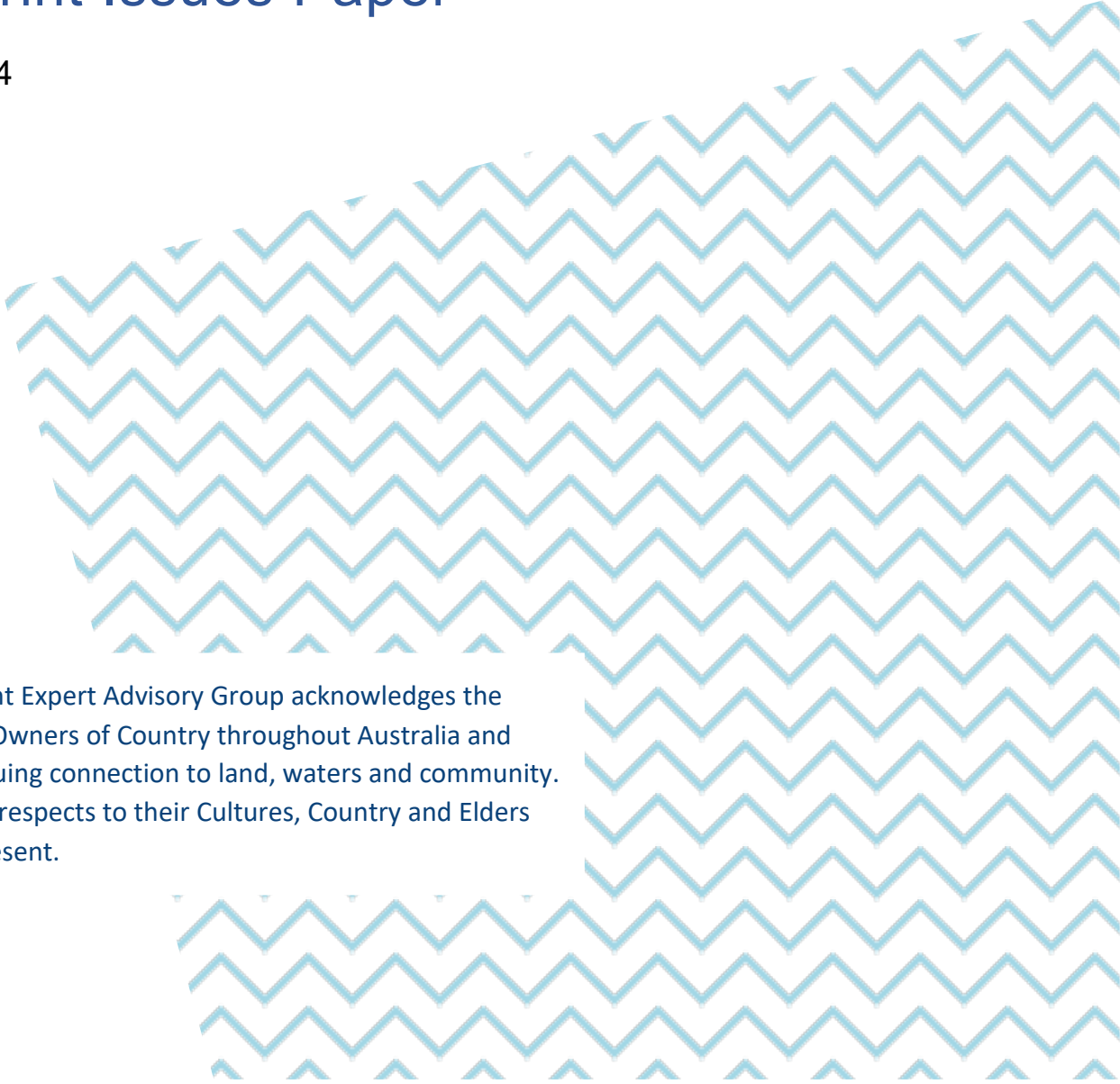


Developing a National Not-for-Profit Sector Development Blueprint

Synthesis of responses to the Blueprint Issues Paper

June 2024



The Blueprint Expert Advisory Group acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

Acknowledgements

This Synthesis has been prepared on behalf of the Blueprint Expert Reference Group (BERG) based on the contributions of more than 170 organisations, individuals and agencies. It has benefited from insights from a range of experts, including the BERG's Engagement Allies.

Executive Summary

This paper synthesises responses to the Issues Paper released by the Blueprint Expert Reference Group (BERG) in November 2023 as part of creating the ten-year National Not-for-Profit Sector Development Blueprint (the Blueprint). Input includes 163 written submissions and participation of 97 not-for-profit (NFP) organisations in three online roundtables.

Submissions reflected the very substantial role of the Not-for-Profit Sector (the Sector) in supporting national cohesion, and its major social and economic contributions to Australia. While there was some overrepresentation of responses from the community services sector, submissions addressed a broad range of concerns and priorities for the NFP Sector over the next decade. Major issues canvassed included:

- the need to reset relationships between governments and the Sector and make the Sector's work more visible to the public and to governments
- the importance of active Sector commitment to First Nations self-determination and community control
- the 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
- the 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
- the critical importance of planning for and investing in the development and wellbeing of the Sector's paid workforce and volunteers
- the democratic and social value of protecting the Sector's rights to advocacy, and
- the need to rapidly uplift the Sector's digital and data capabilities.

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.

With a small number of differences that reflect current conditions and concerns, the major themes articulated in the Blueprint submissions mirror those in the National Compact between the Australian Government and Third Sector Consultation Report (2010). They also reiterate feedback to 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.

Major themes and recommended actions summarised in this paper form part of forward considerations and drafting of the Blueprint.

Contents

1.	Introduction	6
2.	Background and Purpose	7
3.	Summary of Submissions and Other Contributions	9
3.1	Types and Characteristics of Submissions	9
4.	Approach to Synthesis and Organisation of Themes	10
5.	Feedback on Process	11
6.	Sector Vision and Qualities	12
6.1	Additional Qualities	13
6.2	Reframing of Proposed Qualities	13
7.	Co-design and Blueprint Governance	14
8.	Major Themes	15
8.1	Priority I: A Healthy Relationship with Government	15
8.2	Active Commitment to First Nations Self-Determination and Community Control	18
8.3	Effective Regulatory, Legal Environment, and Governance	19
8.4	Effective Grant Funding, Contracting and Tendering	25
8.5	Support a Strong and Well NFP Workforce	33
8.6	Protect and Support Advocacy	38
8.7	Strengthen Digital and Data Capability	40
9.	Other Themes	45
9.1	Measurement, Outcomes and Quality of Services	45
9.2	Philanthropy and Volunteering	47
9.3	Sector Assets and Social Finance	50
10.	Implications of Submissions for the Development of the Blueprint	54

1. Introduction

This paper synthesises responses to the Issues Paper released by the Blueprint Expert Reference Group (BERG) in November 2023 as part of creating the National Not-for-Profit Sector Development Blueprint (NFP Blueprint). The BERG aims to make best use of input generously provided by the Sector and members of the public to other relevant inquiries, by integrating or referring to insights from recent and concurrent consultations. These include the Productivity Commission Inquiry into Philanthropy and the Department of Social Services (DSS) *A stronger, more diverse and independent community sector* consultation.¹

This paper synthesises material from submissions and roundtables presenting myriad views, examples of good practice, and reform recommendations. Its purpose is to summarise themes arising from this material to support the development of the NFP Blueprint framework and priorities. Some reference to available evidence is made to contextualise responses to the NFP Blueprint Issues paper. However, this document does not constitute a comprehensive evidence review.

Extensive thoughtful and useful detail is provided in the submissions (listed in Appendix A), which should be referred to in refining and operationalising the Blueprint and other reform activities material to the Not-for-Profit (NFP) Sector. It should also be noted that this Synthesis is one of multiple inputs into the Blueprint development process.

¹ At the time of preparation, draft reports from these inquiries were available for review and form the basis of the integration.

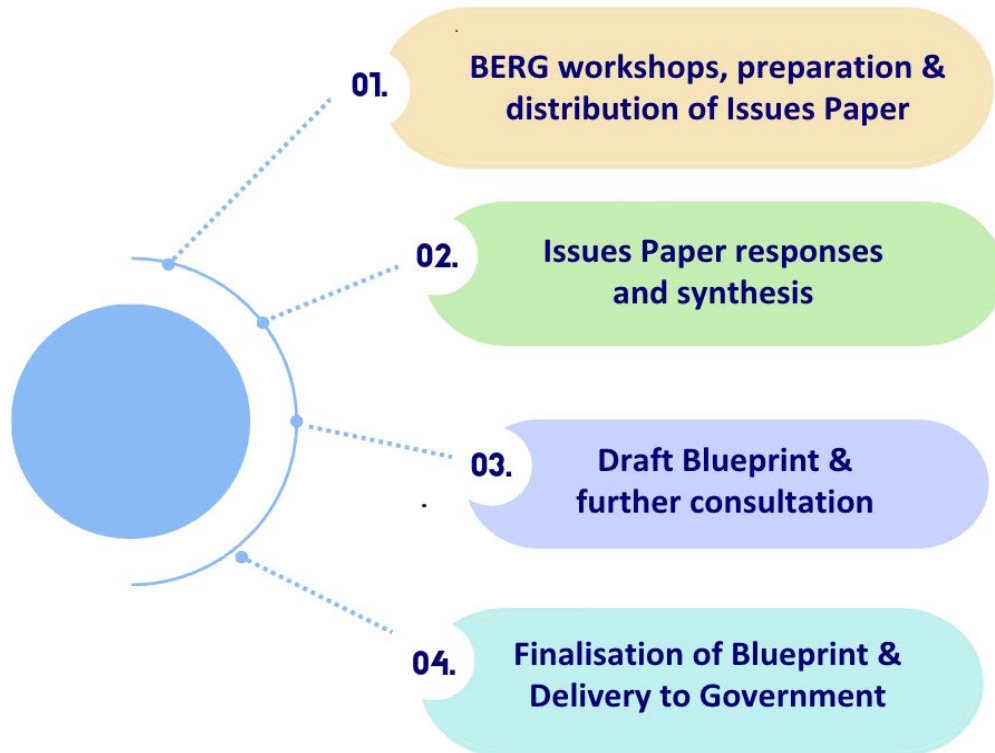
2. Background and Purpose

The BERG released the *Not-for-Profit (NFP) Sector Development Blueprint Issues Paper* for public discussion via the DSS Engage platform on 1 November 2023. The paper was promoted by members of the BERG and expert advisors via social media and their networks. With the support of DSS, the paper was also shared via the following channels: DSS media channels; DSS program areas; Community Grants Hub; DSS Delivery Lead newsletters; the Australian Charities and Not-for-profits Commission (ACNC) network; A Stronger More Diverse and Independent Community Sector Interdepartmental Committee; and stakeholders identified by Treasury, the BERG, and engagement allies.

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. Five of the nine engagement allies participated in this discussion.

This paper synthesises inputs to the Blueprint development process to date, to provide insights for drafting the Blueprint and later implementation. Further consultation on a draft Blueprint will be conducted by the BERG and government partners with the NFP Sector, government and other relevant bodies in the first half of 2024 to ensure priorities are well-reflected and actionable.

Process of Blueprint Development



This document summarises the feedback, ideas and recommendations of many people and organisations. The NFP Sector and those who support it generously provided their expertise, evidence and experience. This summary cannot do justice to the breadth of insight and recommendations presented by a diverse Sector on myriad topics raised in and beyond the Issues Paper. The BERG recommends that submissions to the Issues Paper be retained and used further as evidence to support the implementation of the Blueprint and other reform activities in the NFP Sector.

3. Summary of Submissions and Other Contributions

The invitation to respond to the Blueprint Issues Paper resulted in 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. Submissions were also received from professional membership bodies and one union. Appendix I lists all submissions where permission was provided to publicly disclose their identities.

3.1 Types and Characteristics of Submissions²

Submissions were received from organisations in six states and territories. No submissions were received from Tasmania or the Northern Territory, although some peak and national organisations have member organisations or activities in this State and Territory. Twenty-four submissions were from organisations in regional or rural areas and/or with a specific mission related to rural and regional communities. Again, many peak and umbrella body submissions also have members in remote, rural and regional locales.

Submissions regarding Sector purposes were received from a broad range of NFP Sector organisations. These included community services, health services, legal services and associations, faith-based organisations, educational bodies, sporting, arts and cultural organisations, environmental and animal welfare organisations, one union, philanthropic foundations, clubs and associations. Responding NFP organisations included those with mostly paid staff, those with mostly volunteers, and those with mixed paid and volunteer workforces.

Because public knowledge of the characteristics of Australia's NFP Sector is incomplete, it is not possible to comment on the relative representation of different NFP organisational types or purposes. Looking specifically at submissions received from charities, community and social services charities were overrepresented, comprising 87% of the submissions. There was a significant underrepresentation of submissions from small charities and NFPs, although a proportion of the membership of peak organisations that made submissions are small organisations.

² Information about types and characteristics of submissions is derived from the submissions themselves, available ACNC data and supplemented with website reviews of some individual organisations. This information is incomplete because it was not a condition of submissions to provide specific organisational information, ACNC data only relates to registered charities, and some submissions are from organisations outside the sector and individual citizens.

4. Approach to Synthesis and Organisation of Themes

Two members of the drafting team read all submissions. Using the qualitative data analysis software NVivo, all submissions were coded from the ‘top-down’ against the questions and topics presented in the Issues Paper. Transcripts of engagement roundtables and notes of meetings were manually coded using this method. Coded material was then examined from the ‘bottom-up’ to identify key themes across submissions. This bottom-up analysis was based on perspectives about the significance and level of urgency for reform of issues presented in submissions. The significance of themes was judged not only by the volume of submissions that shared a perspective but also through consideration of issues or examples shared by organisations with common characteristics.³ This approach to determining the significance of themes ensured that diverse perspectives were considered.

As outlined in Section 1, the purpose of this document is to synthesise responses to the *NFP Sector Development Blueprint Issues Paper*. Insights from submissions and engagement roundtables are lightly augmented with summary references to past and current inquiries, recent case law, and reforms relevant to the Australian NFP Sector.⁴ However, the document is not intended to present a fully integrated and comprehensive evidence review.

The bottom-up analysis revealed that most submissions responded directly to the questions and topics presented in the Issues Paper. However, there were different framings of themes from those in the Issues Paper. Material is presented according to the framings that emerged from submissions. Consequently, the theme names presented below do not align entirely with the original structuring in the Issues Paper. The substantive content of this paper presents themes and proposed actions from the submissions and roundtables, having presented initial feedback on the consultation process and questions of vision for the Sector. The paper then summarises responses to other matters in the Issues Paper that were less frequently addressed or prioritised in submissions. Implications for the forward development and implementation of the Blueprint are then briefly discussed.

³ For example, First Nations owned or controlled organisations, disability representative organisations, non-deductible gift recipient entities, small organisations, and rural and regional organisations.

⁴ At the time of writing, synthesis of the DSS *A stronger, more diverse and independent community sector* consultation report was under development. A summary of themes was provided to support the analysis in this paper. Where directly cited here, individual submissions to this consultation were accessed and reviewed.

5. Feedback on Process

Most submissions welcomed the opportunity to comment on the development of the Blueprint. Many submissions also supported the government's initiative to establish a Sector-guided approach to its development. Despite this, a substantial number of submissions reflected that:

1. Many of the questions posed in the Issues Paper have been asked and answered more than once by the NFP Sector and subjected to rigorous analysis by government and independent agencies through multiple inquiries over the last 30 years.
2. The current volume of policy reform initiatives and public inquiries on matters relevant to the Sector has placed a substantial consultation burden on NFP organisations and communities. A need for more clarity about concurrent processes was also noted, particularly about the *NFP Sector Development Blueprint Issues Paper* and the DSS *A stronger, more diverse and independent community sector* consultation process.

A key message from many submissions was that now is the time for government to act to enable a strong future NFP Sector.⁵ 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). Finally, some submissions suggested that there needed to be greater clarity about what parts of the NFP Sector the Blueprint would support and/or that further consultation was needed with those parts of the NFP Sector that were less represented in the Blueprint development governance and delivery processes.

⁵ Noting the Blueprint is intended to be a 10-year road map, with actions prioritised and staged over this term.

6. Sector Vision and Qualities

The *NFP Sector Development Blueprint Issues Paper* invited people to comment on their vision for a future NFP Sector. For the most part, submissions shared the specific visions of their organisations, including visions for NFP sub-sectors shared by peak bodies.

A small number of submissions noted that sector-led visions for the Sector have previously been developed. These directed the BERG to national blueprint work convened by the Community Council for Australia from 2015-19,⁶ and to the current vision of the Stronger Charities Alliance, for ‘a thriving not-for-profit sector, where charities are empowered to advocate for lasting change for our communities’.

Several submissions proposed that a vision, and actions, for the future of the NFP Sector should emphasise its role in addressing systemic problems, with bold goals for change to support a better future. The Possibility Partnership described, for example, the NFP Sector helping to create a system:

that seeks out and leverages strengths and removes barriers at both the micro and macro-level, and whose purpose is not only to reduce levels of deficit but to enable people and communities to thrive and live lives they value (The Possibility Partnership submission).

Diversity Arts Australia described this as a structural change, with the Sector working to ‘actively dismantle structural barriers, fostering cultural equity and fair representation at all levels’ (Diversity Arts Australia submission).

A point of consensus across most submissions was that the work of the NFP Sector operates within and is affected by broader social, cultural, political and economic systems. Accordingly, its effectiveness is contingent on the good functioning of these systems and the Sector’s relationships with others driving these systems. It was observed that many current challenges faced by the Sector are an effect of historic inequities and particular policy reforms over many decades. This is picked up in major themes below.

The Issues Paper presented a set of qualities of the future NFP Sector based on early deliberations by the BERG. The online consultation and engagement roundtables invited people to comment on the key qualities of the future NFP Sector in Australia. Specifically, people were asked what qualities were missing or should be framed differently.

The qualities presented in the Issues Paper were mainly agreed with by those who participated in consultation processes as being important and appropriate. Some additions and reframing were suggested.

⁶ This work was informed by contributions of 60 charity and NFP leaders and focused on a vision for Australia rather than the NFP sector, with measurement of key values in that vision reflected in [The Australia we want](#) report (2019).

6.1 Additional Qualities

Several contributors noted during their participation in Engagement Roundtable Two and in individual submissions that the quality of being trusted and respected was missing from the Issues Paper list. This quality includes the Sector having the trust and respect of the public and of governments. Earned trust and respect were seen as intrinsically valuable and important to serving NFP Sector's purposes and to attracting resources.

Multiple submissions (e.g. Engagement Roundtable Two; Centre for Excellence in Child and Family Welfare; ARC Centre of Excellence in Automated Decision Making & Society; Community Sport Alliance of the ACT; Gladstone Women's Health Services) suggested that innovation was an important quality to be added or better articulated in the original set of qualities listed. This includes innovative responses to societal challenges created through and with the Sector. Innovations include meaningful co-design and shared decision-making, in service design and delivery, and process innovations within Sector organisations, through Sector collaborations and between the NFP Sector, governments and the for-profit sector.

6.2 Reframing of Proposed Qualities

There were suggestions about the proposed quality of 'Diverse, inclusive and cross-culturally capable' to distinguish commitments to First Nations self-determination and community control as a distinct standalone quality of the Sector (Engagement Roundtable Two; Victorian Aboriginal Child Care Agency (VACCA); SNAICC – National Voice for our Children; CVGT Employment). This is consistent with taking an active approach to First Nations self-determination and community control, detailed in the major themes below.

With respect to the proposed quality, 'Digitally enabled, informed by evidence and data capable', there were suggestions to specify digital inclusion as part of this quality. This need for specification was proposed because of the central importance of digital inclusion for the Sector to fulfil its purposes and the important role parts of the Sector play in supporting digital inclusion of Australian citizens and communities (Good Things Foundation Australia). The ARC Centre of Excellence in Automated Decision Making & Society (ADM+S) further suggested that this quality articulates an explicit link between digital capability and social innovation, reflecting both emerging activity within the Sector and future possibilities and stewardship responsibilities of the NFP Sector in an automated age. The Australian Institute of Company Directors (AICD) also suggests that cybersecurity be explicitly prioritised.

Some submissions noted the importance of the voices of young people and future contributors to the Sector. Reflecting on the critical importance of young people to the sustainability of community organisations, the Social Justice Advocates of the Sapphire Coast submission suggested, 'the need to develop follow on generations should receive more attention in the wording of these qualities'.

7. Co-design and Blueprint Governance

The Issues Paper discussed co-design in relation to Sector qualities and quality in services design. While the submissions note a need to develop shared agreement about what co-design (or the co-design spectrum) is, they also observed that 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. SNAICC observed that 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*. Submissions also acknowledged the importance of organisations within the Sector being effective facilitators and partners to co-design processes with communities, service users and citizens that are just, inclusive, culturally competent and authentic.

These reflections have clear implications for the design, governance and implementation of the Blueprint itself. They should be considered in not only developing the content but also envisaging the structure and governance principles for its implementation.

8. Major Themes

Given the diversity of the Sector, the urgency inherent in both the issues it faces and the societal problems it helps to solve, the majority of full submissions addressed all or most of the BERG-listed priorities for action, and almost no submissions explicitly suggested that any BERG-identified issues were low priority.

A bottom-up analysis of responses, however, presents a clear picture of the major themes important to those who responded to the Issues Paper. These themes involve some departure from the original structuring of issues presented in the Issues Paper. This Section summarises the top themes for action by importance based on responses to the Issues Paper.⁷ Further themes arising from Issues Paper topics are then summarised.

8.1 A Healthy Relationship with Government

The interrelationships between governments and the NFP Sector affect shared aspirations for society and the planet. An overarching issue within submissions was the importance of the NFP Sector's relationship with government⁸ to the Sector's effectiveness and sustainability, and broad concern that this relationship has been vexed for a long time. As articulated in the submission by FamilyCare/Community and Place network:

The relationship between government and non-government sectors is more than contracting for services. It might be described as a barometer for the health of our social contract (FamilyCare/Community and Place network (CaPn) submission).

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,⁹ its dominance in industries with strong productivity trajectories, and its footprint and expertise in the provision of services the nation increasingly needs.

Submissions further described 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 (Clubs Australia; Foundation for Rural and Regional Renewal). It

⁷ These provide an input to the draft Blueprint, which will be further tested with people from the sector and other stakeholders as part of the next stage of engagement.

⁸ Noting this includes all levels of government dependent on organisations' purposes, forms of incorporation and sources of funding.

⁹ The Sector being the largest industry employer outside government in Australia (Fisher et al. 2020).

also includes social infrastructure, particularly trust and relationships, which are central to people's individual and collective wellbeing and to the functioning of society.

Submissions shared examples of Sector organisations being established in, by and for communities, and the role of parts of the Sector in supporting inclusion of people who are often invisible to governments.

Submissions also pointed to the role of the NFP Sector as what could be described as a national 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.

Multiple submissions also pointed out that 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 substantial and vitally needed contributions of the NFP Sector to Australia's functioning, many submissions described continued challenges with the Sector's relationship with Australian governments. Specific challenges are detailed in other major themes below. Overarching depictions of the problem addressed issues of understanding and visibility, respect and mutual trust, and concerns about a sustainable forward path.

8.1.1 Understanding of and Visibility of the Sector with Governments

Responses to the Issues Paper explicitly and implicitly tell a story of a Sector often misunderstood or not consistently seen by governments. According to various submissions (e.g. Alannah & Madeline Foundation; Amaze; The Australia Institute), this manifests 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; and lack of inclusion of charities or NFPs in eligibility criteria for government funding¹⁰ 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)).

¹⁰ Or equivalent support to tax incentives offered to small business (Chartered Accountants Australia and New Zealand and CPA Australia joint submission).

There is recognition in submissions that the Sector’s visibility with governments is partly its own challenge, compounded by the diversity of its forms and interests and how this affects its representation. There is also a clear suggestion in submissions that greater understanding of and routine inclusion of the Sector is a responsibility of governments which, if better met, would be nationally beneficial. As articulated by the Alannah & Madeline Foundation:

One simple but significant change all governments could make, is to understand the nature and scope of the sector and include it in its regular investment and growth policies and programs (Alannah & Madeline Foundation submission).

8.1.2 Lack of Respect and Mutual Trust

There is a broad sense across many submissions to the Issues Paper that trust and respect between the NFP Sector and successive Federal governments has been eroded. Submissions suggest that this manifests as both active constraints by governments on the Sector’s work, through to inactivity and unmet commitments to the Sector that erode its confidence in government. Submissions cited as examples of this issue the differential treatment of the Sector by the ACNC under different government-appointed Commissioners, and starkly different terms of reference for Productivity Commission inquiries about or directly related to the Sector under different governments.

8.1.3 Lack of a Sustainable Forward Path

As acknowledged in the Issues Paper and reiterated in many submissions, 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. Several submissions noted the process of forming a Third Sector Compact under the Rudd Labor Government in 2010 and Sector frustrations when this was subsequently abandoned. There is a broad concern that government-sector relations are the subject of political capture, which needs to be overcome to ensure the NFP Sector can effectively and sustainably contribute to matters of community and national priority. Alongside these concerns, some submissions point to examples of sector-led governance initiatives that have improved Sector-government relations and supported major policy reforms. SNAICC’s submission describes, for example, the work of the Coalition of Peaks:

The Coalition of Peaks is a representative body made up of more than 80 Aboriginal and Torres Strait Islander community-controlled peak and member organisations across Australia, that represent some 800 organisations. The Coalition of Peaks came together to change the way Australian governments work with Aboriginal and Torres Strait Islander people, organisations, and communities on Closing the Gap. In 2020 it successfully negotiated a new National Agreement on Closing the Gap and pushed for ambitious commitments from governments including new ways of working. These significant policy reforms would not have been possible without the Coalition of Peaks (SNAICC – National Voice for our Children submission).

Some submissions and roundtable discussions were hopeful that the Blueprint process itself provides an opportunity for improvements to Sector-government relations, should it be designed well, engage across the political spectrum, be accepted by the Australian Government, and implemented appropriately. As noted in Section 5, however, there was concern about the process through which the Blueprint is being developed and the historical lack of change arising from past inquiries and reform efforts.

Priorities for action proposed include:

- 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; and
- ensuring the governance and implementation model of the Blueprint supports effective government-sector relations over time.

8.2 Active Commitment to First Nations Self-Determination and Community Control

As summarised in relation to Sector qualities above, there is support across many submissions for the Blueprint to commit to First Nations self-determination, community control and cultural governance. Several submissions, including from relevant peaks, urge an active commitment both within and through the Sector on this matter. A key message is that the NFP Sector needs to step up to progress a wider effort for change. These submissions note that 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 (National Family Violence Prevention and Legal Services Forum, SNAICC and VACCA submissions). Multiple submissions note the broad evidence that community-controlled services, advocacy and development through Aboriginal Community-Controlled Organisations (ACCOs) yield better outcomes for First Nations peoples and communities and are critical to improved equity and realisation of National Agreement on Closing the Gap targets. This is reinforced by a wealth of research evidence as noted in the Productivity Commission's (2024) *Closing the Gap Review*. Strengthening the community-controlled sector compels government to change how they work with the Sector, as demonstrated by the Coalition of Peaks. The Review identified the potential that formal partnerships and shared decision making can have on inspiring new ways of working.

Submissions also observe that commitment to First Nations self-determination and community control is a cross-cutting issue that has implications for the governance of the Blueprint and all

the topics presented in the Issues Paper. Some specific considerations are detailed in relation to other major themes and responses to the additional topics arising from the Issues Paper.

Submissions observe that 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.

Priorities for action proposed include:

- 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; and
- meaningful targets for measuring and reflecting on progress.

8.3 Effective Regulatory, Legal Environment, and Governance

Echoing past inquiries and available evidence,¹¹ the need to improve the NFP regulatory and legal environment was a major theme of responses. Submissions described good regulation as a major enabler and identified poor or poorly coordinated regulation as a major burden on the operations and aspirations of the NFP Sector. A great many issues, experiences and views of existing arrangements were canvassed in submissions, reflecting the specific concerns of organisations of different sizes, incorporated under various structures across different jurisdictions of Australia's federation, and working to differing industrial regulations and standards. Reflecting on this diversity and complexity, the AICD recommended a full review of NFP regulation across states and territories be conducted by the Australian Law Reform Commission (AICD submission).

The themes of regulation and the legal environment of submissions are detailed below.

8.3.1 *Broadening and Simplifying the Deductible Gift Recipient (DGR) System*

Mirroring responses to multiple past inquiries related to charity regulation specifically, there was a strong call across submissions to both broaden and simplify the DGR system. There was a

¹¹ See McGregor-Lowndes (2023).

common call among submissions that addressed the issue to broaden DGR eligibility, with some arguing that it should be an automatic condition of charity registration. Frustrations and experiences with the existing system described in submissions are similar to those shared in the current Productivity Commission Inquiry into Philanthropy, and support that Inquiry's draft report conclusions that:

the arrangements that determine which entities can access DGR status are not fit for purpose – they are poorly designed, overly complex and have no coherent policy rationale (Productivity Commission, 2023a: 2).

Specific concerns raised in submissions included the narrowness of current DGR endorsements. As the Productivity Commission (2023a) notes, less than 42% (ACNC 2024) of registered charities have DGR status. Also, while there are 52 endorsement categories, actual endorsements are concentrated in a small number of categories, with more than one third of endorsements concentrated in the Public Benevolent Institution (PBI) category. Submissions from charities (e.g. The Centre for Volunteering; Goodstart Early Learning; Minderoo Foundation), legal firms (e.g. Prolegis Lawyers) and the ACNC observed that the narrowness of eligibility for DGR status in general and PBI status in particular¹² distorts charitable purposes and dampens diversity of the Sector as organisations narrow their missions in seeking DGR endorsement. Submissions from charities, philanthropic foundations, and legal advisors to the Sector also noted that expanding DGR eligibility would increase philanthropic giving and the extent to which philanthropy reflects community interests as citizens would have greater access to tax-deductible giving options aligned with their values and concerns (e.g. Effective Altruism Australia; yourtown; Philanthropy Australia).

The meaning of PBI has been defined in Australia through case law rather than legislation. Multiple submissions from the ACNC, individual charities, peak bodies, and legal advisors observed this negatively affects the transparency of its application. Some submissions further argued it limits organisations' opportunities to test their PBI eligibility. Submissions from charities and NFPs that are non-DGR entities queried the fairness and effectiveness of this system. Some submissions (e.g. ACNC; better charity; RSPCA Australia & Diversity Arts Australia) noted that this selective application of PBI status also distorts organisations' abilities to attract and retain staff within specific industry sub-sectors of the Sector, where charities with and without PBI status in the same industry offer different staff conditions as a result. On this issue, better charity suggested:

Creating a level employment 'playing field' for all ACNC registered charities will attract more highly skilled staff to the charity sector and lift their ability to innovate and deliver social and environmental outcomes (better charity submission).

Other submissions, particularly from charities commonly ineligible for PBI status in sub-sectors such as animal welfare and the environment, queried the relevance of the definition of PBI as

¹² PBI status being of particular value to charities as it enables them to access a fringe benefit tax exemption and DGR status.

‘an institution that is organised, conducted or promoted for the relief of poverty, sickness, destitution, helplessness, suffering, misfortune, disability or distress’ (ACNC, 2023). These submissions felt that the current definition limits the democratic legitimacy of the DGR system by locking out of the definition of public benevolence charities that address forms of relief other than the alleviation of poverty and that matter to citizens and donors. Further, it does not accommodate the full nature of what constitutes public benevolence in relation to poverty—including preventative work and the effects on poverty of climate change—in contemporary society.¹³

The need to simplify DGR endorsement¹⁴ was also identified as a priority by legal firms, associations and NFP organisations involved in supporting the Sector, with indicative comments such as:

In our experience, not-for-profits spend significant resources and time seeking DGR status in an attempt to increase giving to their specific organisations (HWL Ebsworth Lawyers submission).

Several submissions commented on the importance of access to legal advice and information resources for small NFPs in navigating their regulatory and governance responsibilities. This need was reinforced by submissions from small organisations and networks of small organisations, who described a large volume of work and a lack of clarity when making sense of legal advice related to DGR eligibility (e.g. Association of Sculptors of Victoria; Backstage Incorporated/Association of Eisteddfod Societies of Australia).

8.3.2 Act on Current and Potential Commitments to Harmonise Regulation of NFP and Charitable Activities and Entities Across States

Beyond simplifying DGR endorsement was the broader matter of simplifying and better-coordinating charity regulation across the Australian federation. Several submissions (e.g. ACNC; Alannah & Madeline Foundation, HWL Ebsworth Lawyers; World Animal Protection; Justice Connect) pointed to the benefits of harmonising different jurisdictional definitions of charities, with some suggesting a set of model laws inclusive of a single definition of charities. Several submissions (e.g. Associations Forum; Governology; HWL Ebsworth Lawyers) called for standardising the associated incorporations act across states and territories. Submissions from large professional associations (e.g. AICD; CA ANZ and CPA Australia) and NFP legal services (e.g. Justice Connect) observed current delays in state commitments to harmonising fundraising legislation, urging action on this in line with the agreed principles. Justice Connect further stressed the importance of maintaining agreed terminology in these changes, noting that minor changes in different jurisdictions could undo the purpose of the work.

¹³ A recent decision by the Administrative Appeals Tribunal agreeing with the ACNC decision to deny PBI status to Equality Australia Ltd is currently being appealed to the Federal Court. This appeal tests the breadth of the definition of PBI administered by the ACNC (McGregor-Lowndes, 2023).

¹⁴ Details of complexity reflected in the Blueprint submissions are comprehensively summarised in the Productivity Commission’s (2023a) draft report, pp. 158-162.

8.3.3 *Coordinate and Streamline Checks and Accreditations Material to the Sector*

Beyond regulation of charitable forms, multiple submissions from charities and NFPs operating in particular industries (e.g. CVGT Employment; Backstage Incorporated/Association of Eisteddfod Societies Australia; FamilyCare/Community and Place network; Mental Health Coordinating Council) observed the increasing compliance burden of standards and accreditations, which are sometimes developed in isolation from each other. Listing 12 accreditation standards required of community mental health organisations, for example, the Mental Health Coordinating Council observes:

NFP/NGOs are concerned about the compliance burden they face and advocate for mutual recognition of standards where possible to help in mitigating regulatory burden (Mental Health Coordinating Council submission).

The related issue of the lack of standardisation of screening processes, such as Working with Children Checks and accreditations across State and Territory jurisdictions, was also identified as a problem by NFPs working across jurisdictions. Some suggested that such complexity has the potential to undermine the important purpose of such standards, with Micah Projects stating, for example:

Current child safe principles are different in each jurisdiction – this complexity results in too much focus on compliance and reporting, and not enough focus on good culture and prevention (Micah Projects submission).

Some submissions also observed that these complexities and related red tape deter much-needed volunteers from contributing to NFP organisations and are costly to organisations and volunteers. These complexities and related costs occur within some jurisdictions as well as across jurisdictions. Observing a changing pattern of volunteering, with people’s contributions becoming more episodic and spread across multiple organisations, for example, St Vincent de Paul Society NSW suggests, ‘Government can remove barriers to volunteering and make it easier for people to get compliance checks by making checks portable across organisations’ (St Vincent de Paul Society NSW submission).

A benefit of good regulation widely observed in submissions is the potential of coordinating and sharing reliable and standardised knowledge of a regulated sector or industry. This builds public trust, creates sector efficiencies in relation to third-party information needs and supports sector capability. To this end, many submissions commended the value and usefulness of the ACNC Charities Register and the data products the ACNC provides. While some submissions cautioned against collecting additional data for data’s sake—noting a need to balance the benefits of consolidated information with administrative burdens on charities—several submissions queried whether more insights could be derived by broadening information available through the Charities Register.¹⁵ Examples of additional information

¹⁵ Noting, these are limited by requirements of the ACNC Act.

suggested included links to charities' evaluation work, and demographic characteristics of directors and CEOs. Reflecting the importance of cross-regulatory coordination, a number of submissions noted that lack of integration, currency and visibility of some regulatory registers' material to NFP organisations, combined with requirements for third parties to draw on specified registers that were not up to date, created unnecessary red tape for individual organisations, constrained their opportunities to gain contracts and access to finance, and limited the reliability of publicly available data. This is addressed further in relation to tendering and procurement. Regarding coordinating knowledge of the charities sector, the ACNC suggested:

Ideally there would be direct linkage from [the ACNC Charities Register to] other registers such as the [Australian Securities and Investments Commission] register, and State and Territory incorporated association registers – effectively 'no wrong door' but all pointing to the ACNC register as the single (free) source of truth for registered charities (ACNC submission).

Reflecting on both the value of a 'single source of truth' and the complexities of regulation of the Australian NFP Sector, several submissions observed that regulatory support for and knowledge about the Sector beyond registered charities is inconsistent, which – alongside reduction in routine collections by the Australian Bureau of Statistics and other agencies – is reflected in lack of data about the full NFP Sector in the Issues Paper. Several submissions, including from the ACNC, AICD and Law Council of Australia noted the original parliamentary intention of the establishment of the ACNC to regulate the NFP Sector as a whole, with some calling for this to be revisited. The AICD recommended as a first step that voluntary registration with the ACNC be made available and promoted to all NFP entities. In contrast to this perspective, submissions from some NFP peaks and umbrella bodies (e.g. Associations Forum, Clubs Australia) either did not support the ACNC regulating the wider Sector or indicated that current regulatory settings for their members were appropriate. This position appears to be related to a desire to minimise additional regulatory burden, with these submissions providing no comment on the regulatory conduct of the ACNC. Noting that a significant number of financial reports of many NFPs are not lodged with the ACNC, the Australian Accounting Standards Board (AASB) proposed that the BERG 'consider enhancing the mechanisms for collecting and compiling NFP financial reports that are not lodged with the ACNC' (AASB submission). It is notable that NFPs that are not registered charities are required from 1 July 2023 to complete self-review returns administered by the Australian Taxation Office (ATO, 2023). This may add further dispersion of data about the Sector across government agencies and regulators.

The governance of NFP organisations was addressed in some submissions in relation to regulation (detailed above), and in relation to Sector leadership and volunteering. Regarding regulation, the ACNC and others observed that the dispersion of regulation creates confusion for NFP directors about their obligations and accountabilities. Submissions from both small organisations and professional networks that engage with the NFP Sector observed that myriad and changing regulatory requirements are both a challenge for directors and a disincentive for

people to volunteer for these roles. Speaking to the decline of volunteers discussed above, several submissions (e.g. Clubs Australia; Backstage Inc./Association of Eisteddfod Societies of Australia) observe there is a specific decline in people joining NFP boards, which are largely volunteer roles. Submissions noted specifically that NFP directors’ liabilities are becoming increasingly complex under changing industry standards and regulations which overlay NFP governance obligations, and this is a barrier to recruiting and retaining board members. Predicting the implications of one such mooted example, the AICD notes:

In the aged care sector, the Government has recently commenced consultation on a new responsible person duty under proposed reforms to the *Aged Care Act 1997*. This would impose a new form of liability on directors in a Sector that is already seeking to implement significant reforms resulting from the Aged Care Royal Commission and faces pressing financial and labour challenges. The AICD is not satisfied that such a new form of liability, on top of existing director obligations, is necessary and we are worried that it could severely limit the ability of small, NFP and regionally based aged care providers to recruit experienced directors and executives (AICD submission).

Submissions from advisory organisations and peaks (e.g. HWL Ebsworth Lawyers; Carers NSW) observed that the rapid pace of change in digital transformation, as well as changing standards and industry regulations, made targeted support for the upskilling of directors in these areas critical. Justice Connect observed strong take-up by small NFPs of governance training programs it provides through local governments and other government departments, where these are funded (Justice Connect submission). The Centre for Social Impact, which has supported nearly 500 NFP board members through its short courses, observed that demand went beyond fiduciary and corporate regulatory obligations, with effective NFP boards also needing ‘to understand what it means to be systems-aware, purpose-led and beneficiary-centric’ (Centre for Social Impact submission).

Some submissions suggested that effective future governance of the NFP Sector requires greater demographic diversity of people in director roles across the Sector. Submissions from umbrella and small organisations run by and for culturally and linguistically diverse communities (e.g. Diversity Arts Australia; inTouch) observed that recruiting and retaining culturally diverse leaders – both in governance and management – within the Sector would require sustained effort and investment in opening up access and supporting development pathways. Related to this, there were calls in relation to both governance and workforce development for sustained commitment to ensuring NFP organisations were inclusive, culturally competent and culturally safe.

Priorities for action proposed included:

- 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;
- supporting effective navigation of relevant regulatory and legal requirements by small and local NFPs; and
- investing in upskilling current and potential NFP directors from diverse backgrounds.

8.4 Effective Grant Funding, Contracting and Tendering¹⁶

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. There was a strong consensus that fixing funding and procurement processes has major implications for the sustainability and future thriving of the Sector. Submissions noted that 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, and suppress opportunities to innovate. The importance of this priority and challenges raised in relation to government funding in submissions are largely consistent with an early summary of responses to the *DSS A Stronger More Diverse and Inclusive Community Sector* consultation shared with the BERG expert advisors. Reflecting the Blueprint's broader terms of reference, submissions in response to the *NFP Sector Development Blueprint Issues Paper* also spoke to funding and procurement problems in industries outside social services, experiences with different government departments and across different levels of government, and philanthropic funding models. Notably, the vast majority of specific issues raised have been matters of repeated inquiry and response from the Sector over many years.

Responses largely stated that substantially better practice in funding and procurement was needed from governments and philanthropy, and their adoption would generate significant societal benefits. Cited benefits of better funding practices included:

- excellence and responsiveness of services to citizens and communities provided by the Sector

¹⁶ The Issues Paper and BERG terms of reference specifies government funding, contracting and tendering. However, submissions also addressed common issues in philanthropic granting, with some organisations noting that effective funding is a broader issue, given government funding is accessed by less than half the charitable sector.

- significantly improved workforce sustainability, wellbeing and equity in and beyond the Sector
- efficiencies for NFP organisations in engaging in procurement processes, providing services and running their operations
- increased digital and data capability of the Sector, and
- greater social and process innovations by the Sector.

The main issues raised in relation to funding and procurement were:

1. adequacy of funding
2. certainty of funding
3. structure of funding
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.

8.4.1 Adequacy of Funding

Inadequacy of current resourcing was viewed as both a constraint on the systems change needed to create a fairer society, and on NFP organisations and the services they provide.

In relation to systems change, it was observed in multiple submissions that the NFP Sector is diverse and enabled by organisations and networks with different functions within it. Those that aggregate Sector voices, support collective operational needs and intermediate within regions and between service organisations and governments play important systemic roles addressed in other sections of this Synthesis. As described by the Australian Research Alliance for Children and Youth (ARACY):

the organisations that act as the “glue” bringing the different components of a system (or systems) together and supporting reflection, alignment, innovation and collective activity to better outcome... 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).

Submissions from several peaks and intermediaries, as well as some of their members (e.g. Benefolk; Social Traders; Brotherhood of St. Laurence; ARACY; The Funding Network) observed relative underinvestment by Australian governments and philanthropy in these functions of the NFP Sector and called for greater and more consistent investment in the work they do.

The need for full funding of services was widely called-for, with the consensus position being that underfunding and under-pricing by governments and philanthropy were widespread. Overarching sentiment is well-captured by Family & Relationships Services Australia's (FRSA) comment¹⁷ that:

There is a significant gap between Commonwealth funding for service delivery and the real costs of delivering family and relationship services and we assume this is reflected in other service areas. It is a gap that grows wider each year (FRSA submission).

The problem was described as an effect of initial underfunding of direct and indirect costs of service or project provision, failure in grants and contracts to fully index costs over funding and project cycles and changing costs and cost structures as NFPs respond to dynamic environments and shifting community needs. Some submissions also noted that poor procurement and granting mechanisms increase operational costs for NFPs, summarised in relation to administrative burden below.

Underfunding of direct costs was highlighted in a small number of submissions. This included exclusion of direct costs from funding eligibility criteria. Carers NSW cited, for example, that some smaller state government grants excluded staff costs from funding eligibility (Carers NSW submission). It also related to what some submissions described as over-reliance on unpaid labour by governments and inequitable resourcing of organisations serving particular demographic groups. For example, Equality Rights Alliance cited a recent evaluation of National Women's Alliances, which found that significant over-reliance on the unpaid labour of women was a consequence of underfunding of the Alliances model (Equality Rights Alliance submission). RCAN (NSW Refugee Communities Advocacy Network) also observed that most refugee community organisations in their network provided vital communication and public health support for free during COVID-19 lockdowns in 2020 and 2021, while government funding for similar services to different communities was allocated to other NFP organisations.

Underfunding of indirect costs of service delivery was a widely cited problem. There was broad reference in submissions of the Social Ventures Australia and Centre for Social Impact (2022) report, also cited in the Issues Paper, which found that true indirect costs of NFP service delivery typically far exceed the amount they are funded, resulting in significant underinvestment by NFP service providers in its people and other core capabilities. Others noted the Australian Council of Social Service (ACOSS) (2023a) report, which found only 13% of community sector leaders reported they had adequate funding for overhead costs. Some

¹⁷ While this comment refers to Commonwealth funding, similar observations were made of state government and philanthropic funding.

submissions agreed there was downward pressure from funders and procurers on pricing of indirect costs. This was typically characterised as a lack of understanding or preparedness by funders to pay for the underlying infrastructure needed to deliver services and projects well. As articulated by Upper Murray Family Care:

Funding opportunities that preclude the inclusion of the cost of running our business model are unrealistic and fail to realise that the success of the program they are funding depends on the NFP supporting a successful 'business model' (Upper Murray Family Care submission).

A smaller number of submissions from NFP organisations suggested—as identified in Social Ventures Australia and Centre for Social Impact (2022)—that some organisations in the Sector were creating distortions by under-pricing indirect costs to secure service contracts and grants. Others from professional services and government agencies (e.g. Chartered Accountants Australia & New Zealand and CPA Australia; AASB) suggested complex and disparate financial reporting requirements and lack of agreed performance standards limited understanding and transparency of NFP costs and cost structures.

Insufficient, inconsistent and infrequent indexation of grants and contracts was cited in over 30 submissions as a major contributor to inadequate resourcing. Multiple service delivery NFPs described risks to service quality, staffing and staff wellbeing, and NFP operations of inadequate indexation. Peaks representing organisations whose services were resourced by both Commonwealth and state government grants or contracts (e.g. Australian Alcohol & Other Drugs Council (AADC); Mental Health Coordinating Council; VolunteeringACT) described situations where jurisdictional indexation rates differed, creating pressure on service quality and challenges in providing consistent salaries and conditions across common programs funded jointly by different governments. Multiple submissions pointed to government practices of indexing below inflation rates and/or instigating indexation freezes. Several submissions also observed that 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. Several community service peaks and organisations (e.g. ACOSS¹⁸; Queensland Council of Social Service (QCOSS); Brotherhood of St. Laurence) observe that methods by which indexation is calculated and applied by the Australian Government do not accurately reflect service costs. These submissions urge review and reform to these methods, with ACOSS recommending removing application of productivity and efficiency dividends to indexation, drawing on approaches adopted by relevant states and territories. A common recommendation across submissions was funder commitments to and compliance with annualised indexation, transparency of indexation rates and methods of calculation and timely payment of indexed funds.

While submissions observe the nature and consequences of inadequate funding are long-established and well-recognised, they also noted changing costs (and related value) emerging for the Sector. These are based on changing operating conditions, emerging

¹⁸ In ACOSS (2023) submission to 'A stronger, more diverse and independent community sector' consultation.

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.

Several submissions noted that inflationary pressures were driving substantial increases in operating costs of their organisations. Some (e.g. Community Industry Group; Family & Relationship Services Australia; Australian Government Department of Health and Aged Care) pointed out that these pressures were particularly prevalent in rural and remote communities, where both the unit price of some operating costs (such as petrol and internet provision) is typically higher than metropolitan and regional centres, and costs associated with service provision (such as longer travel distances and staffing retention) are greater. Several submissions noted that real and sustained investment will be needed to enable greater diversity and cross-cultural competence in leadership and management in the Sector.

The overarching call for action in relation to adequacy of funding is that funders move to full funding of NFP services and activities that they support or require of the Sector. Greater understanding and transparency of NFP costs is recognised in some submissions as a necessary input to this process.

8.4.2 Certainty of Funding

Alongside adequacy of funding, certainty of funding and contracts was a highly cited challenge for the Sector. The most significant problem identified was the proliferation of short-term grants and contracts offered by both governments and philanthropy. Submissions also observed that lack of transparency and timeliness of advice on funding renewals was common and problematic. While recognising that shorter-term funding can be needed in certain circumstances—such as rapid response to emergencies, events-based activities and piloting new initiatives—there was broad consensus within the submissions that engaged with this issue that short-term grants and contracts for ongoing services have wide detrimental effects. These include:

- 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); and
- challenges to good governance and legal compliance due to the complexity of organisational revenue sources and terms.

Some submissions also observed that longer-term and greater certainty of funding can create efficiencies as funded organisations can embed knowledge and infrastructure that supports their work beyond the funding cycle. Others observed longer funding cycles and contract terms provide scope for evaluating and refining the quality and responsiveness of services.

The overarching recommendation by all who responded to this issue was that Australian funders move, at speed, towards longer-term grants and contract periods, with conditions in longer-term agreements that allow for review of performance and renegotiation of deliverables where operating conditions or services demand demonstrable change. Views varied on the specific terms of longer funding cycles, reflecting both individual organisational experiences and the different services and activities provided across the Sector. Funding periods of 5-7 years were the most typically suggested, with up to 10 years recommended in some submissions. Several submissions (e.g. yourtown) urged the Australian Government to act on its pre-election promise to ‘move towards longer, more stable funding cycles best delivered through 6-year contracts’. Transparency and minimum periods for advising on contract or funding renewal were also urged, with a minimum six months on multiyear agreements most recommended.

8.4.3 Structure of Funding

Most submissions that addressed government funding and procurement suggested that the structure of funding approaches and their underlying logics limited and, in some cases, undermined the core qualities and value of NFP organisations.

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, suggesting:

Where contractual terms go beyond what is necessary for meaningful public accountability and proportionate default rectification, NFP organisations’ ability to engage appropriately in social innovation and deliver the best service possible is hampered (Law Council of Australia submission).

They recommend that further work be done to streamline contracting and the establishment of core procurement principles at whole-of-government level.

The negative effects of competitive tendering (Anglicare Australia; Brotherhood of St. Laurence; Jesuit Social Services; Professionals & Researchers in Early Childhood Intervention)

and top-down funding (SNAICC; Family & Relationship Services Australia) on NFP organisational work and thus the people they serve were described in many submissions on this issue. Several submissions (e.g. SNAICC; Brotherhood of St. Laurence; Carers NSW) observed that competitive tendering models disadvantage smaller organisations, who typically do not have the resources to participate in such processes. To the issue of lack of government understanding of the Sector summarised in Section 8.1.1, Ballarat and District Aboriginal Cooperative noted that Aboriginal Controlled Community Organisations structured as cooperatives are ineligible for some Commonwealth granting streams in their core areas of work.

Organisations and peaks with members funded through multiple streams, across government departments and, in some cases, across jurisdictions described a 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, according to several submissions (e.g. Good Things Foundation Australia; AADC; Diversity Arts Australia; Carers NSW). Some also described problems of excessive red tape arising from a lack of integration between regulatory registers and a lack of automation of government grants and contract systems, from bidding to monitoring, reporting and acquitting grants and contracts. A small number of these submissions noted past efforts to implement a Standard Chart of Accounts and suggested this be prioritised.

Related to issues of indexation, funding terms and supporting Sector innovation and collaboration summarised below, multiple submissions (e.g. Asthma Australia; Brotherhood of St. Laurence; Community Sports Alliance ACT; Anglicare Australia; Ecstra Foundation; FRSA; CVGT Employment; Kids First Australia; yourtown; SNAICC; Council on the Ageing (COTA) Victoria) observed the need for greater flexibility of funding and contracts – including agreement terms, variations and acquittals – to ensure that activities and services are responsive to changing needs in their communities, support effective coordination of services, and empower evidence-based practice. On the matter of responding to local change, CVGT Employment for example, reflects:

changes to demographics within a service area such as those posed through elements like settlement services where we see an increase of a particular cohort in a particular location within a limited timeframe...often require a quick and immediate action and an introduction of new and different service delivery. This can be constrained by [contractual rigidity] (CVGT Employment submission).

Kids First Australia also observed in relation to their programs that their evaluation work lends itself to program enhancements and innovations, which are best enabled where flexibility within a funding cycle is possible (Kids First Australia submission). Multiple submissions observed that effective co-design of services and programs requires flexible funding. This is addressed in Section 7. A central message of responses on this issue is that flexibility is both

reflective of and necessary for the work and character of the NFP Sector. As observed by COTA Victoria:

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).

8.4.4 Access to Funding

Both small and larger organisations reflected that most procurement and granting processes, particularly at the Australian Government level, are inaccessible to smaller organisations. This was also observed in relation to philanthropic relationships and consequent funding opportunities for smaller and rural and remote organisations, detailed further in relation to philanthropy and volunteering.

Barriers to accessing grant funding and contracts described in submissions included: lack of systematic access to information about opportunities; short time frames for responses; and upfront costs of engaging in government procurement processes and bidding for grants and contracts.

8.4.5 Effects of Procurement and Funding Models on Sector Collaboration, Good Practice and Innovation

Multiple submissions observed that funding and procurement models drive quality of services and of service systems, and their implications for people who rely on them. Submissions from several place-based organisations and networks observed that competitive tender models, which tend to favour larger providers, reduce investment in locally-based and community connected organisations. As described by the Western Sydney Community Forum:

When agencies are forced to shift their service coverage away from the local due to the way in which grants are designed and administered, it impacts on universal and equitable access and a cohesive and coordinated service system. This particularly impacts communities who experience vulnerability, disadvantage or crisis, are reliant on locally accessible public services, and experience barriers in navigating the service system (Western Sydney Community Forum submission).

It was observed that procurement and funding methods can also be used to drive quality of services and incentivise good practice in the organisations which provide them. In the context of community and social services, for example, the Australian Services Union commended the Victorian Government's Fair Jobs Code for the Community Services Sector, which requires 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', suggesting this initiative needs to be established across all jurisdictions (ASU Submission). Submissions such as those from The Possibility Partnership and Brotherhood of St. Laurence noted that innovative approaches to funding and procurement

such as collaborative commissioning can positively influence systems of support for people and communities that NFPs serve. Greater use of lead agency models and other mechanisms that support smaller and place-based organisations to partner with others was suggested in several submissions. However, some also noted that such arrangements must support culturally appropriate and self-determined models of NFP community work.

Priorities for action proposed include:

- 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; and
- supporting Sector innovation and collaboration through different approaches to procurement.

8.5 Support a Strong and Well NFP Workforce

Australia's NFP Sector is powered by a workforce comprising paid staff and volunteers. This workforce is central to the realisation of the Sector's goals and purposes. The critical importance of investing in, developing and planning for the NFP workforce, both present and future, was broadly recognised as an urgent issue for the Sector in responses to the Issues Paper. As summarised above, submissions came from organisations with entirely paid staff workforces, entirely volunteer workforces and a mixture of both. There are some common requirements of a Sector workforce strategy for both staff and volunteers; there are also distinct requirements. This Section summarises responses in relation to broad issues and actions for the integrated paid/volunteer workforce, as well as distinct issues and actions material to the paid workforce (staff) and the unpaid workforce (volunteers).

Regarding the paid workforce, and as some submissions observed, the Sector is a major contributor to national employment and productivity. Charities alone employ more than 10%

of the Australian workforce and are the largest employment sector outside of government (Fisher et al., 2020). While there was an emphasis in submissions on the workforce dynamics and needs of charities, particularly those in community and social services, some submissions signal the greater size, diversity, contributions and needs of the wider NFP workforce. For example, Clubs Australia reports that its membership employs some 140,000 people. 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.

As observed by the Productivity Commission (2023b: ix), services ‘tend to be labour intensive, many are delivered in person, often bespoke and hence not amenable to mass production’. This report also notes that productivity gains in services are challenging and best achieved through innovating to support services quality and accessibility. Many submissions acknowledged that 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.

8.5.1 Broad Issues

Across both the paid and unpaid workforce of the Sector, submissions observed the need to:

- 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, and
- increase diversity and inclusion within the workforce at all levels.

8.5.2 Issues and Actions for the Paid Workforce

As summarised in the theme on grant funding, contracting and procurement above, historically poor approaches to procuring and funding NFP activity by governments and to some degree philanthropy, have had a profound effect on the strength and sustainability of the paid NFP workforce. Historic underfunding and short-termism reduce certainty for workers and contribute to underinvestment by NFP organisations in staff development and conditions. This, in turn, constrains the attraction and retention of staff, and limits career pathways in the Sector. As identified in several submissions (e.g. Australian Services Union; Clubs Australia; CVGT Employment; Benefolk), the labour intensiveness of much NFP Sector work creates strong price and cost sensitivity for NFP organisations. As Clubs Australia reflects from an

employer perspective, employee-intensive services are sensitive to increases in employment costs. As the ASU comments from a worker perspective, the impacts of inadequate funding typically create downward pressure on staffing and staff conditions, in part because of the proportion of operating costs staffing represents. There is wide agreement across responses to the Issues Paper that improving funding and procurement as detailed in Section 8.4.5 is a critical input to improving the wellbeing, sustainability and strength of Australia's NFP Sector.¹⁹ As the ASU notes of NFPs in the community and social services sector, 'the only way to combat critical staff shortages and undervaluation of the workforce is through long term funding cycles linked to permanent, secure jobs' (ASU submission).

However, as the ASU also notes, 'unfortunately, insecure employment is a well-established business model for many social and community services employers'. They suggest that longer-term funding cycles alone will not guarantee improvements for staff and, as detailed in Section 8.4.5, encourage governments to both incentivise and enforce better industrial standards, including new Fair Work Australia rules on the use of fixed-term contracts.

Critical industry shortages affecting the Sector were acknowledged in multiple submissions (e.g. Mental Health Coordinating Council; Centre for Excellence in Child and Family Welfare; ROKSTEADYGRC), with challenges of attracting, recruiting and retaining staff a repeated theme. These challenges were amplified in rural and remote communities, in specific industries, and in organisations supporting particular demographic groups. Reflecting on the residual effects of educational inequities and labour-market exclusion, some submissions (e.g. SNAICC) noted particular 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. Some suggested that problems of attracting and retaining diverse staff may be exacerbated by a historic lack of diversity within Sector organisations.

Regarding paid workforce development, a small number of submissions (e.g. Deafblind Australia; Diversity Arts Australia) observed that formalised relationships of the Sector or specific industry sub-sectors within it with educational providers is limited or non-existent. These submissions noted this affected the Sector's capacity to influence the design of education and training of their current and future workforce.

Responses uniformly stressed the importance of a strategic and resourced response to the labour needs of the Sector. They observed that sustainability of the workforce and the 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, industry reform where historic devaluing of women has driven low wages and insecure work, and modernised industry standards and cultures within the Sector. As observed in Section 8.4.1, multiple submissions pointed out that improvements to NFP workforce sustainability were also

¹⁹ It should be noted that this agreement in part reflects the characteristics of organisations who responded to the Issues Paper and does not reflect the full experience of NFP organisations not resourced through grants or contracts.

investments in national reform priorities related to women’s economic equity and the current and future needs of the care economy.

8.5.3 Issues and Actions for the Volunteer Workforce

All submissions from organisations working with volunteers or their peaks confirmed that they were seeing a decline in formal volunteers. Jobs Australia noted that data from its Insurance Members indicated a drop of 32.11 % of unpaid volunteers in their businesses between June 2022 to June 2023 (Jobs Australia submission), while the Mental Health Coordinating Council reported a decline in volunteering in community-managed mental health sector of more than 80% in the past four years (Mental Health Coordinating Council submission). Reasons for the observed decline in formal volunteering cited in submissions included: 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 (Kilfinan; COTA VIC; UnitingCare Australia).

Some submissions also observed changes in patterns of formal volunteering, with people volunteering more episodically and across multiple organisations (St Vincent de Paul NSW; St Vincent de Paul National Council of Australia). They noted that this pattern of volunteering exacerbates the issue of red tape for individual volunteers and the organisations for whom they work when separate checks are required for involvement with each organisation (see Section 8.3.3 on regulation and the legal environment).

At a macro level, some submissions (e.g. ASU; Equality Rights Alliance) also observed that workforce participation affects both formal and informal volunteering. It was noted in several submissions that women are disproportionately involved in informal volunteering alongside paid employment, which either reduces their capacity for formal volunteering or places extreme pressure on their participation. Others observed that workforce precarity, cost of living pressures and care responsibilities affect the capacity to formally volunteer of those more traditionally likely to do so.

While acknowledging the value of formal volunteers to the Sector, several submissions (e.g. Goodstart Early Learning; Parkerville Children and Youth Care; St Vincent de Paul NSW; ASU; Mental Health Coordinating Council) observed that aspects of the Sector’s work must be undertaken by paid staff in the interests of quality service delivery, regulatory compliance and sound industrial practices within the Sector. For example, the Mental Health Coordinating Council reflects:

The need for [the community mental health sector’s] employees to maintain national standards requires that they be suitably qualified and trained to uphold best practice approaches and safely meet the needs of the communities they serve. NFP/NGOs working in this context have strict regulatory accountabilities across multiple levels of government and funding agreements including the need to meet ACNC Governance Standards. As a sector we cannot afford to utilise a volunteer

workforce unless they are trained professionals giving their time pro-bono or are trained sufficiently while on the job and assessed as meeting required standards (Mental Health Coordinating Council submission).

Multiple submissions (e.g. Australian Government Department of Health and Aged Care; Victorian Arabic Social Services (VASS); Volunteering ACT) point to a history of chronic under-resourcing, or no resourcing, of volunteer leadership and management. Given the Sector's high reliance on its volunteer workforce, and Australia's reliance on the Sector, this lack of investment is a major risk factor. These submissions discuss the importance of properly resourced volunteer management to support service excellence and attract and retain volunteers within individual organisations and as lifelong volunteers. In the words of Volunteering Australia:

For volunteering in Australia to thrive, investment priorities need to be broadened to understand and account for the true costs of enabling volunteering and facilitating volunteer involvement (Volunteering Australia submission).

Priorities for action proposed were:

- 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; and
- enable Sector voice(s) in decisions that affect workforce development and retention, including industrial, educational, and immigration policies.

8.6 Protect and Support Advocacy

There was very broad support across submissions for respecting the importance of advocacy by the NFP Sector and a common perspective that rights to advocacy of charitable organisations and NFPs contracted to governments are at risk. Notably, support for NFPs' rights to advocate came from submissions spanning the breadth of the NFP Sector and the wider ecosystem, including: peak bodies, networks and intermediaries such as ACOSS, SNAICC, National Family Violence Prevention and Legal Services Forum, Philanthropy Australia, ARACY, and the Stronger Charities Alliance; international organisations such as World Animal Protection and chapters such as Red Cross Australia; philanthropic foundations such as Ecstra Foundation and Minderoo Foundation; professional bodies such the AICD; charities providing services, such as Anglicare Australia, St Vincent de Paul Society National Council of Australia, Jesuit Social Services and Goodstart Early Learning; and, research centres and think tanks, including the Centre of Excellence in Automated Decision Making & Society, and The Australia Institute. No submissions suggested narrowing the advocacy functions or rights of charities or the wider NFP Sector.

Multiple submissions reiterated societal benefits of NFP advocacy summarised in the Issues Paper. These related to providing governments and communities with insights important to good policy and program design; supporting rapid response and flexibility of government and philanthropic interventions at times of emergency; and developing long-term insights about the needs of those using services and the effectiveness of services.

While all submissions that addressed the issue of advocacy spoke to the rights of NFPs to advocate, many also saw it as an obligation of NFP organisations to effectively represent to governments the needs of the people, issues and communities they serve. Many observed that effective advocacy by the Sector is not only focused on macro policy reforms but also on stemming immediate harm of unanticipated consequences of government programs, with the so-called Robodebt program the most frequently cited recent example. Fear or confusion about NFP organisations' rights to advocate can thus limit the Sector's contributions to supporting community needs and interests. ADM+S further pointed out that advocacy by the Sector is not confined to influencing the work of governments and attitudes of citizens, but also contributes to improved consumer practices and product design in the for-profit sector. Citing their 2015 national polling research on community attitudes to advocacy, The Australia Institute suggested that concerns about NFP advocacy were not a majority view in the Australian community. By way of example of relative public concerns, they noted from this research that, while a minority (27%) of people felt environmental organisations had too much public influence, a substantial majority (62%) felt big business had too much influence (The Australia Institute submission).

As mentioned in submissions by the ACNC and some charities, conditions of advocacy under charitable status are already prescribed by charity regulation, and the ACNC notes its recent and ongoing work in sharing information with charities about their exercise of these conditions. Multiple submissions acknowledge the validity of these conditions – particularly

regarding disqualifying purposes of partisan political advocacy – and ACNC efforts to improve charities’ understanding of their rights and responsibilities under the current ACNC Commissioner. However, several submissions (e.g. FamilyCare/Community and Place network; Minderoo Foundation; Stronger Charities Alliance; ACOSS) observed inconsistent advice to and treatment of charities in relation to advocacy under successive commissioners. Access to DGR endorsement is also a factor affecting advocacy considerations and functions of charities (ACNC; Equality Rights Alliance)²⁰. Responses in relation to this are detailed in Section 8 on regulation and the legal environment.

Smaller and regional organisations reflected that opportunities and resources for systematic advocacy to governments are limited for smaller organisations. The Foundation for Rural and Regional Renewal (FRRR) observed that this is a common problem for citizen voice in rural and remote communities more broadly, reporting that in their 2021 Heartbeat of Rural Australia study, only around half of respondents agreed they could influence decisions that were made about their area (FRRR submission). 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.

Practical actions for responding to this issue presented within the submissions can be broadly classified as: informational; legal; relational; and resourcing.

Informational actions include broadly disseminating and promoting ACNC guidance on charities’ conditions for advocacy.

Proposed *legal actions* suggested stronger legal protections to better enshrine rights to advocacy within the NFP Sector. These are well captured in the Stronger Charities Alliance submission recommendations, supported by other submissions (e.g. ACOSS; St Vincent de Paul National Council of Australia):

- *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, and*

²⁰ A PBI case, Equality Australia Ltd and Commissioner of the Australian Charities and Not-for-profits Commissioner [2023] AATA 2161, decided by the Administrative Appeals Tribunal and currently under appeal calls into question the relationship between PBI status and advocacy and preventative work. See McGregor-Lowndes and Hannah (2024).

- *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).

Suggested *relational actions* link to the theme of the Sector’s relationship with government and the implications for governance arrangements within specific policy domains and through the Blueprint itself. Here, submissions broadly support the importance 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. Some submissions from individual NFP organisations and peaks also reflected the value to their advocacy work of relationships with the university sector. This is addressed in the theme about making better use of assets.

Resourcing actions relate to relational actions and to the limited capacity of smaller organisations to maximise the value of their knowledge for effective advocacy. In brief, multiple submissions recommend better and more consistent resourcing of peak bodies and resourcing of individual organisations’ capacity to advocate through direct funding for this activity and/or through pricing of grants and contracts.

Priorities for action proposed include:

- 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, and
- resourcing advocacy functions and capability of smaller NFP organisations to participate in policy development and practice feedback loops.

8.7 Strengthen Digital and Data Capability

Submissions from charities and NFPs, research bodies and the charities regulator noted the critical importance of a digitally and data capable future Sector. They observed the resource challenges – both infrastructure and skills – and the risk to the Sector, its workforce, members, service users, and donors of the relative digital exclusion of the Sector. Cybersecurity, ability to support digitally excluded people, potential to harness AI and the likely effects of automation on services and workforce needs were all touched on. Multiple submissions cited Infoxchange’s Digital Technology in the Not-for-Profit Sector reports, also cited in the Issues Paper, on the

Sector's relative lack of cybersecurity, limited use of data-driven decision making, and lack of digital transformation strategies. As detailed in other themes, these issues were linked in submissions to chronic underinvestment and under-pricing in NFP grants and procurement, and related workforce development and governance challenges. Many submissions identified the unrealised potential of a more data capable Sector, and of data collected by governments through regulation, funding and procurement.

The critical importance of cybersecurity to the Sector and the many stakeholders whose information is held by Sector organisations was widely noted in submissions. Some submissions also observed that weakness in cybersecurity among NFPs had direct negative consequences for governments where there are strong interdependencies in services provision. Submissions from some organisations contracted by government departments indicated that, related to the theme of a healthy relationship with government, government programs supporting cybersecurity uplift in the small business sector were not available to most NFPs. This included issues of funding and supports equivalent to available tax incentivisation for small business, but also effective communications by governments with NFP organisations, who do not necessarily recognise themselves in the language of business (ACNC; Alannah & Madeline Foundation; AICD; AMD+S; Youth Projects).

Multiple submissions (e.g. UnitingCare Australia; Smith Family; AICD; Micah Projects) commented specifically on the importance of guidance and support for cybersecurity governance for the Sector. Citing the NSW Data Governance Toolkit as a useful example, UnitingCare Australia noted, for example:

It could be beneficial for the Australian Government to provide the NFP sector with a minimum standard data governance and management framework. This would provide consistent guidance to the sector on the principles and approaches which should be adopted – rather than each individual organisation needing to explore its own requirements...This is important because the advice and support offered by consultants can be expensive and without clear scope (UnitingCare Australia submission).

As observed in multiple submissions (e.g. Good Things Foundation Australia; Mental Health Coordinating Council; AMD+S), the NFP Sector is relatively digitally excluded, and many NFP organisations work with people and communities that experience disproportionately high levels of digital exclusion. Thus, issues of digital inclusion and the NFP Sector must address both the Sector's inclusion and the digital inclusion of the people it supports. Good Things Foundation Australia, a digital inclusion charity which works with thousands of community organisations, observed that in a survey of their network conducted in 2022:

87% said that digital mentors in local communities are an essential ingredient in closing the digital divide [and] 92% said community organisations need funding and support to do this important work (Good Things Foundation Australia submission).

While some submissions identified further potential of digital and telehealth services to help reach and support diverse people and communities, others stressed the need for continued balance in a people-led services system, recognising that digital delivery is not fit for all purposes and needs. Australian Alcohol and Other Drugs Council (AADC), for example, suggests shifts away from face-to-face service delivery risks increasing the types of exclusion that can exacerbate harm for some people. This and other submissions also note that the digital divide in remote and rural areas affects whether, where and how people can access online services, which in turn affects the accessibility and efficacy of these services. Where digital services are to be further employed, some submissions (e.g. Deafblind Australia; AADC) observed good services design and delivery requires meaningful involvement of people services aim to help, with such involvement accounting for the diversity and lived expertise of service users and the contexts in which they use services. While not specifically discussed in relation to the balance of face-to-face and digital services, a range of submissions reflected at least some of the breadth of the NFP Sector activities—in sports, arts, and recreation, to name a few—that contribute to local community connections not replicable online.

Some submissions identified great potential of data analytics to support more personalised approaches to service provision and care within the Sector (e.g. UnitingCare Australia; Gladstone Women’s Health Services; The Salvation Army). Others suggested that the data 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. Submissions from organisations (e.g. The Smith Family; CGVT Employment) currently undergoing major digital and data transformations noted the very substantial upfront investment of money, people and time needed to realise the benefits of change. Such investments can be challenging for NFP organisations to make, depending on their revenue and asset bases, and their workforce composition.

Some submissions pointed out that this work is well beyond the reach of small NFPs, with Carers NSW, for example, noting costs of paywalled services and software to engage in government procurement opportunities being prohibitive for small organisations. Some submissions suggest cloud services provide opportunities for organisations to leverage efficiencies and caution against overinvestment by NFP organisations in bespoke systems. However, ADM+S observes that, while 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’ (ADM+S submission).

Various submissions offered examples of shared or networked service arrangements to grow digital capability in relation to both people’s skills and digital infrastructure. In the context of organisations within a shared network, for example, Catholic Education Western Australia reflects:

Catholic school systems [facilitate aggregation for small organisations] well through Catholic Network Australia. Digital products which are in common use across school

systems are jointly negotiated through this single body creating significant economies of scale and multiplying each member's negotiating power (Catholic Education Western Australia submission).

Several submissions (e.g. ARACY; ACFID; Benefolk; ADM+S) commended the work and resources of Infoxchange's Digital Transformation Hub. This provides web-based resources, capacity building activities, negotiated IT offerings and advice tailored for NFP organisations. Diversity Arts Australia also commended Creative Australia's program 'which places digital strategists within NFP arts organisations to develop knowledge and actionable plans' suggesting this model could be replicated by other agencies and in other parts of the NFP sector (Diversity Arts Australia submission).

There was relatively little explicit engagement with questions of the effects and possibilities for the Sector of AI and automation in Blueprint submissions. Some submissions noted data from Infoxchange (2023) that reported about one-quarter of the NFP Sector is using generative AI tools. The ACNC observed from their stakeholder engagement that 'some charities are developing AI technologies to support their service delivery, using AI as part of their service delivery, or are using AI tools to support their fundraising' (ACNC submission). Submissions from the ACNC and others (e.g. Monash University Real-time Rights-based Recordkeeping Governance project; AASB; Chartered Accountants Australia and New Zealand and CPA Australia) observe the potential of AI and automation, with appropriate attention to ethics and oversight, to better streamline reporting, and noted some examples of government agencies and statutory bodies initiating such activities. Similar to questions of data capability and linked to issues of funding and workforce development, there is a shared view that the Sector's potential to maximise the potential of emerging technologies is contingent on investment, training, peer-learning and collaboration. It was also observed that the pace of change of digital transformation needs to be considered in such investments, with iterative reviews of changing technologies and Sector capabilities needed to support sustainable change.

Priorities for action proposed include:

- 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; and
- initiate more effective and routine sharing of data by governments with the NFP Sector to support benchmarking, learning and development.

9. Other Themes

As noted in Section 4, major themes were identified based on the frequency, breadth and depth in which submissions addressed them and their relative urgency according to these submissions. However, as also observed in Section 4, there were no topics presented in the Issues Paper that were viewed as low priority by respondents. The following sections summarise responses to topics as they were presented in the Issues Paper that are not captured in major themes detailed above. Many of these intersect with and have been touched on in issues above. Thus, they are more briefly detailed here.

9.1 Measurement, Outcomes and Quality of Services

As detailed above, matters of services quality and other issues presented in the Issues Paper are highly interrelated. 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; and whether and how NFP organisations are enabled or constrained by their operating environments.

In response to this topic, submissions further reflected that the quality and effectiveness of services is affected by who owns and leads them, how they are designed and how their outcomes are measured and/or shared. Multiple submissions (e.g. Anglicare Australia; Asthma Australia; Ecstra Foundation; FRRR; Deafblind Australia; Brotherhood of St. Laurence; inTouch; Mental Health Coordinating Council) call for centring people with lived experience and co-design of services to drive better outcomes for the people who use them.

As detailed in Section 7, the role of co-design was canvassed in submissions in relation to macro (policy reform and relationships with governments), meso (industry or sub-Sector level reforms and practices) and micro (services and activity design) levels. It is both pointed out and reflected in submissions that the term co-design means different things to different people and the value of co-design depends on the context in which it takes place and the way in which it is done. Several submissions (e.g. SNAICC; VACCA; Kids First Australia; Charles Sturt University) note that shared decision-making, or co-governance, can produce more transformative change and service effectiveness than co-design alone. Others observed that adoption of co-design as a norm without contextualisation can exacerbate gender and racial inequities present in the Sector's work and perpetuate trauma among people this work seeks to serve.

Sector organisations and peaks were generous in their response to the Issues Paper, offering more than 30 examples of what they viewed as good practice co-design. These ranged from hyper-local co-design of services to co-design of programs between governments and service organisations and peaks. Given the summary nature of this Synthesis, full details of examples cannot be presented here. It is strongly recommended that BERG and any consequent governing and implementation bodies of the Blueprint review this compendium of co-design examples in full when considering actions related to both Blueprint and services co-design.

Submissions reflect that there is no one-size fits all recipe for effective co-design, with purpose, timeframes and available resources, as well as who drives action and who is involved, informing approaches in differing contexts. 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, and
- adoption of trauma-informed and culturally-literate practice.

Multiple submissions observed that there was great scope for Sector organisations to learn from their communities and each other, and for governments to learn from the Sector, about better practice co-design.

The Issues Paper specifically invited reflections on the growing agenda in funding and procurement by outcomes and the wider outcomes agenda. Some submissions observed that the complexity and cost of outcomes measurement can be significant for some types of work that have positive impact. For example, the importance of valuing and the challenges of measuring prevention are noted by Australian Alliance for Animals, FRSA and AADC. FRSA also note that the benefits of early intervention work are negatively affected where people are in crisis, citing cost of living and housing crises as matters undermining the benefits of their members' services in some cases. Equality Rights Alliance and Mental Health Coordinating Council similarly observe that 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. SNAICC and VACCA note that appropriate practice in evaluation and outcomes measurement by Aboriginal Community Controlled Organisations and with Aboriginal and Torres Strait Islander people involves shared development of measurement objectives and approaches with them. Several submissions pointed out that 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.

While a small number of submissions call for new platforms and learning resources to support the Sector to develop its capabilities in evaluation and outcomes measurement, more argue there is a broad range of resources already available (Alannah & Madeline Foundation; Charles Sturt University; COTA; Centre for Excellence in Child and Family Welfare Services) and focus should be on refining or adapting these where needed, sharing them widely, and helping organisations to use them. Some submissions note the Sector's skills in sharing resources and practice and suggest these can be applied to support capability building around outcomes measurement within the Sector. The Centre for Excellence in Child and Family Welfare Services

describes the Outcomes, Practice and Evidence Network (OPEN), which it manages, as one such example:

OPEN was set up...to foster an outcomes-focused, learning system in the child and family services sector, led by the sector itself. Through its program of activities, OPEN has connected and supported NFP service providers to use, build and share evidence from research, evaluation, practice and client experience to deliver better outcomes for children, young people and families...The success of this sector-led model has led to a pilot funded by the Victorian and Commonwealth governments to expand OPEN to incorporate family violence and sexual assault evidence on the portal and build NFP data capability more broadly (Centre for Excellence in Child and Family Welfare Services submission).

Beyond a description of effective sector-led capability building, this example highlights that shifts towards outcomes measurement are not simply technical. While multiple submissions express explicit support for outcomes-based approaches, some observe that this requires culture change within organisations and sub-sectors.

A matter not strongly canvassed in the Issues Paper but present in its responses was the value of place-based collaboration within the Sector and its importance in rural and regional communities, multicultural communities and for aggregating the work of smaller organisations. Several submissions observed that this way of working makes an essential contribution to local social infrastructure and creates local governance arrangements to meet community needs and solve local problems.

9.2 Philanthropy and Volunteering

The Issues Paper invited feedback on what reforms and Sector actions could increase and better target philanthropic contributions to charities, how NFPs might respond to changing patterns of volunteering and the role of the Blueprint in supporting the *National Strategy for Volunteering*. Priority issues related to philanthropy and volunteering are detailed in previous sections.

Most submissions that addressed increasing and better targeting philanthropy broadly acknowledged the importance of donors and foundations in the work of the NFP Sector. Multiple submissions welcomed the intention by the Australian Government to encourage more giving. Several of these noted Australia is undergoing an unprecedented transfer of intergenerational wealth over the next 20 years (Philanthropy Australia; Nunn Dimos Foundation; Beyond Blue) with relatively limited revenue benefit to governments under current tax settings, presenting an important opportunity for increasing philanthropic giving.

There is a vein of submissions (e.g. Foodbank Australia; Anglicare Australia; ACOSS; Community Industry Group; Gene Ethics; St Vincent de Paul NSW; Jesuit Social Services) that cautions government against viewing philanthropic giving as a replacement for government

investment.²¹ Most of these responses observed that the provision of services essential to and/or prioritised by the citizenry is the responsibility of governments, with ACOSS warning this responsibility should not be outsourced to philanthropic donors. Some of these responses note that philanthropic giving is private activity and, beyond conditions applied to it through regulation, not guided by democratic processes of collective prioritisation and resource distribution. Some (e.g. ACOSS; AADC) suggest that attending to structural issues and tax settings that affect public revenue and funding should be a greater priority for governments than increasing philanthropy.

Regarding reforms for growing and better targeting philanthropy, by far the strongest theme in submissions related to broadening and simplifying the DGR system. This issue was addressed in many submissions and by a broad range of respondents. Details of these responses are summarised in Section 8.3.1.

Mirroring feedback to and recommendations from past inquiries, supporting and expanding workplace giving as a means of growing philanthropy was also recommended in several submissions²² (e.g. Workplace Giving Australia; Philanthropy Australia; Effective Altruism Australia). Workplace Giving Australia observed there is scope to expand workplace giving by reducing barriers and increasing public and donor confidence in workplace giving practices. They recommend standardised measurement and reporting of workplace giving, and the development of standards for corporate and workplace giving that are sector-led and government-supported. Other actions related to workplace giving recommended in submissions included: government matching of workplace giving; and a minimum giving pledge by large businesses.

Peak body Philanthropy Australia recommended one way of growing philanthropy would be to give Australians the choice to make a charitable bequest through their unspent superannuation funds, noting such a reform should be implemented only after consultation with the Superannuation Industry. This recommendation was supported by submissions from Ecstra Foundation, HWL Ebsworth Lawyers, and Community Industry Group.

Several submissions comment on the need for regulatory changes to support living legacy giving (Nunn Dimos Foundation; HWL Ebsworth Lawyers; Philanthropy Australia) and enable multiyear funding from philanthropy (A New Approach; Community Sport Alliance of the ACT). This included support for the Philanthropy Australia recommendation to the Productivity Commission Inquiry into Philanthropy in Australia that Private Ancillary Funds be able to count future years in funds distributions. This is taken up in the Productivity Commission's Draft Recommendation 8.1 to enable distribution of funds to be smoothed over three years (Productivity Commission, 2023a). Other actions related to growing philanthropy

²¹ Recognising that encouraging government funding responsibilities and increasing philanthropic giving are not mutually exclusive, several of these submissions were supportive of both.

²² Exploration of further incentivising workplace giving forms part of the terms of reference for the current Productivity Inquiry into Philanthropy; no specific draft recommendations were made on this in its draft report (Productivity Commission, 2024).

recommended included: retaining uncapped donations (CGVT Employment; St Vincent de Paul NSW); growing, strengthening and raising public awareness of Australia's community foundations (Philanthropy Australia; Ecstra Foundation; St Vincent de Paul National Council of Australia); and capital gains tax reform to stimulate the donation of listed equities to registered charities (Nunn Dimos Foundation).

As raised in the Issues Paper, the destinations of philanthropy as well as its overall quantum is an issue for the NFP Sector identified by the BERG. In response to this issue and as detailed in Section 8.3.1, some submissions suggest that narrow and, in some cases, archaically defined DGR categories limit better targeting of philanthropy to the community's and Sector needs. Others expressed concerns that social norms affect philanthropic giving in ways that can create negative outcomes for already disadvantaged people. AADC, for example, suggests stigma related to alcohol and other drugs (AOD) use 'flows into donor funding decisions, demonstrably limiting any positive impact that any increased availability of philanthropic funding would have for the AOD sector' (AADC submission). Reflecting on the networks through which philanthropic support is often accessed, Community Industry Group suggests specific kinds of organisations face systemic inequalities that can hinder their access to philanthropic networks and thus funds. Karitane agrees and notes the importance of cross-sectoral learning for better targeted philanthropy and the role that governments can play in facilitating this. They note that The Investment Dialogue for Australia's Children is 'a good example of engaging philanthropic discussion in areas of investment, donor preferences, and what truly creates impact' (Karitane submission).

Several submissions also responded to an absence in the Issues Paper of a wider discussion about relationships between the NFP Sector and the for-profit sector. Community Sport Alliance of the ACT, for example, observed that, while philanthropic grants played an important role in project-based activities, cash and in-kind business sponsorship was an important form of resourcing for community sport. UnitingCare Australia also noted the importance of in-kind giving from the corporate sector. yourtown suggested greater consideration be given to encouraging more giving by business and discretionary trusts through widening tax incentives. ADM+S suggested that partnerships with the corporate sector provided a rich vein of potential for enabling digital transformation.

Much of the content of submissions related to volunteering is integrated in major themes above. Submissions noted the importance of volunteers to the NFP Sector, and the value to individuals and communities' social capital of volunteering experiences. The Salvation Army observes:

Many people come to The Salvation Army in search of community connection and inclusion as much as any material assistance and volunteers can provide that in a way that is natural and seamless (The Salvation Army submission).

Many submissions expressed support for the National Strategy for Volunteering and recommended resourcing of its priorities. The development of this strategy was also cited as an example of excellent practice in strategy-level co-design in three submissions. Some

responses note the localised nature of volunteering means national objectives may not always address local needs or realities. The Centre for Volunteering commends state-based volunteering strategies and suggests the Blueprint engage with these as well as the National Strategy.

Regarding the growth of informal volunteering,²³ The Centre for Volunteering notes a reduction in the relative rates of informal and formal volunteering from earlier figures in 2020, with their most recent data from NSW showing a ratio of 3:2, compared with the earlier national ratio of 5:1 (The Centre for Volunteering submission). These researchers suggest relative rates of informal and formal volunteering may even out further as the effects of the COVID-19 pandemic recede. However, other submissions suggest that rates of informal volunteering are likely to grow with the advance of climate change and related extreme weather events (Equality Rights Alliance). As noted in relation to workforce sustainability above, some submissions observe that changing regulatory standards of industries in which the NFP Sector works has somewhat changed the roles of volunteering within NFP organisations.

Volunteering Australia notes that volunteers operate across many areas of the NFP Sector and in multiple policy domains, yet responsibility for volunteering at the Commonwealth level sits within the DSS:

Volunteers involved in community services, welfare, and homelessness, represent only one-fifth of Australia's formal volunteers. Other large sub-sectors, such as sport and recreation, religious, faith-based, and spiritual, and children and youth each engage over one million volunteers, yet the government portfolios for these areas do not have explicit responsibilities for volunteering (Volunteering Australia submission).

The Centre for Volunteering observes that informal volunteering is critical to the volunteering ecosystem, but by its nature is not the work of the NFP Sector. Rather than focus on converting informal to formal volunteering, the Centre for Volunteering recommends resources should be made available by government to informal volunteers and their communities to support their work.

9.3 Sector Assets and Social Finance

As detailed in previous sections, the people who comprise the Sector's voluntary and paid workforce were widely recognised as a key asset of the Sector. The broad focus in submissions here was in supporting and investing in people to ensure the strength and sustainability of this workforce into the future. Some submissions also pointed out that limited integration and

²³ Informal volunteering refers to time willingly given for the common good and without financial gain, taking place outside the context of a formal organisation or group. This includes assisting people in the community, excluding one's own family members. For example, looking after children, property or pets; providing home or personal assistance; or giving someone professional advice. (<https://www.volunteeringaustralia.org/wp-content/uploads/Common-Languages-Guide-2022-FINAL.pdf>). Informal volunteering is sometimes referred to as direct volunteering.

publication of data about the NFP Sector beyond charities, and the loss of routine data collection about, for example, Australia's volunteers, eroded the possibilities of data-driven understandings needed to support the Sector's people and develop the workforce.

There was relatively limited discussion in submissions of ways in which the Sector might make further use of its material assets. It was observed in some submissions that NFPs regularly deploy or repurpose their properties to support communities beyond routine purposes, particularly in times of emergency such as COVID lockdowns, floods and fires experienced over the last few years. The Association of Ministerial PJPs Ltd observed that faith-based charities hold the large proportion of property assets in the charitable sector, which they use to support charitable purposes and suggested that 'consultation with these organisations on these areas could be conducive to a wider use of these assets for a greater benefit to these organisations and the wider community whom they serve' (Association of Ministerial PJPs submission). SNAICC observed that 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. They highlight governments investing in capital works for ACCOs, and the transfer to ACCOs of infrastructure assets from non-Indigenous organisations and governments as opportunities to actively support Aboriginal and Torres Strait Islander self-determination and community control (SNAICC submission).

Regarding use of Sector financial assets, the ACNC notes that charities may engage in commercial ventures to enhance their viability and promote growth in the Sector, including entering into agreements to unlock equity in their assets. They note that this must be done with regard for charitable purposes, accrual of benefits and governance standards (ACNC 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 (personal communication, GoodWolf Partners). These assets are highly concentrated in particular organisations. The Centre for Social Impact observes that, while many NFPs technically have the potential to leverage their assets to access capital, small to medium and start-up organisations often lack assets against which to borrow, and that volunteer-based boards can be risk averse (Centre for Social Impact submission). In the context of early childhood education and care, Goodstart Early Learning reports:

Between 2014 and 2022, the proportion of not-for-profit centre-based care centres declined from 32 per cent of all centres to 25 per cent, while 92 per cent of all new centres were for-profit services. This is because 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 (Goodstart Early Learning submission).

A small number of submissions address emerging approaches to social finance and social impact investing. These note that there has been demonstrable activity in piloting social finance products and models to unlock new sources of capital in support of the NFP Sector and for-purpose activities over more than 15 years (Alannah & Madeline Foundation; Centre for Social Impact; Good Cycles; Goodstart Early Learning; UnitingCare Australia), with some citing the report of the Social Impact Investing Taskforce²⁴ as providing guidance to the Australian Government in this work. Good Cycles points to current payment by outcomes trials being piloted through DSS and the two social impact investing measures in the 2023-24 Federal Government Budget (the Outcomes Fund and the Social Enterprise Development Initiative) as demonstrations of how governments can ‘support effective investment for key social outcomes’ (Good Cycles submission).

However, as noted in some submissions, the fit between social finance products and models and NFP financial needs should not be assumed. Several larger organisations (e.g. UnitingCare Australia, Australian Red Cross) who have engaged with social impact bonds and related instruments of social impact investing reflect that these have benefits for NFPs and the communities they serve under specific conditions, in relation to specific purposes and operating models. While reflections on these benefits differ across these submissions, 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 Centre for Social Impact notes from their research that the availability of social finance appropriate to the needs of small to medium NFPs remains constrained and has not kept pace with growth in the wider impact investing market (Centre for Social Impact submission). They observe that 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 (Centre for Social Impact submission).

Beyond the availability of appropriate social finance, some NFP organisations and peaks suggest that access to emerging models may be limited for NFPs serving particular issues or causes, mirroring comments on access to philanthropy. This relates to both the prioritisation of issues by governments when using particular social finance instruments—such as social impact bonds—and the ‘attractiveness’ of causes to private capital. COTA Victoria, for example, suggests that ageing issues tend not to be particularly attractive to social impact investors but can be ‘amenable to vehicles such as social impact bonds and with the right policy settings could lever significant investment assets including those largely held by older Australians’ (COTA Victoria submission). As discussed in the context of outcomes-based funding models and measurement, some submissions caution against the widespread adoption of social finance instruments and outcomes-based funding practices, suggesting that they: are forms of speculative investment inappropriate to the Sector; can create unnecessary costs where misapplied; generate substantial administrative burden for small to medium organisations; and

²⁴ Noting, the final report of that Taskforce was released after the Blueprint Issues Paper in December, 2023.

drive risks to NFPs which have consequences for the quality and security of employment in their labour intensive services.

As discussed in Section 8.4, multiple submissions reflect that 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 its practices.

Fundamental problems faced by 'the sector' are the outcome of four decades of 'reform', and these cannot be fully addressed by mere 'practical steps' taken by the NFP sector. 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).

10. Implications of Submissions for the Development of the Blueprint

Australia's NFP Sector is a bedrock of community connection, support, action, and cohesion. It is also Australia's largest employer outside government.²⁵ It is a critical part of the nation's social and economic fabric. Submissions in response to the Issues Paper 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.

Submissions in response to the Issues Paper offered many examples of local and industry-level ingenuity, leadership, data insights, peer-sharing and responsiveness to the needs of people, places and planet. They also reflect on the current effects of ingrained practices that perpetuate inequities, both within the Sector and for the people and communities it serves. Despite the innovation and intent 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. It is sadly notable that, 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 (2023), 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.

It is recommended that detailed insights, examples and evidence offered in submissions be retained for thorough consideration in actioning the Blueprint and shared more widely, honouring the (adapted) principle of 'collect once, use often, learn deeply'.

Themes and proposed actions arising from submissions will inform the drafting of the Blueprint. Additional evidence and views, including those less represented in the submissions, will be canvassed through the next stage of engagement.

²⁵ Based on known figures from the charity sector alone.

References

Australian Charities and Not-for-profits Commission (2023) *Commissioner's Interpretation Statement; Public Benevolent Institutions*.

<https://www.acnc.gov.au/tools/guidance/commissioners-interpretation-statements/commissioners-interpretation-statement-public-benevolent-institutions>

Australian Charities and Not-for-profits Commission (2024) *With charity tax status comes the need for accountability: Commissioner's Column 18 March 2024*.

<https://www.acnc.gov.au/media/news/charity-tax-status-comes-need-for-accountability>

Australian Council of Social Service (2023a) *At the precipice: Australia's community sector through the cost of living crisis*. <https://www.acoss.org.au/acss-april-2023/>

Australian Council of Social Service (2023b) *Submission to: A stronger, more diverse and independent community sector, Department of Social Services, Australian Council of Social Service*. www.acoss.org.au/wp-content/uploads/2023/11/FINAL-ACOSS-Submission-to-SMDICS-16.11.23.pdf

Australian Government Productivity Commission (2023a) *Future Foundations for giving: Draft report*. <https://www.pc.gov.au/inquiries/current/philanthropy/draft>

Australian Government Productivity Commission (2023b) *Advancing Prosperity: 5-year Productivity Inquiry report – volume 1*.

<https://www.pc.gov.au/inquiries/completed/productivity/report>

Australian Government Productivity Commission (2024) *Closing the Gap Review: Study report*.

<https://www.pc.gov.au/inquiries/completed/closing-the-gap-review/report>

Commonwealth of Australia, Department of Families, Housing, Community Services and Indigenous Affairs (2010) *National Compact between the Australian Government and Third Sector: Consultation Report February 2010*. <https://apo.org.au/node/20458>

Fisher C, Gilchrist D and Postle R (2020) *Not-for-profit Cash Reserves: NFP Insight*. Chartered Accountants Australia and New Zealand. <https://www.charteredaccountantsanz.com/tools-and-resources/client-service-essentials/reporting/nfp-insight-paper>

Infoxchange (2023) *Digital Technology in the Not-for-profit Sector Report*.

https://www.infoxchange.org/sites/default/files/infoxchanges_2023_digital_technology_in_the_not-for-profit_sector_report.pdf

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/>

McGregor-Lowndes M and Hannah F (2024) *ACPNS Legal Case Notes Series: Cases that Shaped Charity and Nonprofit Law in 2023 and Ten Trends to consider in 2024.*

<https://eprints.qut.edu.au/245850/>

Social Ventures Australia and the Centre for Social Impact (2022) *Paying what it takes: Funding indirect costs to create long-term impact.* [https://www.socialventures.com.au/assets/Paying-](https://www.socialventures.com.au/assets/Paying-what-it-takes.pdf)

[what-it-takes.pdf](https://www.socialventures.com.au/assets/Paying-what-it-takes.pdf)

Appendix 1

List of Organisations who made submissions on the *NFP Sector Development Blueprint Issues Paper*

Organisation
A New Approach (ANA)
Alannah & Madeline Foundation
Amaze
Anglicare Australia
Animals Australia Federation
Anonymous Organisation*
ARC Centre of Excellence for Automated Decision Making & Society
Association of Ministerial PJPs Ltd
Association of Sculptors of Victoria (ASV)
Associations Forum
Asthma Australia
Australian Accounting Standards Board (AASB)
Australian Alcohol & Other Drugs Council
Australian Alliance for Animals
Australian Charities and Not-for-profits Commission (ACNC)
Australian Council for International Development (ACID)
Australian Council of Social Service (ACOSS)
Australian Digital Inclusion Alliance (ADIA)
Australian Environmental Grantmakers Network (AEGN)
Australian Government Department of Health and Aged Care - Consumer Support Section, Aged Care Group
Australian Institute of Company Directors (AICD)
Australian Land Conservation Alliance
Australian Red Cross
Australian Research Alliance for Children and Youth (ARACY)
Australian Schools Plus
Australian Services Union (ASU)
Australian Strategic Services Pty Ltd
Backstage Incorporated / Association of Eisteddfod Societies of Australia (AESA)
Ballarat and District Aboriginal Cooperative (BADAC)
Belmont Saints Squash Club
Benefolk
better charity
Beyond Blue

BGT Jobs & Training Ballarat
Brotherhood of St. Laurence (BSL)
Buddhist Society of Western Australia
Busselton Community Safe Space
Carers NSW
Carers Queensland
Catholic Education Western Australia (CEWA)
Centre for Excellence in Child and Family Welfare
Centre for Social Impact
Charles Sturt University
Chartered Accountants Australia & New Zealand (CA ANZ) / CPA Australia (joint submission)
Chongde Community Care Ltd
Christian Schools Australia / Australian Association of Christian Schools (joint submission)
Clubs Australia
Community Council For Australia
Community Industry Group
Community Sport Alliance of the ACT
Council on the Ageing (COTA) Victoria
Council of Single Mothers & their Children
CVGT Employment
Deafblind Australia
DF Mortimer & Associates
Disability Advocacy Network Australia
Diversity Arts Australia
Ecstra Foundation
Effective Altruism Australia
Equality Rights Alliance
Fairfield City Council
Family & Relationship Services Australia: FRSA
FamilyCare (incorporates information from the Community and Place network (CaPn) members - Upper Murray Family Care (UMFC), Kids First, Mallee Family Care, Child and Family Services Ballarat (Cafs), Family Life, Brophy Family and Youth Services)
Federation of Community Legal Centres (Victoria)
Foodbank Australia
Foundation for Rural and Regional Renewal (FRRR)
Frankston Pines Soccer Club
Fundraising Institute of Australia (FIA)
Gene Ethics
Gladstone Women's Health Services

Good Cycles
Good Things Foundation Australia
Goodstart Early Learning
Governology
Habitat Creation
Health Justice Australia
HWL Ebsworth Lawyers
inTouch - Multicultural Centre Against Family Violence
Inclusion Australia
Infinity Community Solutions Ltd
Infoxchange
Injury Matters
Jesuit Social Services
Jobs Australia
Jobsbank
Justice Connect
Karitane
Kids First Australia
Kilfinan
Law Council of Australia
Lifeline Australia
Liver Foundation
Malcolm R Duce
Marathon Health
Mental Health Coordinating Council
Micah Projects
Mid Murry Council
Minderoo Foundation
Mission Australia
Monash University – Real-time Rights-based Recordkeeping Governance (RRRG) project
National Asthma Council Australia
National Catholic Education Commission
National Family Violence Prevention and Legal Services Forum
National Foundation for Australian Women (NFAW)
New Beginnings
NFP House
Nunn Dimos Foundation
Odyssey House Victoria

Parents of Deaf Children
Parkerville Children and Youth Care
Penguin Foundation
Philanthropy Australia
Play Matters Australia
Playgroup Australia
Professionals & Researchers in Early Childhood Intervention (PRECI)
Prolegis Lawyers
Purple Orange
Queensland Council of Social Service (QCOSS)
RCAN (NSW Refugee Communities Advocacy Network)
ROKSTEADYGRC
Rotary Australia World Community Service Ltd (RAWCS)
Rotary Foundation Australia
RSPCA Australia
Save the Children / 54 reasons
SaySorry (Lara Kaput)
Shane Nantais
Shed 3 (The Youth Network NQ Inc.)
Shoshama Institute for Collective Wellbeing
Single Mother Families Australia
SNAICC – National Voice for our Children
Social Justice Advocates of the Sapphire Coast
Social Traders
Sonder
Southern Youth and Family Services (SYFS)
St Vincent de Paul NSW
St Vincent de Paul Society National Council of Australia
St Vincent de Paul Victoria
Stronger Charities Alliance
Suicide Prevention Australia
Sunshine Coast Art Group
The Australia Institute
The Centre for Volunteering
The Family Place
The Funding Network
The Philanthropic Collective

The Possibility Partnership (Life Without Barriers, The Smith Family, Morgan & Co, 54 Reasons, The Benevolent Society, Brotherhood of St. Laurence, Foyer Foundation, Mission Australia, Uniting, Wesley Mission)
The Royal Societies of Australia
The Salvation Army
The Smith Family
UnitingCare Australia
Universities Australia
Upper Murray Family Care (UMFC)
Victoria University
Victorian Aboriginal Child Care Agency (VACCA)
Victorian Arabic Social Services (VASS)
VolunteeringACT
Volunteering Australia
WA PCYC
Western Australian Council of State School Organisations
Western Sydney Community Forum
Workplace Giving Australia
World Animal Protection
yourtown
Youth Projects

Note: This listing is based in information provided upon submission and in some cases individual organisations submitted on behalf of consortia.

Note: *One organisation has requested to remain anonymous and requested that their submission not be published.