD) sector and provides leadership for the AOD sector. ADCA works collaboratively with government at all levels, as well as the non-government, business, and community sectors to promote evidence-based and socially just approaches aimed at preventing or reducing harm caused by alcohol and other drugs to individuals, families, and communities.

ADCA welcomes the drafting of a National Compact and Government's attempts to formalise its' relationship with the Third Sector. ADCA endorses the vision and purpose of the National Compact as outlined in the consultation paper but urges that further information needs to be provided on the Compact's governance arrangements and implementation strategies in order to gain the support from a large number of not-for-profit organisations. Given the interdependent relationship between Government and the Third Sector, ADCA believes that the benefits of the National Compact need to be highlighted and promoted further to not-for-profit organisations for them to realise the potential of their involvement with it. At the moment, the National Compact proposal seems rather superficial and lacks information regarding practicality and feasibility.

ADCA has not been part of the face-to-face consultation on 20 July 2009 which is considered a major gap in the consultation process. The fact that the national peak for the AOD sector was not invited to provide input has to be rectified in the future and ADCA stresses the importance of its' involvement in the National Compact as it represents a large number of AOD service providers whose views need to be represented at the national level. These frontline service providers may not be in a position to articulate their position themselves by submitting a submission as they are focussed on service delivery and general operations. It is therefore important that national peak bodies are adequately

equipped, both from a financial and a staffing perspective, to advocate on behalf of those most disadvantaged in our society and on behalf of community services providers.

In its submission, ADCA follows the proposed consultation guide and addresses in detail all of the key questions. This submission is considered an opportunity to communicate ADCA's position and main concerns in detail as ADCA unfortunately was not able to communicate them as part of the face-to-face consultations. ADCA believes that addressing and removing operational impediments for not-for-profit organisations presents an important presupposition in order for the National Compact to be successfully enacted and to fulfil its important objectives of improving relationships between Government and the Third Sector and enhancing social inclusion.

3. ADCA and the AOD sector – Who we are and what we do

The Alcohol and other Drugs Council of Australia (ADCA) is the national peak body for the alcohol and other drugs (AOD) sector, providing an independent voice for people working to reduce the harm caused by alcohol and other drugs.

ADCA is a non-government, not-for-profit organisation which receives approximately 80% of its core funding and major ongoing project funding through the Australian Government Department of Health and Ageing under its Community Sector Support Scheme (CSSS), and the National Drug Strategy Program respectively. Approximately 12% is received through other project grants from State Governments or the Alcohol Education and Rehabilitation Foundation Ltd (AERF). The remaining 8% is generated through ADCA's membership fees, interest and other sources of income (small one-off projects). ADCA is a company limited by guarantee, a public benevolent institution with income tax and sales tax exemption, and a deductible gift recipient.

As the national peak body, ADCA occupies a key role in advocating for adequate infrastructure support and funding for the delivery of evidence-based alcohol and other drug (AOD) initiatives. In this regard, ADCA represents the interests of a broad group of AOD service providers and individuals concerned with prevention, early intervention, treatment, supply reduction, harm reduction, and research.

Under the new governance arrangements, the ADCA Board is elected by the ADCA membership and consists of a total of nine Board Directors. The ADCA Federal Council comprising one representative per State/ Territory peak plus the ADCA Board, has been established as a key mechanism for coordination and cooperation with State/ Territory peaks. The ADCA Policy Forum comprises the ADCA Board, the State/Territory AOD peaks, and the Chairs of the ADCA Working Groups, and establishes an advisory forum on key policy issues for the AOD sector. Both the ADCA Federal Council and the ADCA Policy Forum will meet on an annual basis.

At 1 September 2009, ADCA's membership totalled 361, comprising 164 organisational members, 55 associate organisational members, and 142 individual members. These include AOD services, agencies, and individual professionals and practitioners engaged in AOD services throughout Australia, as well as major university research centres, tertiary institutions offering courses in addiction studies and other programs for alcohol and other

drugs workers, officers of law enforcement and criminal justice systems, policy analysts, and administration.

ADCA's strategic communication, policy, and advocacy on key issues is developed in close liaison with its broad and diverse membership base across all jurisdictions, the State and Territory peak bodies, as well as other AOD and non-government organisation (NGO) stakeholders.

4. Consultation guide – key questions

Consultation questions – vision and purpose:

- Does the proposed vision sit well with your organisation?

ADCA endorses the proposed vision for the National Compact as it aligns with ADCA's own organisational vision. ADCA questions, however, whether 'health' should be included in the list of specified outcomes, given the large number of not-for-profit organisations that are welfare and health service providers in the widest sense.

- Is the purpose clear? Does it represent your sense of what this compact can achieve?

ADCA believes that the second sentence of the purpose statement should include 'enhancing social inclusion' as an additional objective: "...The compact's shared principles provide a foundation for action to improve working relationships, strengthen sector viability, enhance social inclusion, and develop and deliver better policy and programs."

Overarching consultation questions – the compact principles:

As you consider all of the principles discussed below, think about which ones are critical for a stronger relationship between the Government and the Sector.

- Are these the principles that will underpin a productive working relationship between the Government and the Sector?

ADCA believes that the six principles listed are important ones that should indeed inform interaction and cooperation between Government and the Third Sector. The majority of the six principles capture a number of important concepts, some of which are yet to be implemented. ADCA questions, however, whether the current terminology of the six principles adequately captures the entailed concepts. For example, the first principle 'respect' does not seem to automatically correlate to the important issue of recognising and valuing the social and economic contribution made by the Third Sector.

The current study by the Productivity Commission of the contribution of the not-for-profit sector illustrates the importance of adequately recognising and valuing this contribution, and how this would enhance working relationships between Government and the Third Sector. Funding constraints, comprehensive reporting requirements, and red tape in

general can, however, trigger the perception that work undertaken by not-for-profit organisations is not adequately valued by government.

ADCA subsequently recommends reviewing terminology of the first principle. Maybe terms like 'esteem' or 'recognition' would refer more directly to the concepts intended to be captured under the heading.

- Are any important ideas missing?

Looking at the concepts intended to be captured by the six proposed principles, ADCA believes that, at present, the ideas of transparency, accountability, and comprehensibility are not sufficiently covered. ADCA believes that in order to establish a genuine relationship between the Government and the Third Sector, it is of crucial importance that funding allocations occur in a transparent and comprehensible way, meaning that reporting of funding expenditure occurs in a way that enables assessment of effective and efficient operations of not-for-profit organisations in a comparative way. The ideas of transparency and accountability in combination with the principles of efficiency and effectiveness need to inform funding allocations by the Government and there needs to be a causal relationship between Government funding allocations and an organisations' ability to efficiently and effectively promote social inclusion.

ADCA further believes that other values are important for the Third Sector which, in many ways, have nothing to do with efficiency – such as reach, responding to need, valuing rights, doing what others will not do, in other words “picking up the lost causes”. ADCA believes that the Third Sector's crucial contribution to enhancing social inclusion, for which in exchange it is funded by Government, presents one of the corner stones of the proposed National Compact.

Consultation questions: principle of respect

- Are the concepts of respect and recognition important for your organisation's work and your relationship with the Government?

The concepts of respect and recognition are of crucial importance to ADCA's work and its' relationship with government. Recognition as the national peak for the AOD sector implies that ADCA is the contact point for State and Territory AOD peak organisations if they want their views articulated at the federal level. It further implies that as the national peak for the AOD sector, ADCA is the first point of contact for Government if it seeks a consolidated response from the AOD sector on policy matters. In order to be in an even better position to advocate on behalf of the AOD sector, to provide leadership for the AOD sector, and to contribute to Government AOD policy development, ADCA in late 2008 has enacted new governance arrangements.

ADCA is working closely with government, and believes that mutual respect for each other's strengths and expertise is crucial for good, ongoing working relationships. These

are even better when both sides are aware of the interdependency of their relationship and understand each other's expertise, constraints and capacities.

- Do the compact principles need to include a reference to respect?

As mentioned previously, ADCA questions whether "respect" is the term that captures the concepts outlined under this section most adequately, and whether terms like 'esteem' or 'recognition' would not be more entailing. On the other hand, ADCA believes that the concepts captured within this first principle are some of the most important ones that need to be addressed in order to successfully enact a National Compact between the Government and the Third Sector. The Productivity Commission's study into the contribution of the not-for-profit sector constitutes a welcomed first step into the right direction.

- What are the key ideas that need to be included when considering this principle?

As stated, ADCA believes that the recognition of the Third Sector's social and economic contribution constitutes a crucial presupposition for a successful partnership between the Government and the Third Sector. There are, however, certain difficulties associated with measuring these contributions, given the sector's diversity and large voluntary component. One way for the government to acknowledge the Third Sector's contribution to the provision of community, welfare, and health services as well as to social inclusion is that it funds the not-for-profit organisations' providing these services adequately. Fact is, however, that over the past two decades, governments contracted out areas of service provision to not-for-profit organisations whose increasing workload has often not been met by revised and adjusted funding arrangements.

It is important to remember that when governments contracted out areas of service provision to not-for-profit organisations, they not only established a partnership between the two sectors, but also an interdependency as governments increasingly relied on not-for-profit organisations to deliver social services and advocate on behalf of those that are most disadvantaged in our society. Governments are therefore obliged to provide not-for-profit organisations with the adequate amount of funding in order to enable them to fulfil their contractual obligations most efficiently and effectively.

ADCA believes that, more fundamentally, a move towards a partnership model and away from a purchaser-provider relationship which sees Governments transferring/ projecting their legislative responsibilities onto not-for-profit agencies, is required and that the National Compact is indeed an example of such a partnership approach which would see Government working with the Third Sector to build capacity, to take a strategic approach to complex social problems, and to build mutual accountability systems.

Consultation questions: principle of inclusiveness

- Are the concepts of inclusiveness in consultation and advocacy important for your organisation's work and your relationship with the Government?

Being the national peak for the AOD sector, ADCA's work is guided by the concepts of inclusiveness in consultation and advocacy. In order to be able to adequately advocate on behalf of the AOD sector, it is a precondition that ADCA consults widely with its diverse membership and other key stakeholders in the AOD and the wider NGO sector. ADCA's work is guided by a Strategic Communications Plan which outlines procedures for both internal and external communication. ADCA believes that ongoing communication and transparent proceedings are cornerstones of good relationships with other organisations across the Third Sector. Subsequently, the same approach should be applied in interactions between the Government and the Third Sector.

ADCA strongly believes that advocating for change and debating public policies are critical roles for the Third Sector and peak organisations in particular, and hopes that the fact that the Government removed the 'constraint on advocacy' clause imposed on funded organisations will encourage more activity in this area. Despite not-for-profit organisations' best efforts, however, there is no guarantee that their advocacy efforts will be successful and reflected in health and social policy legislation as political decision makers are not obliged to take any recommendations made by not-for-profit peak bodies into account. Often, their advocacy efforts seem to be conducted in a vacuum and advocacy outcomes are highly qualitative and thus hard to measure. In democratic legislative processes, consultation of stakeholders and representatives from both the not-for-profit and the public sector are now common practice. Consultation of these bodies, however, does not guarantee that their position is reflected in the actual law.

ADCA considers genuine consultation, engagement, and real participation and inclusion of individuals and communities to be of vital importance in order to create better policies, programs, and services. It must, however, be pointed out that the level of consultation and community engagement that peak organisations can conduct is often determined and limited by financial constraints.

- Do the compact principles need to include a reference to inclusiveness?

Again, ADCA questions whether the term 'inclusiveness' best captures the outlined concepts and whether 'inclusion' or 'engagement' would not better capture the listed concepts.

- What are the key ideas that need to be included when considering this principle?

ADCA considers key ideas regarding this principle to be advocacy and consultation. Closely related to this is the fact that the Third Sector is highly diverse and thus cannot be expected to speak with one voice on all matters but it is important that the range of views is articulated in order to best inform policies, program, and services.

Consultation questions: principle of diversity

- Are the concepts of valuing and responding to diversity important for your organisation's work and your relationship with the Government?

Yes, these concepts are important to the work of ADCA. As the national peak for the AOD sector, ADCA represents the interests of a broad group of service providers and individuals concerned with prevention, early intervention, treatment, supply reduction, and research. It cannot be assumed that a highly diverse sector such as the AOD sector always shares one unified position but as the national peak, it is expected of ADCA that it can present an overview of the different positions within the sector and identify some common priorities.

- Do the compact principles need to include references to diversity?

ADCA believes that references to diversity are of crucial importance, given that it is such a dominant characteristic of modern society and the Third sector as a whole, but also of the subdivisions within the Third Sector. A negative connotation of diversity can be fragmentation, and ADCA believes that addressing and working with fragmentation within the Third Sector will be one of the key challenges for the National Compact.

In the consultation paper it is stated that sector diversity should be respected in activities such as consultation, sector development initiatives and administrative processes. ADCA argues that it should not only be respected, but also reflected.

- What are the key ideas that need to be included when considering this principle?

As previously indicated, ADCA would argue that within the principle of diversity, not only the concept that the value of diversity is recognised within the Third Sector should be captured, but also the concept that the Third Sector as a whole and its subdivisions are characterised by diversity and that this is something that both the Sector and the Government need to respond to in all aspects of their work.

Consultation questions: principle of effectiveness

- Are the concepts of effectiveness important for your organisation's work and your relationship with the Government?

ADCA believes that organisations in general strive to operate effectively and efficiently, and that not-for-profit organisations' receiving funding from Government bodies are presented with an incentive to prove effective and efficient operations and adequate expenditure of received funds as this puts them in a good position for future funding allocations. Not-for-profit organisations serve and advocate on behalf of those most disadvantaged in our society and thus always strive to achieve the best possible outcomes within their capacity. ADCA believes that its' good relationship with Government derives

from its' ability to perform effectively and deliver the desired outcomes, doing the best it can within budget and capacity constraints imposed on its ongoing operations.

- Do the compact principles need to include references to effectiveness and improving policy, planning and program delivery?

ADCA believes that the compact principles indeed should be referencing effectiveness and improving policy, planning, and program delivery. ADCA considers it vitally important that AOD policy making at all levels is informed by comprehensive evidence and urges governments at all levels to resource the collection and evaluation of data to inform best practice as well as policy and program development. While large amounts of data seem to be compiled, the subsequent evaluation of this data to inform policy development often seems to be lacking.

ADCA believes that the concepts captured within the principle of effectiveness address important matters for the Third Sector as outcome-focussed approaches, evidence-based best practice and policy development and decision-making, and Quality Improvement practice should guide the work of not-for-profit organisations.

ADCA believes that effectiveness also should be looked at in the context of organisations' ongoing operations and how well an organisation utilises its funds to achieve the desired outcomes. Assessing organisations' performances against each other on a regular basis as well as comparing the effectiveness of different policies, programs, and services and subsequently making better informed decisions about effective funding allocations will overall contribute to the Third Sector's ability to maximise its economic and social contributions.

- What are the key ideas that need to be included when considering this principle?

ADCA believes that effectiveness is closely related to responsiveness as in order to operate most effectively and efficiently, it is impertinent that both Government and the Third Sector are willing to be responsive to the evidence-base and implement changes to funding, policies, programs, and services where necessary. Responsiveness and critical assessment of the status quo appear to be a presupposition for enhancing the overall effectiveness of the Third Sector, and subsequently also the relationship between the Third Sector and Government.

Consultation questions: principle of efficiency

- Are the concepts of efficiency important for your organisation's work and your relationship with the Government?

ADCA's previous comments on the principle of efficiency indicate that ADCA considers effectiveness and efficiency to be closely related. ADCA considers the principle of efficiency and the concepts it captures to be an important and crucial characteristic for the relationship between the Government and Third Sector and for their interactions. ADCA

endorses the needs identified in previous consultations for better coordination, cooperation, and consistency within the Government and across the Sector. ADCA has also previously been advocating for streamlining regulatory, administrative and accountability mechanisms, most recently in a comprehensive submission to the Productivity Commission's study into the contribution of the not-for-profit sector with can be publicly accessed on the ADCA website: www.adca.org.au .

- Do the compact principles need to include references to efficiency and accountability, planning and program delivery?

The compact principles most definitely need to include references to efficiency and accountability, planning and program delivery. Comprehensive research recently conducted (Ryan C, Newton C and McGregor-Lowndes M 2008; ANCD 2009a) indicates the red tape and administrative and reporting requirements that many not-for-profit organisations are faced with on a daily basis and which prevents them from solely focussing on delivering the services for whose delivery they have actually been contracted and funded.

While regulations initially have been introduced to improve transparency and accountability when applying for and receiving any public funding, they have developed into major impediments for many small and medium sized not-for-profit organisations as they present a major administrative burden for organisations which already feel the impact of insufficient staff numbers and funding constraints. ADCA certainly acknowledges the necessity for accountability and transparency of Government funding but questions whether the regulatory requirements currently in place could not be streamlined in order to enable not-for-profit organisations to focus on the effective and efficient delivery of the services they are funded for instead of having to dedicate valuable staff time to comply with a vast number of administrative requirements

- What are the key ideas that need to be included when considering this principle?

In this context, ADCA draws attention to a survey undertaken by the Australian National Council on Drugs (ANCD, 2009a) on *The burden of submission writing and reporting for alcohol and other drug non-government organisations* which shows the extent to which not-for-profit organisations in the AOD sector are overburdened with red tape and that they indeed spend an extraordinary amount of time reporting back to funding bodies as well as seeking additional funding. Extensive reporting requirements force many NGOs to sacrifice frontline staff in order to appoint administrative staff to meet reporting requirements. Many not-for-profit organisations report back to multiple funding bodies, all with different funding requirements, and the compliance load increases when organisations have to report back to multiple funders (Ryan, Newton, and McGregor-Lowndes 2008).

Often, there is not only no consistency across government agencies, but there is also little consistency within particular government departments (Flack and Ryan 2005), as shown in a case study of a youth and family service organisation in Queensland which receives \$4

million in grants from Commonwealth, State, and Local Governments and had to report back on 37 separate grants (Flack and Ryan 2005). These regulatory requirements are especially hard to fulfil as “unfortunately, [...] government funding of non-profits is not informed by a coherent approach. Each government department and often each program have their own rules for these relationships” (ANCD, 2009b).

The overall volume for reporting requirements that not-for-profit organisations are facing leads to an imbalance between delivering the projects and services that the organisations have been funded for and the regulatory requirements. It is the responsibility of the funding bodies to streamline and standardise these requirements and to reduce the frequency of reports. ADCA believes that annual reporting requirements are in most cases sufficient for exercising accountability and transparency for expenditure of government funds.

At the same time, ADCA argues that “one size does not fit all” and that funding arrangements need to acknowledge the diversity of services provided across Australia to ensure the most effective responses to both mental health and AOD issues. ADCA asks governments at all levels to recognise the diverse needs of consumers, the different types of service models, and the diverse range of organisations providing community services, and to investigate funding and reporting arrangements that not only acknowledge diversity, but also enhance efficiency and effectiveness for those NGOS providing AOD services across Australia. To achieve this outcome is, however, the responsibility of both parties which is why we are providing input into a National Compact and other mechanisms for change.

In a recent submission to the Productivity Commission’s study on the contribution of the not-for-profit sector, ADCA recommended the development of a new accounting framework which would allow not-for-profit organisations to conduct single annual reporting to a separate agency established to monitor the acquittal and management of reporting on behalf of all government departments. This would decrease the regulatory burden imposed on not-for-profit organisations and eliminate the duplication caused by not-for-profit organisations having to report back to multiple funding bodies under different reporting requirements. ADCA believes that some level of standardisation of reporting requirements and establishment of efficiency benchmarks would allow comparing different not-for-profit organisations’ performance and expenditure patterns and thus evaluating the efficiency and effectiveness of their operations. This proposal does not imply a “one size fits all” funding approach but allows for the diversity of services to be reflected in the funding arrangements while aiming to streamline reporting arrangements for AOD/ NGO service providers.

Consultation questions: principle of sustainability

- Are the concepts of sustainability important for your organisation’s work and your relationship with the Government?

ADCA believes that sustainability is an important principle that guides the work of many not-for-profit organisations. Partnerships with other organisations in the AOD and the wider NGO sector as well good working relationships with politicians are crucial in order to

foster better infrastructure and revenue streams for the Third Sector. Only if funding and workforce issues are addressed and impediments to organisations' ongoing operations are removed, can the Third Sector maximise its' contribution to the Government's social inclusion agenda.

For ADCA, internal sustainability is one of the three strategic approaches outlined in the Strategic Plan 2009-2012, where it is stated that ensuring ADCA's continuing financial and organisational sustainability is indeed a presupposition for establishing strong governance frameworks and relationships with strategic stakeholders and for promoting evidence-based and effective policies, strategies, and approaches to address AOD-related harm. Internal sustainability is considered crucial for achieving external goals and in order to maintain productive relationships with stakeholders and government.

- Do the compact principles need to include references to sustainability?

Yes, ADCA believes that the compact principles need to include references to sustainability as secure funding streams and retaining a strong workforce are a crucial presupposition for the National Compact's success. If organisations in the Third sector continue to face serious budget constraints and a shrinking workforce caused by inadequate salaries and missing career incentives, then the National Compact will be unable to achieve its objectives. Since the Government increasingly contracted out community services provision to not-for-profit organisations, ADCA believes that it is the Government's responsibility to provide not-for-profit organisations with the adequate amount of funding in order to enable them to fulfil their contractual obligations most efficiently and effectively.

What are the key ideas that need to be included when considering this principle?

ADCA believes that out of the concepts listed in the consultation paper, funding and workforce issues are the most important ones that need to be addressed. Otherwise not-for-profit organisations are in no position to support innovation and best practice approaches as they simply will not possess the staff capacity or the money to implement them. ADCA stresses that issues relating to sustainability are highly linked to funding.

ADCA points out, however, that the Community Services Sector is not only faced with serious budget constraints, but also with a serious workforce crisis which will become even more serious if not met by funding increases for service providers to enable them to invest in and remunerate staff appropriately. ADCA strongly believes that the pay disparity between community service providers in the non-government sector and their counterparts employed by government needs to be addressed in order to attract the appropriately qualified staff. If attractive salary packages and career development opportunities can not be provided, then people will continue to leave the sector.

The workforce of the community services sector is not only shrinking but also aging. According to a survey conducted by the National Centre for Education and Training on Addiction (NCETA) on *Satisfaction, Stress & Retention among Alcohol & other Drug Workers in Australia*, as of 2006, almost half of the respondents (48%) were aged 45 and over. This

revealed the community services sector's failure to attract younger people entering the workforce and it may continue to do so if the contribution of people working in the not-for-profit sector is not appropriately acknowledged, reflected in both salaries and public recognition of the sector's contribution to the Australian community. If these objectives are not realised, then it is inevitable that the sector's problem of attracting and retaining qualified staff will become even more apparent. Facing a shrinking workforce, the sector would increasingly struggle to deliver its services which would have major implications for community service provision in Australia.

ADCA believes that for NGOs, investing in the provision of career incentives and skills development opportunities for employees is inevitable in order to retain and attract qualified personnel. ADCA does, however, acknowledge that NGO funding situations presently may not enable them to do so and urges funding bodies to take training and other career development opportunities for staff into account when reviewing funding arrangements. At the same time, the AOD/ NGO sector needs to strengthen its own training provision in order to improve staff qualifications as well as providing some career development opportunities to attract people to join the NGO workforce. Presently, the provision of AOD related courses for example in TAFEs and tertiary institutions is highly deficient and urgently requires improvement. Incentives for joining the AOD/ NGO workforce would be portability of long service leave and qualifications when moving from employment in the public sector to the non-government sector as well as appropriate training and skills development opportunities to ensure a highly qualified workforce.

Consultation questions: actions and undertakings

- A Compact is a two-way agreement. What could your organisation or your sector do differently? What do you want the Government to change?

ADCA believes that a two-way agreement that formalises the relationship between both parties will trigger change and improvement on both sides. ADCA hopes that the compact will present an incentive for the Third Sector to overcome some of the fragmentation currently present within the Sector and to adopt a more collaborative approach in its interaction with government. Australia's not-for-profit sector is highly diverse and several activity qualifications exist within the sector – the Australian Bureau of Statistics (ABS) has identified nine. ADCA, however, believes that despite fragmentation and diversity many not-for-profit organisations in the Sector are faced with the same issues and problems. It is considered important that the Sector presents a consolidated response to Government on some of the issues addressed above to inform best practise and cooperation between Government and the Sector. This leaves the question who will be representing the Sector in the National Compact, and who will actually assess the progress of the cooperation between Government and the Sector.

ADCA believes that peak bodies of sub-sectors within the not-for-profit sector are of crucial importance in this regard as they provide easily accessible points of contact for the government and represent and advocate on behalf of those not-for-profit organisations which often have no or limited contact with government. ADCA believes that more research needs to be done to gain a better understanding of the Sector and to acknowledge its' diversity and its activity subdivisions instead of treating the Sector as a

single unit. The differences across the not-for-profit sector in terms of objectives, organisational structure, sources of finance and regulation are too significant to be ignored.

- Do the actions in the consultation paper capture the action that is needed to improve the working relationship between the Government and Sector organisations?

Implementation of all the actions listed in the consultation paper would most definitely improve the relationship between Government and the Third Sector, but ADCA considers some of them to be highly ambitious and questions the likelihood of their actual implementation.

This starts with the documentation and promotion of the contribution of the Not-for-Profit sector. There are a number of impediments to measuring both the social and the economic contribution of a highly diverse sector with a large voluntary component. ADCA refers to its' submission to the Productivity Commission for a more detailed discussion of this matter.

The only way in which the not-for-profit sector could be guaranteed to have an impact on the policy development process would be if main representatives of the nine activity qualifications the ABS identified within the not-for-profit sector would establish a body which would be granted a seat at the table and whose position would have to be heard and taken into account in any legislative process relating to health, welfare, community, and social services. The establishment of such a body, however, would require major legislative changes. While recommendations made in a consultation process can be adopted or dismissed, their consideration would become compulsory if the body representing the not-for-profit sector would become part of the legislative process. This would guarantee not-for-profit organisations' influence over policy and the allocation of resources. Further, this would present an opportunity to appropriately acknowledge the role of peak bodies.

ADCA noticed that the implementation of a number of recommended actions would be rather costly and questions what money has been allocated to finance the National Compact.

ADCA urges that actions outlined relating to the principle of efficiency be declared a priority, but questions the practicality and necessity of a set of guidelines for best practice sector reporting and administration. As outlined previously, the Third Sector is highly diverse and ADCA argues that "one size does not fit all" and that instead the diverse needs of consumers, the different types of service models, and the diverse range of organisations providing community services need to be recognised and accounted for.

Consultation questions: prioritising the actions

- In your view does the list below of high priority short term actions reflect your top priorities for action in the next two years?

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Yes, the list reflects some of ADCA top priorities for action and advocacy in the next two years.

- Are there high priority actions that are missing from this list?

ADCA would like to see actions to overcome Sector fragmentation and to encourage a more unified voice for the Sector to be added to the list of high priority actions.

- Can you rate the priority of action areas in the table below? (with 1 being your highest priority and 8 your lowest)

Action area	Priority rating 1-8
Documentation and promotion of the value and contribution of the Sector	6
Protection of the right to advocacy, irrespective of any funding relationship that might exist	5
Recognition of sector diversity in consultation processes and sector development initiatives	7
Improvements in information sharing, including greater access to publicly funded research and data	8
Reduction in red tape and streamlining of reporting	2
Increase in consistency/simplicity of financial arrangements, including across state and federal jurisdictions	3
Improvements to funding and procurement processes	1
Responses to paid and unpaid workforce issues – development, recruitment, retention and remuneration.	4
Other (please list)	
Actions to overcome Sector fragmentation and to encourage a more unified voice for the Sector	

Consultation questions: implementation of the compact

- Are the proposed implementation arrangements workable?

ADCA considers the proposed implementation and evaluation mechanisms to be highly superficial and feels that a number of important questions have not been addressed, for example how the actual interaction between Government and the Third Sector will occur, how decisions will be made, is there money allocated to support this partnership, who will monitor the progress and processes of the National Compact etc.

Furthermore, ADCA understands that the National Compact is a voluntary agreement and that not-for-profit organisations sign up as an indication of their willingness to improve

relationships with the Government. In the consultation paper, however, it is stated that governance mechanisms for the sector and the Government will need to be implemented which seems to imply the creation of a body representing the Third Sector as a whole in its interactions with government. This leads to the question how this body should be comprised and who would decide who should be represented on such a body. ADCA has stated in the past that a body representing the Third Sector as a whole should comprise the peak organisation for each of the nine subdivisions identified by the ABS. The consultation refers to the body in question as a National Compact Council comprising Third Sector champions without identifying who these champions could/ should be.

- How do you see the Sector's governance arrangements working?

With the limited amount of information provided on the Sector's governance arrangements, ADCA feels it is in no position to assess their potential functionality.

- What governance arrangements would you like to see the Government adopt to work most effectively with the Sector?

ADCA would like to see the establishment of a body representing the Third Sector, comprising of representatives from the peak organisations for the nine subdivisions the ABS identified within the Third Sector. This classical bottom-up approach would ensure that Government has an informed relationship with the Sector, as the national peaks can claim to represent and advocate on behalf of the respective State and Territory Peak organisations who in turn represent their members and local service providers. Such a body would be in a position to present the diverse views of the Sector to Government and in an informed way can discuss lowest common denominators on a number of issues.

The furthest reaching arrangement that Government could implement to work most effectively with the Sector and to ensure the Sector's input into the policy development process would be if main representatives of the nine activity qualifications the ABS identified within the not-for-profit sector would establish a body which would be granted a seat at the table and whose position would have to be heard and taken into account in any legislative process relating to health, welfare, community, and social services. The establishment of such a body, however, would require major legislative changes. While recommendations made in a consultation process can be adopted or dismissed, their consideration would become compulsory if the body representing the not-for-profit sector would become part of the legislative process.

ADCA understands the visionary nature of the above proposal and that the governance arrangements and system and strategies informing the National Compact's actions will have to be more apprehensive to start with. On the other hand, the enactment of the National Compact could lead the way for the above scenario to be reality some time in the future.

5. Recommendations

Following addressing all the consultation's key questions in detail, ADCA argues that the following recommendations should receive serious consideration.

ADCA recommends:

- that the concepts captured within the six identified principles indeed guide the actions of the National Compact but that the terminology of the six principals is further reviewed in order to ensure they are fully encompassing the listed concepts
- that actions to overcome sector fragmentation and to encourage a more unified voice for the sector are added to the high priority actions listed in the consultation paper
- that more information is provided on governance arrangements and implementation strategies of the National Compact in order to strengthen support for the partnership
- that the peak organisations of the nine subdivisions identified by the ABS constitute the National Compact Council as they represent and advocate on behalf of their respective sub-sectors and represent the jurisdictions at the national level
- that policy and program development at all levels as well as best practice is informed by comprehensive evidence, and that not-for-profit organisations are enabled to have a bigger impact on policies that have a direct impact on their operations
- that Government acknowledges the Third Sector's contribution to the provision of community, welfare, and health services as well as to social inclusion by reviewing funding arrangements and reducing red tape for not-for-profit organisations to enable them to fulfil their contractual obligations most efficiently and effectively; and
- that both Government and the Third Sector accept dual responsibility for the successful enactment of the National Compact and stresses that reciprocal open and ongoing collaboration, as well as two-way communication are vital to successfully strengthen the relationship between Government and the Third Sector.

ADCA would be pleased to assist the Government further in its drafting of a National Compact, and to expand on any of the issues addressed in this submission.

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