

[Developing a National Not-for-Profit Sector Development Blueprint \(dss.gov.au\)](https://dss.gov.au)

[Excerpts summarising report collated below]

DATE: November 2024 COLLATED BY: Sector Sustainability Program Community-Based Co -Lead]

Key Messages:

A key message from many submissions from NFP organisations was that now is the time for government to act to enable a strong future NFP Sector.

A related message was that further consultation without demonstrable response erodes the Sector's relationship with the government, which is critical to the effective functioning of both (see Section 8.1).

Key Asks:

- Need to reset relationships between governments and the Sector and make the Sector's work more visible to the public and to governments
- Active Sector commitment to First Nations self-determination and community control is essential
- Need to create a more enabling regulatory and legal environment for the Sector, particularly by harmonising both NFP and relevant industry standards across the Federation, and broadening and simplifying the deductible gift recipient system
- Need substantial reform to funding and procurement from the NFP Sector, including provision of full funding and use of procurement methods that maximise the Sector's community contributions and support collaboration
- Planning for and investing in the development and wellbeing of the Sector's paid workforce and volunteers is of critical importance
- Need to protect the democratic and social value of Sector's rights to advocacy
- Need to rapidly uplift the Sector's digital and data capabilities.

What is the National Not For Profit Sector Development Blueprint?

First announced in October 2022, the Blueprint will provide a roadmap for Government reform and sector-led initiatives to boost the sector's capacity to support and connect Australian communities.

The Blueprint Expert Reference Group (BERG) released the Not-for-Profit (NFP) Sector Development Blueprint Issues Paper for public discussion via the DSS Engage platform on 1 November 2023. A summary of the Issues Paper is here: [Developing a National Not-for-Profit Blueprint \(dss.gov.au\)](https://dss.gov.au) . The Issues Paper explores eight focus areas considered as key priorities for action by the not-for-profit sector and government:

- Measurement, outcomes and quality of services
- Policy, advocacy, communications and engagement
- Philanthropy and volunteering

- Governance, organisation and legal environment
- Leadership and staff development
- Government funding, contracting and tendering
- Information Technology, communication and marketing, and
- Leveraging assets and social finance

Members of the BERG hosted three online engagement roundtables in November and December 2023. These involved 110 people from 97 NFP organisations and the wider ecosystem. In addition to these roundtables, BERG members addressed the ACNC network and the Australian Taxation Office (ATO)-NFP Stewardship Group. Engagement allies to the Blueprint—that is, select leaders from parts of the NFP Sector not represented on the BERG and people with specialist expertise relevant to the Blueprint—were also invited to a meeting of the BERG to provide insights about key priorities for the NFP Sector raised in the Issues Paper.

What is the feedback on the Issues Paper from NFPs?

The Paper titled [Developing a National Not-for-Profit Sector Development Blueprint \(dss.gov.au\)](https://dss.gov.au) released in June 2024 synthesises material from submissions to the Issues Paper released by the BERG in November 2023 as part of creating the National Not-for-Profit Sector Development Blueprint (NFP Blueprint). Submissions and roundtables presented myriad views, examples of good practice, and reform recommendations.

The BERG received 163 written contributions. Many responses were submitted by peak bodies and NFP umbrella organisations and networks, whose membership comprises more than 12,200 NFP organisations. Submissions were received from regulatory bodies, government departments and local governments.

Organisations that provided submissions that operate in or represent ACT NGOs:

- Anglicare Australia
- Associations Forum
- Asthma Australia
- Australian Accounting Standards Board (AASB)
- Australian Alcohol & Other Drugs Council
- Australian Council for International Development (ACID)
- Australian Council of Social Service (ACOSS)
- Australian Institute of Company Directors (AICD)
- Australian Land Conservation Alliance Australian Red Cross
- Australian Research Alliance for Children and Youth (ARACY)
- Australian Services Union (ASU)
- Community Council For Australia

- Community Sport Alliance of the ACT
- Disability Advocacy Network Australia
- Diversity Arts Australia
- Family & Relationship Services Australia: FRSA
- Foodbank Australia
- Goodstart Early Learning
- Jobs Australia
- Lifeline Australia
- Mental Health Coordinating Council
- National Catholic Education Commission
- National Family Violence Prevention and Legal Services Forum
- National Foundation for Australian Women (NFAW)
- Playgroup Australia
- RSPCA Australia
- SNAICC – National Voice for our Children
- St Vincent de Paul Society National Council of Australia
- The Salvation Army
- The Smith Family
- UnitingCare Australia
- VolunteeringACT

Overarching issues raised in NFP Submissions

Australia's NFP Sector is a bedrock of community connection, support, action, and cohesion. It is also Australia's largest employer outside government. It is a critical part of the nation's social and economic fabric.

With minor differences reflecting the current historic moment, the key priorities and themes articulated in these submissions mirror those in the 2010 consultation report for a National Compact between the Australian Government and Third Sector (Commonwealth of Australia, 2010). As widely observed in submissions, and detailed by McGregor Lowndes (McGregor-Lowndes M (2023) *Are any more recommendations worth implementing from nearly 30 years of Commonwealth nonprofit reform reports?* Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology. <https://eprints.qut.edu.au/237821/>), this is but one of multiple consultations and formal inquiries, both recently and over the past 30 years in which charities and the wider NFP Sector have shared core challenges that require government actions and wider political commitments.

[Note: ACT based consultations and reform agendas agreed between NGOs and ACT Government over past 13 years:

Renewal of ACT Compact (2011)

Community Sector Reform Program (2012-2015)

ACT Human Services Blueprint (2014-2018)

ACT Community Services Industry Strategy (2016-2026)

ACT Human Services Reform via Commissioning for Outcomes (2020-2030)

Counting the Costs Research and ACT Government Response (2021-2023)

Sector Sustainability Program (2023-2028)]

Despite some articulation of the creativity, community stewardship, and transformative potential alive within the Sector, the broad focus of submissions was on the critical and urgent issues that hinge on regulatory improvements, reasonable investment and different ways of working between Sector organisations and communities, and between the Sector and governments. In a Sector with this large a social and economic footprint, this is not only a source of concern for those who consciously care about it, but a risk for the nation's wellbeing and prosperity.

Submissions speak with one voice on several matters. They also speak with many voices, to many issues, drawing on diverse evidence from the perspectives of different communities and through various cultural and professional lenses. This is an expression of civil society in action. It has been offered with authority and generosity, suggesting that now is time for reciprocity.

A key message from many submissions was that now is the time for government to act to enable a strong future NFP Sector. A related message was that further consultation without demonstrable response erodes the Sector's relationship with the government, which is critical to the effective functioning of both (see Section 8.1). Key messages:

- Need to reset relationships between governments and the Sector and make the Sector's work more visible to the public and to governments
- Importance of active Sector commitment to First Nations self-determination and community control
- Need to create a more enabling regulatory and legal environment for the Sector, particularly by harmonising both NFP and relevant industry standards across the Federation, and broadening and simplifying the deductible gift recipient system
- Need for substantial reform to funding and procurement from the NFP Sector, including provision of full funding and use of procurement methods that maximise the Sector's community contributions and support collaboration
- Critical importance of planning for and investing in the development and wellbeing of the Sector's paid workforce and volunteers

- Democratic and social value of protecting the Sector's rights to advocacy
- Need to rapidly uplift the Sector's digital and data capabilities.

Priorities for Action

Addressing Relationship issues:

- Increasing government understanding of the Sector and Sector visibility to governments;
- Developing systemic governance and outcomes agreements that support genuine collaboration between the Sector and government;
- Ensuring the governance and implementation model of the Blueprint supports effective government-sector relations over time.

First Nations Self Determination

- Active support for building the community-controlled sector and shift to community control of NFP services for Aboriginal and Torres Strait Islander people and communities
- Creating distinct accountabilities for NFP organisations, supplementing those for governments, in the National Agreement
- Developing improved cultural competency and active leadership for change within mainstream service providers and the wider NFP Sector
- Shared decision-making and co-governance of Blueprint priorities and actions
- Meaningful targets for measuring and reflecting on progress.

Legal and Regulatory reform

- Simplifying and broadening the DGR system
- Coordinating and streamlining checks and accreditations material to the Sector across jurisdictions and within government granting and contracting requirements
- Acting on current and potential commitments to harmonise regulation of NFP activities and entities across states and territories
- Investing in upskilling current and potential NFP directors from diverse backgrounds
- Supporting effective navigation of relevant regulatory and legal requirements by small and local NFPs

Improve Funding Adequacy

- Universal commitments by governments and philanthropy to fully fund the costs of services and initiatives they support and procure through the Sector

- Improvement in financial and outcomes reporting standards required by funders to increase transparency and understanding of NFP costs, cost structures and public value created
- Longer contract and grant terms and improved transparency and processes for extension of contracts and grant funding terms
- Flexibility within contracts/grants to support Sector responsiveness
- Making tendering and granting opportunities more accessible to smaller organisations
- Supporting Sector innovation and collaboration through different approaches to procurement

Address Workforce supply and wellbeing

- Ensure funding and procurement integrate workforce and workforce development needs, particularly supporting measures that support decent work and investment in the NFP Sector's people
- Invest in developing cross-cultural competencies and diversity and inclusion practices of the Sector to attract and retain a diverse workforce
- Sustained investment in supporting the development of future Sector leaders who reflect the diversity of the Australian people
- Formalise commitments to peer work and lived expertise in the NFP workforce
- Create and implement a NFP Sector workforce development strategy as a priority of the Blueprint
- Develop career pathways for workers that are long-term, exciting, reliable and competitive with other sectors
- Recognise and properly resource volunteer management
- Enable Sector voice(s) in decisions that affect workforce development and retention, including industrial, educational, and immigration policies

Protect and Support Advocacy

- Developing government and community understanding of the value of Sector advocacy to society
- Legislative reform to better enshrine rights to advocacy within the NFP Sector
- Supporting the roles of peak bodies in advocating to government on behalf of their members, and the value of governance networks that support meaningful communication between parts of the NFP Sector, political leaders and the public service
- Resourcing advocacy functions and capability of smaller NFP organisations to participate in policy development and practice feedback loops

Strengthen digital and data capability

- Recognise digital and data capability as core investments of a contemporary NFP Sector
- Replicate or expand models of shared or networked service arrangements to grow digital capability in the NFP Sector in relation to skills and digital infrastructure
- Ensure NFP organisations are automatically eligible for government programs supporting cybersecurity and digital innovation made available to other sectors
- Improve user experience of government data collection and management systems, and make use of automation to create efficiencies for the Sector in pre-population of government procurement, reporting and regulatory processes;
- Expand the remit and content of the ACNC Charities Register
- Initiate more effective and routine sharing of data by governments with the NFP Sector to support benchmarking, learning and development.

Detailed Summary of submissions

First Nations self-determination

- If the Blueprint is to be effective and complement other national strategies, it must respect that agreements between Aboriginal and Torres Strait Islander people and governments have been reached about the future of policy and service delivery for First Nations people through the National Agreement on Closing the Gap
- Commitments within the Blueprint to First Nations' self-determination and community control need to be active, integrated with the existing National Agreement and decided with First Nations' organisations and people.

Use of Codesign

- Effective co-design with and through the NFP Sector is not just an issue of services design but is important at all system levels. These include the design of macro policy reforms, industry reforms, services and other NFP activities. Submissions reflected that it was important the Sector be a genuine partner in macro-level policy and industry-level reform processes that affect its functions and can benefit from its expertise.
- Shared decision-making rather than co-design was the required standard of effective reforms regarding self-determination of Aboriginal and Torres Strait Islander people and organisations as set out in the 2020 National Agreement on Closing the Gap.
 - Shared decision-making, or co-governance, can produce more transformative change and service effectiveness than co-design alone

- Important that organisations within the Sector are acknowledged and supported as effective facilitators and partners to co-design processes with communities, service users and citizens that are just, inclusive, culturally competent and authentic.
- Governance of the relationship should also be codesigned
- Adoption of co-design as a norm without contextualisation can
 - Exacerbate gender and racial inequities present in the Sector’s work
 - Perpetuate trauma among people this work seeks to serve
- Some common principles of good co-design described in submissions were
 - Shared purposes and agreed governance
 - Timeframes that support meaningful engagement and equitable participation
 - Fair pay to community members and people with lived experience
 - Fair remuneration to organisations for new costs of service design
 - Adoption of trauma-informed and culturally-literate practice.

Relationship issues

- NFP organisations that responded to the Issues Paper reflected that public policy has a profound impact on the social, environmental, cultural and economic issues their work addresses.
- Various submissions also pointed to the substantial and novel contributions the NFP Sector makes to Australia’s wellbeing and economic productivity.
- They reflected on the role of the Sector as a major national employer, its dominance in industries with strong productivity trajectories, and its footprint and expertise in the provision of services the nation increasingly needs.
- Need to acknowledge and support the vital community roles of the Sector, and the community infrastructure it creates and stewards. This includes
 - Physical infrastructure, from halls to schools to green spaces, which supports a huge range of community activities and is often used in rapid and longer-term responses to emergency needs, such as those arising from the recent pandemic, floods and bushfires.
 - Social infrastructure, particularly trust and relationships, which are central to people’s individual and collective wellbeing and to the functioning of society.
- NFPs are a capillary system of connection and belonging, comprising a multitude of organisations linking people through shared aspirations, cultures, faiths, places, identities, professions, worker status, values and needs.

- the NFP Sector is a critical partner to the realisation of broad policy reform agendas, including:
 - Bipartisan and cross-jurisdictional commitments to the National Agreement on Closing the Gap; the development of Australia’s current and future workforce; the National Strategy for the Care and Support Economy; the implementation of Royal Commission recommendations in Aged Care Quality and Safety and Violence, Abuse, Neglect and Exploitation of People with Disability; and women’s economic equality.
 - Many felt the potential of the Sector to contribute to better policy settings for Australia was under utilised, under-recognised and under-resourced.

Despite the importance of the relationship submissions identified these issues:

- Poor understanding and visibility, these manifest as:
 - Lack of systematic involvement of the Sector in industry and policy reform work where the Sector or relevant sub-sectors have deep expertise and are directly affected by reforms
 - Lack of understanding by government departments of how NFPs work and are regulated, resulting in less effective program design and procurement conditions that render charities ineligible or at risk in relation to their charitable purposes
 - Lack of inclusion of charities or NFPs in eligibility criteria for government funding that supports business development or relief (a past example being initially excluded from business relief packages at the height of the COVID 19 pandemic and, more recently, NFPs being ineligible to access small business funding support to improve cybersecurity and use of artificial intelligence (AI))
- Inadequate respect and mutual trust, these manifest as:
 - Active constraints by governments on the Sector’s work
 - Inactivity and unmet commitments to the Sector that erode its confidence in government
- Concerns about a sustainable forward path:
 - The NFP Sector has been the focus of multiple government inquiries over the past thirty years, with limited government acceptance and implementation of recommendations from this work
 - Forming a Third Sector Compact under the Rudd Labor Government in 2010 and Sector frustrations when this was subsequently abandoned
- Improvements needed in legal and regulatory settings:
 - Good regulation is a major enabler
 - Poor or poorly coordinated regulation is a major burden on the operations and aspirations of the NFP Sector

- Broaden and simplify DGR status
- Harmonising regulation across all jurisdictions, including accreditation requirements across different sub-sectors, screening processes, portability of clearances across jurisdictions
- Consolidating collection and strengthening analysis of data (ABS, ACNC, ATO)
- Consistency and clarity of NFP Director Liabilities across sub-sectors

Resourcing issues

Fundamental resourcing problems faced by the Sector are an effect of decades of policy reform characterised by emphases on individualism and cost-efficiencies, rather than an effect of NFP Sector practices. These reforms emphasised a focus on direct interaction with individual clients and on the introduction of commercial norms such as cost-efficiency and competition. As a result, the sector is chronically under-funded and a continued focus on the incentives provided by competition will not encourage innovation given it depends on collaboration (discouraged) and capital (absent) (UnitingCare Australia submission).

The need for significant improvements in funding and procurement to enable an effective NFP Sector was one of the most frequently cited issues in submissions. The vast majority of specific issues raised have been matters of repeated inquiry and response from the Sector over many years.

Poor funding practices:

- Create risk for communities and people who use NFP services
- Drive poor employment conditions and limit workforce quality and sustainability
- Create inefficiencies and operational risk for NFP organisations
- Suppress opportunities to innovate

Feedback on funding can be categorised under six headings:

1. adequacy of funding

To support system change:

- Relative underinvestment by Australian governments and philanthropy in system change (eg peak organisations, intermediary organisations)
- Achieving systems change is complex, dynamic, long term and fits uncomfortably within traditional procurement and contracting processes. Nevertheless, it is now understood to create enduring improvements to our most intractable social problems, addressing the systemic factors that hold those problems in place is essential (ARACY submission).

To support sustainable service delivery:

Underfunding and under-pricing by governments and philanthropy is driven by:

- Initial underfunding of direct and indirect costs of service or project provision
 - Over-reliance on unpaid labour by governments
 - Inequitable resourcing of organisations serving particular demographic groups
 - Downward pressure from funders and procurers on pricing of indirect costs
 - Lack of understanding or preparedness by funders to pay for the underlying infrastructure needed to deliver services and projects well
 - Under-pricing indirect costs to secure service contracts and grants
 - Complex and disparate financial reporting requirements and lack of agreed performance standards limited understanding and transparency of NFP costs and cost structures
- Failure in grants and contracts to fully index costs over funding and project cycles
 - Insufficient, inconsistent and infrequent indexation of grants and contracts was cited in over 30 submissions as a major contributor to inadequate resourcing.
 - Different levels of indexation by jurisdictions creating pressure on service quality and challenges in providing consistent salaries and conditions across common programs funded jointly by different governments
 - Indexation practices were rarely competent to account for changing demands on services over funding cycles as people's needs for NFP services and activities shifted due to demographic changes and external factors
- changing costs and cost structures as NFPs respond to dynamic environments and shifting community needs
 - Changing operating conditions
 - Greater need for diversity and cross-cultural competence in leadership and management
 - Inflationary pressures
 - Increased knowledge of good practice and related expectations of communities, industries, governments and philanthropy. They include costs of:
 - Inclusive co-design and people-led models of service creation and provision
 - Digital capability
 - Measuring outcomes
 - Growing energy and physical infrastructure costs, and

- Increasing insurances related to changing asset values, liabilities under new standards, and extreme weather events.

2. certainty of funding

Major drivers of uncertainty:

- Proliferation of short-term grants and contracts offered by both governments and philanthropy
- Lack of transparency and timeliness of advice on funding renewals

Impacts of uncertainty:

- Threats to relationships of trust between NFPs and the communities they serve, where uncertainty of funding affects service availability and continuity of the people who provide services
- Poor workplace conditions and inability to attract and retain quality staff;
- Constraints on innovation and responsiveness to emerging needs
- Inefficiencies due to high transaction costs related to managing short-term agreements and related matters (such as staff contracts)
- Challenges to good governance and legal compliance due to the complexity of organisational revenue sources and terms.

Benefits of longer-term, more certain funding:

- Create efficiencies as funded organisations can embed knowledge and infrastructure that supports their work beyond the funding cycle
- Increased scope for evaluating and refining the quality and responsiveness of services

Measures to ensure effectiveness of longer-term funding

- Conditions in longer-term agreements that allow for review of performance and renegotiation of deliverables where operating conditions or services demand demonstrable change
- Transparency and minimum periods for advising on contract or funding renewal were also urged, with a minimum six months on multiyear agreements most recommended

3. structure of funding

Most submissions that included material on the structure of funding stated the structure of funding approaches and their underlying logics limited and, in some cases, undermined the core qualities and value of NFP organisations.

- When funded through multiple streams, across government departments and, in some cases, across jurisdictions:
 - Significant administrative burden associated with different reporting and acquittal requirements (sometimes within departments).
 - Different budgeting models and navigation of different eligibility criteria for funding in like programs contributed to this administrative burden,
 - Excessive red tape arising from a lack of integration between regulatory registers
 - Lack of automation of government grants and contract systems, from bidding to monitoring, reporting and acquitting grants and contracts.
 - Small number of these submissions noted past efforts to implement a Standard Chart of Accounts and suggested this be prioritised.

The Law Council of Australia observed that government departments may apply procurement conditions to NFPs that would not be tolerated in commercial markets to the detriment of themselves and communities.

Issues related to indexation, funding terms and supporting Sector innovation and collaboration:

- Greater flexibility of funding and contracts – including agreement terms, variations and acquittals – to ensure that activities and services:
 - Are codesigned
 - Are responsive to changing needs in their communities
 - Support effective coordination of services
 - Empower evidence-based practice
- Adequate flexibility...is critical to enable [community service organisations] to realise their primary strength as not-for-profit organisations reflecting and advancing stakeholder interests, rather than being seen simply as competitors with commercial enterprises (COTA Victoria submission)

4. access to funding, 5. administrative burden of poor procurement and funding practices and 6. effects of procurement and funding models on Sector collaboration, good practice and innovation.

Funding and procurement models drive quality of services and of service systems:

- Eg requiring suppliers bidding for government contracts to have a 'Fair Jobs Code Pre-Assessment Certificate to show a history of compliance with employment, industrial relations and workplace health and safety laws'
- Collaborative commissioning can positively influence systems of support for people and communities that NFPs serve

- Lead agency models and other mechanisms that support smaller and place-based organisations to partner with others when such arrangements support culturally appropriate and self-determined models of NFP community work

Competitive tendering models

- Tend to favour larger providers, reduce investment in locally-based and community connected organisations.
- Disadvantage smaller organisations, who typically do not have the resources to participate in such processes
 - Lack of systematic access to information about opportunities
 - Short time frames for responses
 - Upfront costs of engaging in government procurement processes and bidding for grants and contracts

Place-based funding models:

- Enable collaboration important in rural and regional communities, multicultural communities and for aggregating the work of smaller organisations
- Make an essential contribution to local social infrastructure
- Creates local governance arrangements to meet community needs and solve local problems

Supporting a strong and well NFP Workforce

Most submissions stated a healthy, skilled and properly resourced workforce is critical, both to the work of the NFP Sector and to the contributions of the Sector to the nation's social and economic fabric.

From greens keepers to community health workers, scientists and beyond, there is a huge variety of roles, qualifications and skills needed in the NFP Sector workforce, guided by a diversity of industrial awards, accreditation standards, and regulations. Perhaps the strongest point of commonality across the NFP workforce is that it works largely in services industries.

Services 'tend to be labour intensive, many are delivered in person, often bespoke and hence not amenable to mass production'. This report (Australian Government Productivity Commission (2023b) Advancing Prosperity: 5-year Productivity Inquiry report – volume 1. <https://www.pc.gov.au/inquiries/completed/productivity/report>) also notes that productivity gains in services are challenging and best achieved through innovating to support services quality and accessibility.

Importance of investing in, developing and planning for the NFP workforce (including both paid and volunteer staff), both present and future, was broadly recognised as an urgent issue.

- Broad issues and actions for the integrated paid/volunteer workforce
 - Redress the wellbeing deficit experienced by many working and volunteering in the Sector, particularly in communities and service sectors experiencing and responding to sustained exclusion and hardship
 - Increase digital and data capabilities to manage risk and maximise emerging opportunities
 - Attract and retain people from communities the Sector serves
 - Be attentive to entrenched gender inequities and their effects on the valuing of Sector work and workers
 - historic devaluing of women has driven low wages and insecure work
 - Increase diversity and inclusion within the workforce at all levels
- distinct issues and actions material to the paid workforce (staff)
 - Historic underfunding and short-termism:
 - reduce certainty for workers
 - contribute to underinvestment by NFP organisations in staff development and conditions
 - constrains the attraction and retention of staff
 - limits career pathways in the Sector
 - Labour intensiveness of much NFP Sector work creates strong price and cost sensitivity for NFP organisations
 - Critical shortages
 - educational inequities and labour-market exclusion, exacerbate problems in attracting industry-qualified workers with lived expertise of specific social conditions, Aboriginal and Torres Strait Islander people, and people from culturally and linguistically diverse communities
 - Need to modernise industry standards and cultures within the Sector
 - ASU proposals:
 - ‘the only way to combat critical staff shortages and undervaluation of the workforce is through long term funding cycles linked to permanent, secure jobs’
 - incentivise and enforce better industrial standards, including new Fair Work Australia rules on the use of fixed-term contracts
 - Lack of formal collaboration with education providers constrains capacity to influence the design of education and training of their current and future workforce
 - Sector’s ability to be a provider of decent work relies heavily on the effective reform of funding issues, investment to support workforce development and infrastructure for innovation

- Distinct issues and actions material to the unpaid workforce (volunteers)
 - All submissions from organisations working with volunteers or their peaks confirmed that they were seeing a decline in formal volunteers
 - effects of the COVID-19 pandemic
 - volunteers being turned off by increasing red tape
 - challenges in recruiting skilled volunteers in changing areas of need (such as digital skills mentoring)
 - generational and cultural factors combined with lack of volunteer experiences tailored to interests of prospective volunteers at different life stages
 - Changes in patterns of formal volunteering, with people volunteering more episodically and across multiple organisations (this trend drives imperative for portability of clearances across organisations and jurisdictions)
 - resources should be made available by government to informal volunteers and their communities to support their work
 - Workforce precarity, cost of living pressures and care responsibilities affect the capacity to formally volunteer of those more traditionally likely to do so
 - Changing operating environment reducing suitability of volunteers fulfilling roles, including expectations of:
 - quality service delivery
 - regulatory compliance
 - sound industrial practices within the Sector
 - Chronic under resourcing, or no resourcing, of volunteer leadership and management to support service excellence, and attract and retain volunteers

Strengthen NFP right to Advocacy

Submissions spanning the breadth of the NFP Sector and the wider ecosystem, including peak bodies, networks and intermediaries, stated rights to advocacy of charitable organisations and NFPs contracted to governments are at risk.

Advocacy seen as an obligation of NFP organisations to effectively represent to governments the needs of the people, issues and communities they serve.

Commentary on capacity for advocacy

- Some submissions from small and regional organisations pointed to the value of peak bodies, intermediary organisations and Sector alliance groups in providing advocacy on shared issues to governments.

- Others called for greater direct government and philanthropic resourcing of the advocacy work and communication channels for smaller organisations, noting the importance of their relationships with and knowledge of community issues, needs and solutions.

Advocacy is described as providing the following value to government and the community:

- Insights important to good policy and program design eg stemming immediate harm of unanticipated consequences of government programs
- Supports rapid response and flexibility of government and philanthropic interventions at times of emergency
- Enables development of long-term insights about the needs of those using services and the effectiveness of services
- Contributes to improved consumer practices and product design in the for-profit sector (eg financial hardship practices)

Ways to strengthen Advocacy:

- Broadly disseminating and promoting ACNC guidance on charities' conditions for advocacy
- Stronger legal protections to better enshrine rights to advocacy within the NFP Sector
 - Amending the Charities Act 2013 (Cth) to stipulate that charitable advocacy is presumed to be for public benefit.
 - Amending the Not-for-profit Freedom to Advocacy Act 2013 (Cth) to establish in law principles on the importance of charitable advocacy as well as prevent government from preventing charitable advocacy via indirect methods
 - Legislate a transparent, merit-based process for the appointment of the ACNC commissioner to ensure suitably qualified Commissioners in the future.... (Stronger Charities Alliance submission).
- Strengthen relational structures between governments and NFPs:
 - Support the importance of peak bodies in advocating to government on behalf of their members
 - Value governance networks that support meaningful communication between parts of the NFP Sector, political leaders and the public service.
 - Support relationships with the university sector

- Increasing resourcing for advocacy:
 - Better and more consistent resourcing of peak bodies
 - Resourcing of individual organisations' capacity to advocate through direct funding for this activity and/or through pricing of grants and contracts

Digital and Data Capability

Key issues raised:

- NFPs have both infrastructure and skills gaps
 - These issues were linked in submissions to chronic underinvestment and under-pricing in NFP grants and procurement, and related workforce development and governance challenges
 - Costs of paywalled services and software to engage in government procurement opportunities being prohibitive for small organisations
Cloud-based infrastructure can improve flexibility of access and reliability, it requires device and platform access management systems, and 'the need to update devices frequently to maintain security and run current software versions'
- Cybersecurity
 - Guidance and support for cybersecurity governance
- Ability to support digitally excluded people
 - Issues of digital inclusion and the NFP Sector must address both the Sector's inclusion and the digital inclusion of the people it supports
 - Digital delivery is not fit for all purposes and needs eg sports, arts, and recreation that contribute to local community connections not replicable online
- Potential to harness AI
 - Great potential of data analytics to support more personalised approaches to service provision and care
 - Capabilities needed to realise this potential was currently beyond many in the Sector due to resourcing and related underinvestment in the Sector's workforce and digital systems
 - Sector's potential to maximise the potential of emerging technologies is contingent on investment, training, peer-learning and collaboration
- Likely effects of automation on services and workforce needs

There is unrealised potential of a more data capable Sector, and of data collected by governments through regulation, funding and procurement.

Measurement, Outcomes and Quality of Services

The quality of services and activities of the Sector are affected by

- How and how well they are resourced
- The skills, wellbeing and diversity of those who provide them
- Whether and how NFP organisations are enabled or constrained by their operating environments
- Who owns and leads them
- How they are designed [material from submissions re codesign is summarised in earlier section]
- How their outcomes are measured and/or shared

Key issues in measuring outcomes:

- The complexity and cost of outcomes measurement can be significant for some types of work that have positive impact
- The benefits of early intervention work are negatively affected where people are in crisis, citing cost of living and housing crises as matters that reduce engagement in early intervention services
- Systemic change created through both service and advocacy work is often long-term and affected by factors well outside the control of individual organisations or networks
- Respecting data sovereignty, particularly of First Nations people and people with disability, is of increasing importance and needs to be considered in Sector and funder requirements of outcomes measurement and management
- Lack of consensus on whether capability development requires better understanding/use of existing platforms and learning resources to support the Sector to develop its capabilities in evaluation and outcomes measurement, or new and different platforms and learning resources
- Shifts towards outcomes measurement are not simply technical, also requires culture change within organisations and sub-sectors

Increasing and Better Targeting Philanthropy

Unprecedented transfer of intergenerational wealth over the next 20 years with relatively limited revenue benefit to governments under current tax settings, presents an important opportunity for increasing philanthropic giving.

Philanthropic funding should not replace government responsibility to provide services essential to and/or prioritised by the citizenry, noting that beyond conditions applied to it through regulation, philanthropic contributions are:

- Not guided by democratic processes of collective prioritisation and resource distribution
- Adversely affected by stigma and social norms eg specific kinds of organisations face systemic inequalities that can hinder their access to philanthropic networks and thus funds

Narrow and, in some cases, archaically defined DGR categories limit better targeting of philanthropy to the community's and Sector needs.

For profit contributions also valued by NFPS, eg cash and in-kind business sponsorship was an important form of resourcing.

Options to improve philanthropic giving:

- Cross sectoral learning about priorities for investment for better targeted philanthropy
- Activate workplace giving
- Private Ancillary Funds be able to count future years in funds distributions
- retaining uncapped donations
- growing, strengthening and raising public awareness of Australia's community foundations
- capital gains tax reform to stimulate the donation of listed equities to registered charities

Leveraging Sector Assets and Using Social Financing

The people who comprise the Sector's voluntary and paid workforce were widely recognised as a key asset of the Sector. Priorities for action to better leverage non-financial assets:

- Supporting and investing in people to ensure the strength and sustainability of this workforce
- Integration and publication of data about the NFP Sector beyond charities
- Reinstate and expand routine data collection through ABS

Use of property assets:

- Many NFPs deploy or repurpose their properties to support communities beyond routine purposes, particularly in times of emergency such as COVID lockdowns, floods and fires
- Historical exclusion of Aboriginal and Torres Strait Islander people from owning property and other assets has contributed to ongoing inequities between ACCOs and other NFP organisations
 - investing in capital works for ACCOs, and the transfer to ACCOs of infrastructure assets from non-Indigenous organisations and

governments are opportunities to actively support Aboriginal and Torres Strait Islander self determination and community control (SNAICC submission)

- In 2023, the ACNC released additional data on revenue from investible assets by charities, which points to investible capital on charities' balance sheets. Making use of this data, GoodWolf Partners suggests that, in aggregate terms, charities hold around \$100bn in investible assets, compared with the total balance sheet amount of around \$450bn. This means around \$1 in every \$4 held by the charitable sector is investible, rather than dedicated to operations. These assets are highly concentrated in particular organisations.
- Lack of property assets has impact on service growth: eg in early childhood education and care sector:
 - not-for-profit providers tend to reinvest their operating surpluses in quality, inclusion and valuing their workforce, at the expense of growth, and are constrained in accessing capital to fund growth

Social impact investing:

- The fit between social finance products and models and NFP financial needs should not be assumed.
 - In submissions from several larger organisations (e.g. UnitingCare Australia, Australian Red Cross) who have engaged with social impact bonds and related instruments of social impact investing the common message is that social impact investing broadly and specific instruments such as social impact bonds are not a 'steady state' solution to the financial needs of the NFP Sector or sub sectors within it.
 - the type of finance typically needed by small to medium NFPs is 'concessionary, low cost, and patient debt', with current reliance for this generally on mainstream financial institutions and products and, in some cases, specialist social finance intermediaries
 - Some submissions stated social finance instruments and outcomes-based funding practices
 - are forms of speculative investment inappropriate to the Sector
 - can create unnecessary costs where misapplied
 - generate substantial administrative burden for small to medium organisations
 - drive risks to NFPs which have consequences for the quality and security of employment in their labour intensive services