

# Not-for-profit Sector Development Blueprint



The Blueprint Expert Reference Group acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, sea and community.

We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.



# Message from the Blueprint Expert Reference Group



Australian civil society is our nation's connective tissue, and the Not-for-profit and charity sectors its beating heart. A thriving NFP sector is an agent for positive change that enhances national wellbeing. It brings people and communities closer together to support each other and devise responses to local and collective problems. Australia's NFP sector enriches social cohesion, contributes substantially to our economy, and protects our democratic system.

The Blueprint Expert Reference Group (BERG) commends the following Not-for-profit Sector Development Blueprint (the Blueprint) to the Australian Government, the NFP sector and those it serves. In keeping with our terms of reference, the Blueprint focuses on reforms to support the charitable sector, with select initiatives that will benefit the work and visibility of the wider NFP sector. The Blueprint will enable our already vibrant NFP sector to further build on its strengths, setting out a ten year roadmap of essential and overdue reform. This includes resourcing its implementation as part of a package of investment that supports a thriving sector and extends the NFP sector role in leadership within and beyond the Blueprint itself. The Blueprint is to be owned by the NFP sector with support from across the Australian Parliament. The NFP sector will provide ongoing expertise, acumen and advice to ensure its success over time. It is to be owned equitably by mainstream, Aboriginal and Torres Strait Islander controlled and multicultural organisations alike. Additionally, governments of different persuasions will be required to collaborate with the NFP sector in its implementation if it is to succeed. The Blueprint identifies the necessary principles, priorities and initiatives needed to ensure Australia's NFP sector advances commensurate with its role as a critical national contributor.

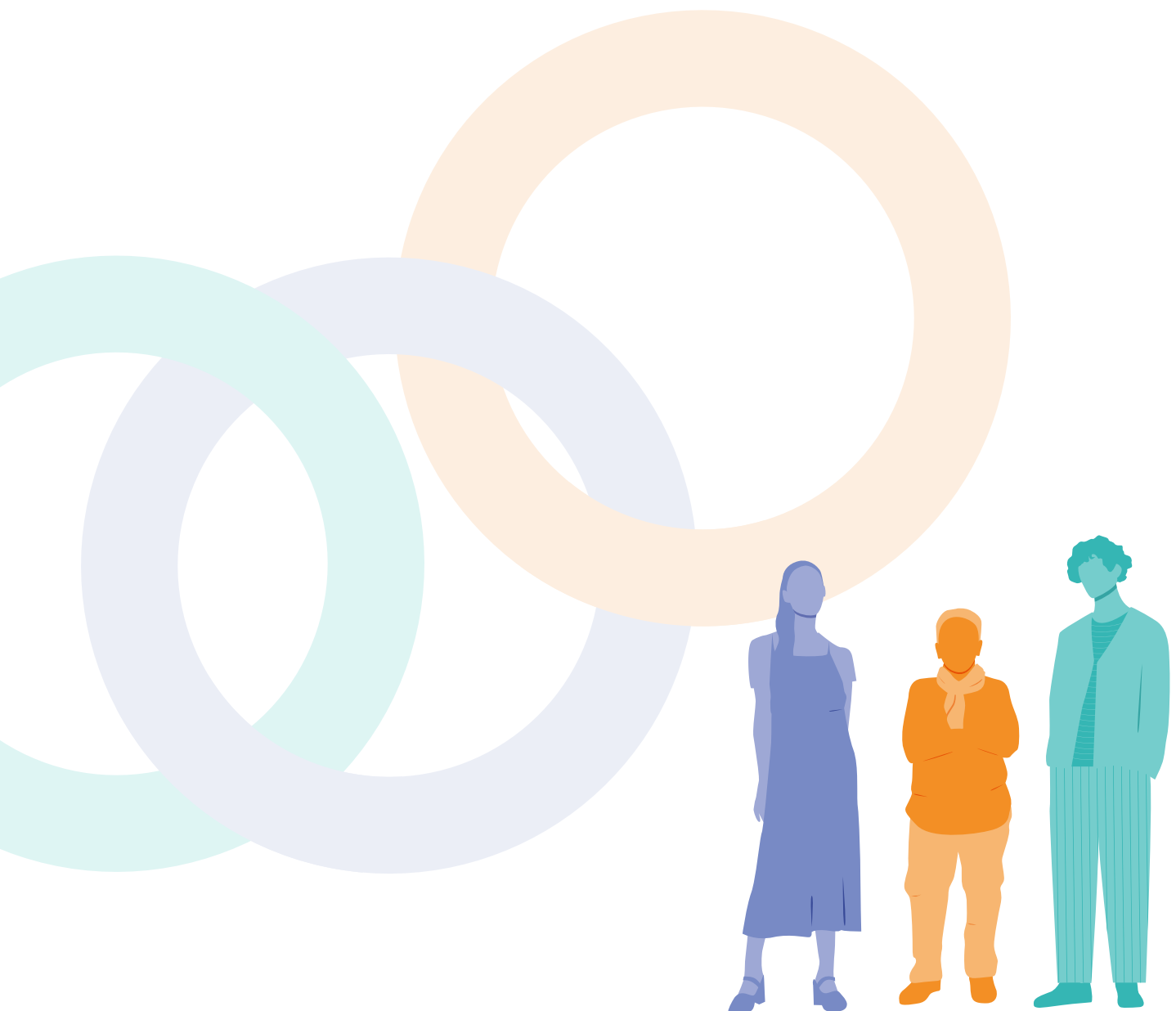
The Blueprint includes pragmatic reform options to improve how the NFP sector functions, as well as transformative action to change the systems within which Not-for-profit organisations operate. Both are required so NFPs are better able to fulfil their purposes and are ready for changing conditions. It puts forward a path for implementation including foundational initiatives that, taken up early, will set the Sector up for future success, short-term initiatives that will alleviate key pressures, and longer-term initiatives that will continue to support the NFP sector's contributions into the future. The Blueprint will also mature over its ten year life as early reforms inform new opportunities and challenges.

The ultimate Blueprint beneficiaries are not meant to be government, the members of the BERG, or the constellation of organisations within the NFP sector. The ultimate beneficiaries are the people, places, shared purposes and communities which NFPs serve and support. The Blueprint envisions better lives and livelihoods for the millions of people involved with the NFPs of their choosing, and the many more who benefit from the NFP sector's work.

## Acknowledgements

The Blueprint Expert Reference Group (BERG) would like to offer their sincere appreciation and acknowledgement of the work, dedication and counsel provided by the two Expert Advisors to the Blueprint—Professor Jo Barraket AM, Director of the University of Melbourne’s Melbourne Social Equity Institute, and Professor David Gilchrist, Director of the University of Western Australia’s Centre for Public Value. The expertise Jo and David brought played pivotal roles in the development of the Blueprint over the past 18 months.

The BERG would also like to extend their gratitude to all the organisations and individuals who participated in the consultations and generously shared their time, insight and expertise in support of the Blueprint’s development. The commitment and collaboration shown by those who contributed has enriched the process and strengthened our collective vision for the future of the Not-for-profit sector.



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# Introduction



Healthy civil society is critical to Australia's wellbeing, social cohesion, prosperity and shared national progress. Australia's Not-for-profit and charity sectors (NFP sector) are at the core of our civil society. Created by and for Australia's diverse communities and interests, and comprising organisations broad in size and purpose, the NFP sector embodies our collective aspirations and resourcefulness, and our willingness to help each other and the planet. It is also a major provider of essential frontline services and Australia's largest industry sector employer outside government. In recent years, we have seen the critical role and contributions of the NFP sector in supporting people and communities during uncertain times.

This Blueprint sets out a ten year vision, framework, core initiatives and implementation approach for a thriving NFP sector that supports Australia's people, communities and environment. It is intended as the starting point, not an end position, for long-term meaningful reform. This Blueprint prioritises essential and overdue reform. It is to be owned and led by the NFP sector with support from across the Australian Parliament. It is our request that successive governments will collaborate with the NFP sector in its implementation and provide faithful support for the outlined vision. The Blueprint identifies the priorities and initiatives needed to ensure Australia's already vibrant NFP sector advances, consistent with its role as a critical national contributor. Reflecting the terms of reference for developing the Blueprint, reforms focus on enabling the work of charities, with select initiatives focused on supporting the work and visibility of the broader NFP sector. The Blueprint seeks to improve the operating environment for the NFP sector broadly, with targeted initiatives that will support the realisation of priorities over the coming decade.



# Background and Context



Ahead of the 2022 Federal Election, then Shadow Assistant Minister for Treasury and Shadow Assistant Minister for Charities indicated that a NFP sector Expert Reference Panel would be established to guide development of the NFP sector *Development Blueprint to ensure a strong future for Australian charities*. The 2022–23 October budget provided the *Development of the Not-for-profit (NFP) Sector Development Blueprint (the Blueprint) and Doubling Philanthropic Giving by 2030* measure, designed to meet the Government's election commitment of supporting a Blueprint to provide a roadmap for government reforms and sector-led initiatives to boost the NFP sector's capacity to support and reconnect Australian communities.

The Blueprint is presented in the context of intersecting challenges confronting Australia. Among industrialised countries, Australia remains one of the most vulnerable to the unfolding climate emergency.<sup>1</sup> Wealth is more and more unevenly distributed in our society.<sup>2</sup> Employment is precarious for sizeable sections of the workforce.<sup>3</sup> Finding a decent and affordable home is extremely difficult for many people.<sup>4</sup> Across the globe, we have endured the largest pandemic in a century, disrupting our ways of life for more than three challenging years.<sup>5</sup> Australians' levels of trust and willingness to help each other have declined.<sup>6</sup> Rapid advancements in digital technologies and artificial intelligence are changing the landscapes in which we live, work and participate, while some people and places still struggle to access the internet.<sup>7</sup> Democracies are under increasing pressure to demonstrate they are effective forms of governance to meet the challenges of change.<sup>8</sup>

## Why now?

Reforms to enable a thriving NFP sector have been a matter of concern for the Sector and for Australian governments for more than 30 years. Yet, multiple inquiries have resulted in limited action.<sup>9</sup> As observed by the current Government when announcing support for the Blueprint in opposition, 'the future of the charity sector is too important to our economy and our communities to grow and develop without planning or strategic investment'.<sup>10</sup>

- 1 Intergovernmental Panel on Climate Change (IPCC) (2022) *IPCC Sixth Assessment Report-Working Group II-Climate Change 2022: Impacts, Adaptation and Vulnerability*. IPCC
- 2 University of New South Wales (UNSW) & Australian Council of Social Service (ACOSS) (2024) *Inequality Report 2024 - who is affected and how*.
- 3 Select Committee on Job Security (2022) *The job insecurity report*.
- 4 Australian Institute of Health and Welfare (AIHW) (2024) *Housing assistance in Australia 2024*.
- 5 Australian Institute of Health and Welfare (AIHW) (2024) *COVID-19 - Australian Institute of Health and Welfare*.
- 6 J O'Donnell, T Prentice, R Link, Q Guan, P Mares, and D Wood (2023) Australian Cohesion Index 2023. Scanlon Foundation Research Institute.
- 7 Australian Digital Inclusion Index (2023) *Australian Digital Inclusion Index*.
- 8 Department of the Prime Minister and Cabinet (2024) *Trust and Satisfaction in Australian Democracy*.
- 9 McGregor-Lowndes M (2023) *Are any more Recommendations worth implementing from nearly 30 years of Commonwealth Nonprofit Reform Reports?*. QUT Brisbane.
- 10 Leigh A (2022) *Labor to ensure strong future for Australia's charities*, [Media Release], ALP.

All these issues highlight the critical importance of the social and civic fabric which the NFP sector helps weave. From Australia's most remote regions to its city centres, Not-for-profit organisations (NFPs) are the collective arrangements through which many people support their communities, address common goals, and access help. Not-for-profit organisations and networks also bridge gaps between people and institutions and are well-trusted by many people in Australia.<sup>11</sup> Recently, our country has been at its most resilient when it has acted collectively, listened to and responded to its communities. The Blueprint looks to further harness these qualities, among others, to meet the challenges of the next decade.

The Blueprint intends to deliver NFP sector reform, including addressing long-identified needs and harnessing change both within the NFP sector and its operating environment. More and more, people are connecting directly with each other for help. The NFP sector serves an increasingly diverse population and there is growing emphasis on the importance of leadership and ownership within the Sector that reflects this. In a period of intergenerational change, the NFP sector also needs to support its young and emerging leaders. Advances in technology affect how we interact and enable people to give their time, skills and resources more directly. Volunteering patterns have changed including fewer people formally volunteering, and greater preferences among volunteers for episodic rather than ongoing roles. Centring people in the design, delivery and evaluation of NFP sector activities is paramount, and emerging NFP forms and funding models are shifting the NFP sector organisational mix. Delivering reform means addressing long-term constraints and adapting to these changing circumstances and related community needs.



<sup>11</sup> 89 Degrees East Pty Ltd (2024) *Community Compass: A segmentation of Australia's views and engagement with the community sector*, 89 Degrees East.



# Value and Contributions



Australia's more than 300,000 NFPs<sup>12</sup> affect every aspect of Australian life. As of 2024, there were a little over 60,000 registered charities, or at least one charity for every 439 people living in Australia.<sup>13</sup> More than 50% of registered charities are very small or small organisations and more than 50% are run solely by volunteers.<sup>14</sup> The NFP sector reflects Australia's rich diversity and is essential to achieving a fairer and better Australia.

Even modest estimates demonstrate the NFP sector's significant role in the Australian economy. As of 2023, the charitable sector's revenue alone was just over \$200 billion or 7.8% of Australia's GDP.<sup>15</sup> Charities' economic contribution,<sup>16</sup> when last estimated, was around \$156 billion (in 2023 dollars),<sup>17</sup> making the charitable sector responsible for about 4.8% of gross value add in the Australian economy.<sup>18</sup> These numbers are comparable in size to the contributions of the retail trade sector.<sup>19</sup>

One in ten working Australians are employed by a charity. This amounts to 1.47 million people or 10.5% of the working population.<sup>20</sup> The charity workforce is comparable in size to that of the mining, manufacturing and agriculture, forestry and fisheries sectors combined, placing the sector employment footprint on par with that of construction (1.2mil) and retail trade (1.4mil).<sup>21</sup> Unlike these sectors, however, the charitable sector also engages 3.2 million volunteers, who contribute upwards of 320 million unpaid hours valued at an additional \$13.8 billion.<sup>22</sup>

The NFP sector's contribution extends to benefit people, places, the environment, and the economy not measurable in monetary terms. Attempts to quantify aspects of these broader benefits point to an additional value add of at least \$12.7 billion; however, the true value is anticipated to be much larger.<sup>23</sup>

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- 12 The exact number of NFPs in Australia is unknown. This figure includes registered charities, Australian Taxation Office estimates of tax-exempt NFPs with an Australian Business Number (ABN), taxable NFPs, and a highly conservative estimate of non-taxable NFPs that do not have ABNs. Detailed publicly available data about the NFP sector is confined to registered charities, which is reflected in figures used in this section.
- 13 Australian Charities and Not-for-profits Commission (ACNC) (2024) *Australian Charities Report: 10th Edition*. Australian Government.
- 14 Australian Charities and Not-for-profits Commission (ACNC) (2024) *Australian Charities Report: 10th Edition*. Australian Government.
- 15 Australian Charities and Not-for-profits Commission (ACNC) (2024) *Australian Charities Report: 10th Edition*. Australian Government; Australian Bureau of Statistics (ABS) (2024) *Australian National Accounts: National Income, Expenditure and Product*.
- 16 In the case of the charity sector, aggregate income is often larger than economic contribution because income includes all financial inflows while economic contribution, as is measured by the input-output method, only captures the net value added by Charity Sector goods, services and wages, as well as cross-sector transactions. Given the NFP sector's focus is not on generating economic output but rather social, cultural and environmental forms of value, the difference is appropriate.
- 17 This is an analysis of 2014-15 ACNC data with the final value having been adjusted to a 2023 dollar amount for interpretative ease. The report cited is the most current analysis of the charity sector's contribution commissioned by the Australian Government. The value is both an upper bound estimate of the charity sector and a conservative estimate of the total NFP sector.
- 18 Deloitte Access Economics (2017) *Economic Contribution of the Australian Charity Sector*. ACNC.
- 19 Australian Bureau of Statistics (ABS) (2024) *Retail Trade, Australia*. ABS.
- 20 Australian Charities and Not-for-profits Commission (ACNC) (2024) *Australian Charities Report: 10th Edition*. Australian Government.
- 21 Australian Bureau of Statistics (ABS) (2024) *Labour Force, Australia*. ABS.
- 22 Australian Charities and Not-for-profits Commission (ACNC) (2024) *Australian Charities Report: 10th Edition*. Australian Government; The Centre for Volunteering, *Cost of Volunteering Calculator: Measure the value that volunteers bring to your organisation*. The Centre for Volunteering. (2024).
- 23 Commonwealth of Australia (2023) *National cultural policy—Revive: a place for every story, a story for every place*. Commonwealth of Australia.

Government spending accounts for around 51.2% of all charity income, equating to 16% of total government spending in Australia, although only around one half of charities receive income from government.<sup>24</sup> The NFP sector also plays a substantial role in the realisation of public reforms across a range of policy areas. The considerable reliance of communities and governments on the NFP sector, alongside the substantial investment of public money in it suggests governments should act strategically to create enabling conditions for the Sector to thrive. Realising the goals of the Blueprint requires recognising the NFP sector's value, as well as the necessary investment needed to promote its effectiveness and sustainability.

It is important to note that the readily available data does not capture the whole of NFP sector, particularly the 150,000 plus self-assessed NFPs, including the around 7,500 economically significant NFPs that are not registered charities.<sup>25</sup> Therefore, these values represent a conservative and incomplete estimate of the NFP sector's contribution to the social, cultural, economic and environmental dimensions of Australian life. Indeed, this paucity of data highlights the stark need for better collection, sharing and use of NFP sector data, as detailed in the Blueprint's priorities, to inform decision-making and improve understanding of the Sector's characteristics, needs and contributions.



<sup>24</sup> Australian Charities and Not-for-profits Commission (ACNC) (2024) *Australian Charities Report: 10th Edition*. Australian Government; The Treasury (2023) *Budget 2023-24: Budget Strategy and Outlook - Budget Paper No. 1*, Commonwealth of Australia.

<sup>25</sup> As estimated by the Australian Tax Office and Productivity Commission respectively and adjusted to reflect expected NFP sector growth up to the year 2022.

# Development Process



The development of the Blueprint was led by the Blueprint Expert Reference Group (BERG) with the support of the Department of Social Services (DSS). The BERG released and disseminated the Not-for-profit Sector Development Blueprint Issues Paper (Blueprint Issues Paper) for public discussion via the DSS Engage platform on 1 November 2023.

The BERG received 163 written contributions in response to the Blueprint Issues Paper. Many responses were submitted by peak bodies

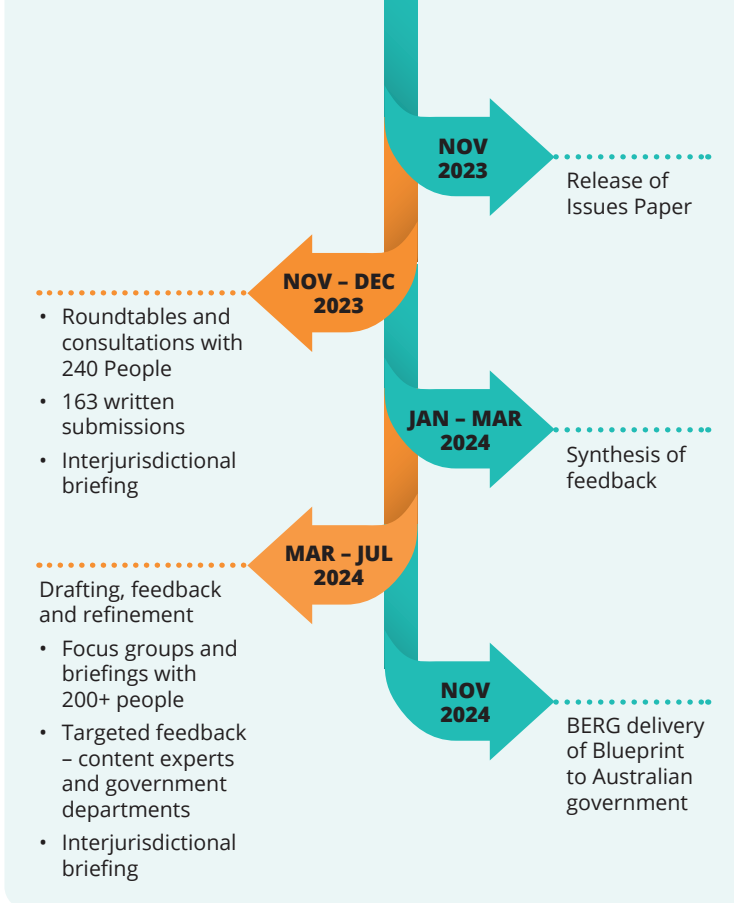
and NFP umbrella organisations and networks, whose membership comprises of more than 12,200 NFP organisations. Submissions were received from regulatory bodies, government departments and local governments. Submissions were also received from professional membership bodies and one union. A synthesis of these submissions was prepared and used to inform the development of the Blueprint.

Members of the BERG hosted three online engagement roundtables in November and December 2023. These were attended by 110 people from 97 NFPs and the wider ecosystem. BERG members also addressed approximately 130 participants of the Australia Charities and Not-for-profits Commission (ACNC) Virtual Adviser and Sector Forum and the Australian Taxation Office (ATO) NFP Stewardship Group, in addition to discussions with 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—about priority issues.

DSS initiated and convened two meetings of the NFP Blueprint Interjurisdictional Committee, also attended by Blueprint expert advisers, to engage on issues and canvass feedback from relevant state and territory government bodies during the drafting process. DSS has also provided regular briefings through the *A Stronger, More Diverse and Independent Community Sector* Inter-Departmental Committee, which includes representatives from 19 Commonwealth agencies, including DSS.

The Blueprint was drafted from March to August 2024. Through targeted NFP sector consultations, early drafts of the Blueprint were shared with 103 people from 94 NFPs across the country via 19 focus groups; virtual and face to face. This was to ensure that input from smaller organisations and those less represented in written submissions were actively considered in the drafting process. An advanced draft was also shared for discussion and response with at least 100 organisations via BERG networks. Blueprint initiatives and their related reform pathways were disseminated within the Australian Government for feedback and tested with relevant Blueprint engagement allies and other content experts.

The Blueprint was presented to the Australian Government by the BERG in November 2024.



# Sector Needs and their Implications for Blueprint Development

Guided by feedback provided through the consultation and engagement processes and evidence from past inquiries, the BERG identified a set of pressing NFP sector needs that informed the priorities of the Blueprint. These included:

- the need to strengthen relationships between governments and the NFP sector
- making the NFP sector's work, including its value, impact and activities more visible to the public and to governments
- the importance of active NFP sector commitment to Aboriginal and Torres Strait Islander self-determination and community control
- the need to create a more enabling regulatory and legal environment for the NFP sector, particularly by harmonising both NFP and relevant industry standards across all Australian governments, and broadening and simplifying the deductible gift recipient (DGR) 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 NFP sector's community contributions and support collaboration
- the critical importance of planning for and investing in the development and wellbeing of the NFP sector's paid workforce and volunteers
- the need to further invest in governance and operations in the NFP sector that support diversity of sector leadership and the central role of communities and people who organisations seek to represent or help in the design of Sector activities
- the democratic and social value of protecting the NFP sector's rights to advocacy, and
- the need to rapidly uplift the NFP sector's digital and data capabilities.

The development of the Blueprint priorities and initiatives also took into account concurrent inquiries including the Productivity Commission's *Future foundations for giving* report and the *A stronger, more diverse and independent community sector* initiative led by the Department of Social Services. Broader reform agendas that are of national significance and to which a thriving NFP sector is essential were also considered.

The trajectory of the Blueprint will not be linear; it will need to adapt to changing conditions and needs—both inside and outside the NFP sector—over its lifetime, and to lay a foundation for NFP sector success beyond the next decade.

## Vision and Goals

The vision for the NFP Blueprint is a thriving Australian NFP sector supporting healthy civil society.

If the NFP Blueprint is comprehensively implemented, ten years from now we envisage a NFP sector:



whose vital contributions to Australia's social and economic fabric are highly visible to, and well-respected by people and governments



that is well-supported in creating community benefit through leadership development, investment in innovation, and genuine cross-government and cross-sector partnerships



where Aboriginal and Torres Strait Islander self-determination and community control are actively supported



that is truly reflecting and responsive to Australia's diverse, intergenerational and multicultural society, and connected where appropriate to international diaspora



where people have careers that are professionally rewarding, fairly remunerated, and secure, with decent workplace conditions



where volunteering thrives, and volunteers can contribute according to their interests



is enabled by a streamlined regulatory framework that helps organisations fulfil their missions, advocate for positive change and increases opportunities for giving



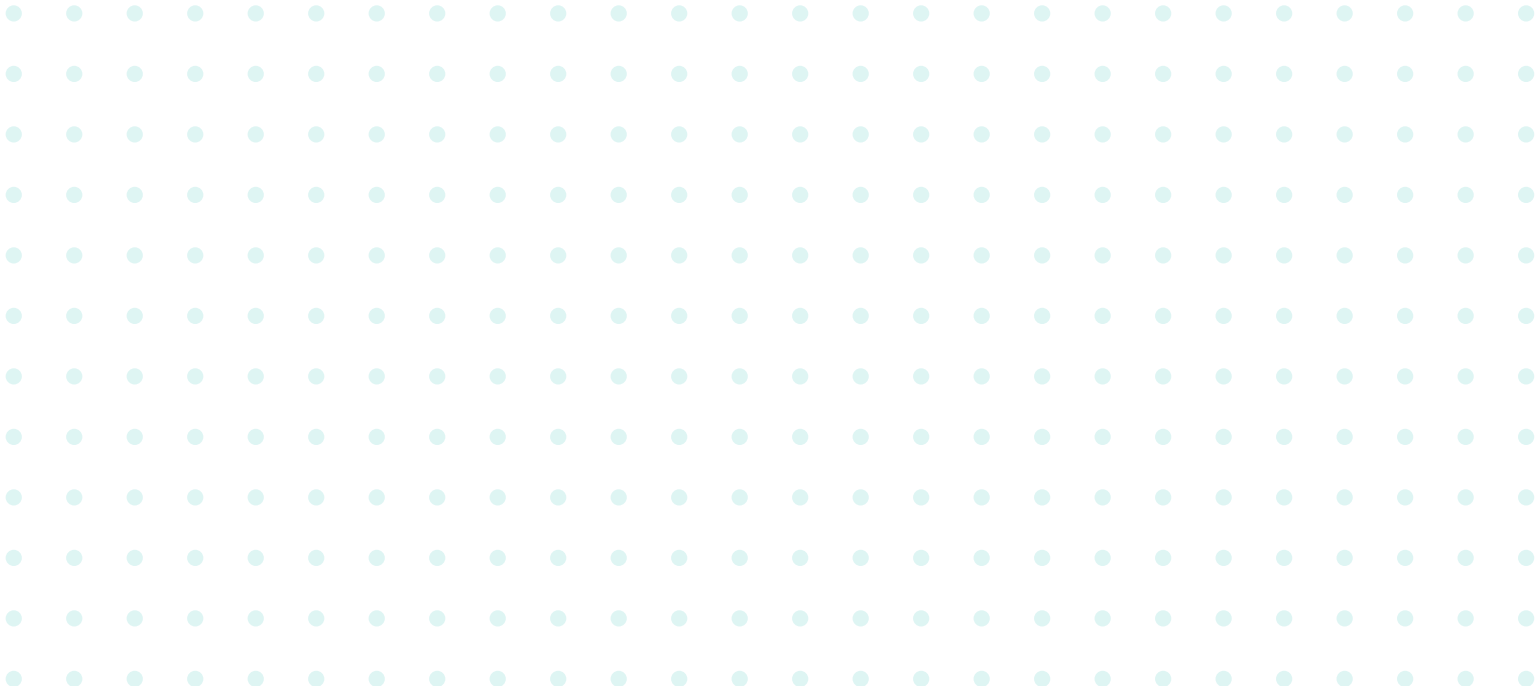
where organisations are sustainably resourced, and fairly compensated for their work with governments

# Actions



In developing the Blueprint, many actions were suggested and considered. The breadth of these actions reflects NFP sector and other stakeholder feedback, BERG knowledge and the evidence from concurrent and past inquiries. They reflect the broad range of issues identified by the NFP sector, governments, professional bodies and citizens as having a significant impact on the future and possibilities of the NFP sector.

In order to refine the Blueprint, the BERG has integrated and prioritised various actions, aiming to focus the Blueprint on 18 initiatives that will have the greatest potential immediate and systemic impact for the NFP sector, including where they may be a precursor to further work. Refinement by the BERG also involved discussions with people from a range of NFP sector organisations and subject matter experts. The initiative are summarised in the Blueprint Framework below and detailed in Appendix 1. All actions considered in this process are provided in Appendix 2 for reference.



# Blueprint Framework



The NFP sector is diverse, and its work is affected by both longstanding and emerging conditions. The Blueprint is a ten year development plan. It is founded on three pillars, which reflect the external, internal and future states that inform the Sector's work and outcomes. Each pillar is distinct, yet interdependent and compounded by the success of the others. The Blueprint priorities and initiatives represent shared responsibilities between governments and the NFP sector, as well as activities for which government(s) or the NFP sector are specifically responsible. The BERG has developed this framework in deliberation with the NFP sector, governments and subject matter experts.

The Blueprint is organised around three pillars:



## Pillar One

**An enabling operational and regulatory environment for the Not-for-profit sector to thrive**

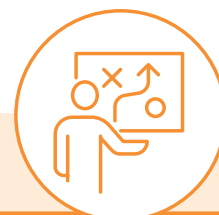
The work and outcomes of the NFP sector are profoundly affected by its regulatory environment, the health of its relationships with governments, and the ways in which sector work is resourced. It is also affected by public policies that influence the needs of people and communities to which the NFP sector responds. Priorities and initiatives of Pillar One address improvements to these external conditions, with a focus on change supported by a strong evidence base.



## Pillar Two

**A people-led and purpose-driven Not-for-profit sector**

The NFP sector is people-driven and community-serving. The NFP sector is a major national employer and conduit for volunteering across the country. Priorities and initiatives of Pillar Two address improvements to the NFP sector's internal conditions, with a focus on better outcomes through diverse representation and governance, fairer work settings and effective support for volunteers.






## Pillar Three

**An adaptive and dynamic forward-focused Not-for-profit sector**


The nation and the NFP sector face disruption and change; it is also a site of community and purpose-led creativity. Priorities and initiatives of Pillar Three address the supports needed to ensure the NFP sector's can lead and respond effectively to changes driven by digital transformations and climate transition.

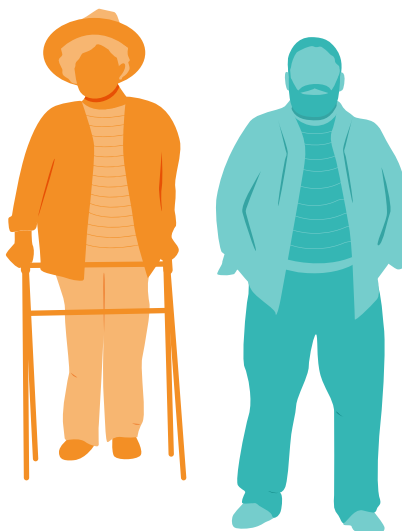
# National Not-for-profit Sector Development Blueprint

Governance and Implementation Body			
Pillars	Priorities	Outcomes	Initiatives
 <p><b>One</b> An enabling operational and regulatory environment for the Not-for-profit sector to thrive</p>	<ul style="list-style-type: none"> <li>• Build a facilitative legal and regulatory environment</li> <li>• Strengthen NFP sector visibility and relationships with government</li> <li>• Support NFP sector advocacy</li> <li>• Improve resourcing and reform funding and procurement</li> </ul>	<ul style="list-style-type: none"> <li>• The NFP sector is effective and fit for purpose at all scales of its work</li> <li>• The contributions of the NFP sector are understood, trusted and respected</li> <li>• The NFP sector supports and enhances national wellbeing</li> </ul>	<p>18 initiatives and an adaptive approach for further actions</p>
 <p><b>Two</b> A people-led and purpose-driven Not-for-profit sector</p>	<ul style="list-style-type: none"> <li>• Enable a strong, diverse and sustainable workforce</li> <li>• Actively support Aboriginal and Torres Strait Islander peoples' self-determination and community control</li> <li>• Ensure that all organisations and peoples including Culturally and Linguistically Diverse (CALD) people, people with disabilities, and young people can effectively lead and make contributions to their communities and society</li> <li>• Revitalise and support volunteering in Australia</li> </ul>	<ul style="list-style-type: none"> <li>• The NFP sector reflects and supports the diversity of Australia's people and their interests</li> <li>• NFP sector provides and practices fair work that supports its people and the quality of the NFP sector's contributions</li> <li>• Women's economic equality is advanced</li> </ul>	
 <p><b>Three</b> An adaptive and dynamic forward-focused Not-for-profit sector</p>	<ul style="list-style-type: none"> <li>• Advance digital inclusion, capability and transformation in the NFP Sector</li> <li>• Promote excellence in shared decision-making and co-design</li> <li>• Ensure NFP sector practices are evidence-informed and fit-for-purpose</li> <li>• Encourage more and better targeted philanthropy</li> </ul>	<ul style="list-style-type: none"> <li>• The NFP sector cultivates and benefits from digital capability at all levels</li> <li>• Innovations in the NFP sector are shared and replicated for public good</li> <li>• The NFP sector contributes to revitalising community trust and social cohesion</li> </ul>	



# Initiatives

Pillars	Initiatives
 <p data-bbox="177 465 343 499"><b>One</b></p> <p data-bbox="172 506 357 757"><b>An enabling operational and regulatory environment for the Not-for-profit sector to thrive</b></p>	<p data-bbox="400 344 1331 405">1. Prioritise and advocate for cross-jurisdictional harmonisation of standards and regulations that affect the NFP sector</p>
	<p data-bbox="400 468 1158 501">2. Broaden and simplify the deductible gift recipient (DGR) system</p>
	<p data-bbox="400 560 778 593">3. Support NFP sector Advocacy</p> <ul style="list-style-type: none"> <li data-bbox="445 607 1158 640">a. Amend legislation on NFP rights to advocate in relevant acts</li> <li data-bbox="445 651 1358 712">b. Fund NFP sector peak bodies to support policy research and related advocacy in priority areas as informed by their stakeholders</li> </ul>
	<p data-bbox="400 777 1038 810">4. Improve the financial sustainability of the NFP sector</p> <ul style="list-style-type: none"> <li data-bbox="445 822 1353 882">a. Promote benefits of funding the full costs of NFP sector activities, sustainable procurement and pricing to governments, philanthropy and the NFP sector</li> <li data-bbox="445 896 1374 992">b. Progress and monitor government actions to deliver full cost funding as sought by the NFP sector, including the application of appropriate indexation, and minimum term contract and renewal periods in all areas of service provision</li> <li data-bbox="445 1005 1430 1102">c. Establish arms-length and representative cost data collection processes to inform indexation, full cost calculation models and contracting needs and delegate creation and modelling of a Producer Price Index to the Australian Bureau of Statistics (ABS)</li> </ul>
	<p data-bbox="400 1164 1374 1225">5. Embed co-governance, co-design and shared decision-making practices in policy development, and in government-led program design and performance evaluation</p>
	<p data-bbox="400 1288 1177 1321">6. Support public knowledge of the NFP sector and its contributions</p> <ul style="list-style-type: none"> <li data-bbox="445 1332 1358 1393">a. Improve the use and value of currently collected data and re-establish routine data collection and dissemination about Australia's NFP sector by the ABS</li> <li data-bbox="445 1406 1334 1467">b. Inform and educate via public dissemination and reporting on major trends in the NFP sector</li> </ul>



## Pillars

## Initiatives

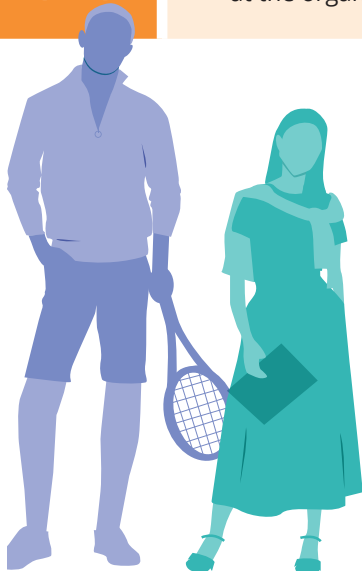


**Two**

**A people-led  
and purpose-  
driven  
Not-for-profit  
Sector**

7. Advance co-governance, co-design and shared decision-making practices in NFP sector activities
  - a. Develop agreed sector standards for shared decision-making and services co-design
  - b. Collate and promote best-practice examples of shared decision-making and services co-design within and involving NFP sector organisations
8. Actively support Aboriginal and Torres Strait Islander self-determination and community control
  - a. Establish co-governance and shared decision-making protocols of the Blueprint with First Nations NFPs and communities
  - b. Profile and establish mechanisms to enable the shift to First Nations' community control of NFP services for Aboriginal and Torres Strait Islander people and communities
  - c. Formalise accountabilities of Not-for-profit organisations, alongside governments, in line with the National Agreement on Closing the Gap
9. Strengthen cultural diversity and representation across the NFP sector
  - a. Invest in multicultural community organisations to support effective co-design and engagement with CALD communities in policy and service design, implementation and evaluation
  - b. Invest in emerging leaders in multicultural community organisations and across the wider NFP sector
10. Improve representation and participation of people with disability
  - a. Invest in disability representative organisations to support effective co-design of services for and affecting people with disability
  - b. Ensure disability inclusion and representation forms part of strategy and design related to digital transformation in the NFP sector
11. Advocate for practices across sectors that support workforce development and secure and decent work in the NFP sector
  - a. Improve financial sustainability of the NFP sector (see initiative 4)
  - b. Raise awareness of government fair jobs codes and their principles in sector practice, and procurement from the NFP sector
  - c. Broker NFP sector input into further education curricula and competencies in support of workforce needs
12. Support the priorities of the co-designed National Strategy for Volunteering (NSV) and government and NFP involvement in the development of its action plans
  - a. Invest in volunteer leadership and management
  - b. Encourage government investment in volunteering infrastructure and knowledge systems that support volunteers and volunteer-based organisations across Australia

Pillars	Initiatives
 <p data-bbox="175 403 343 436"><b>Three</b></p> <p data-bbox="172 448 343 638"><b>An adaptive and dynamic forward-focused Not-for-profit sector</b></p>	<p data-bbox="399 280 1324 313">13. Enable the NFP sector to contribute to and benefit from digital transformation</p> <ul style="list-style-type: none"> <li data-bbox="446 324 1364 425">a. Invest in and promote effective supports that enable NFPs to achieve a minimum level of data, cyber security and digital capability and data-informed management decisions</li> <li data-bbox="446 436 1404 504">b. Invest in existing sector-led initiatives, peer networks and communities of practice that support digital transformation</li> <li data-bbox="446 515 1404 616">c. Measure the NFP sector’s digital capability and review and prioritise Sector resourcing needs in relation to changing digital and data capability demands over the life of the Blueprint</li> </ul>
	<p data-bbox="399 672 1356 728">14. Strengthen NFP sector practice and public knowledge of sector effectiveness and outcomes measurement</p> <ul style="list-style-type: none"> <li data-bbox="446 750 1284 817">a. Explore potential for developing agreed sector standards for outcomes measurement</li> <li data-bbox="446 828 1332 896">b. Invest in refining and supporting take up of impact measurement tools and frameworks in use by NFP sector organisations</li> </ul>
	<p data-bbox="399 952 1005 985">15. Support greater and better targeted philanthropy</p> <ul style="list-style-type: none"> <li data-bbox="446 996 1093 1030">a. Broaden and simplify the DGR system (see initiative 2)</li> <li data-bbox="446 1041 1316 1108">b. Improve philanthropic funds distribution regulation to support smoothed multi-year distribution of funds</li> </ul>
	<p data-bbox="399 1164 1404 1265">16. Secure a commitment from government to take into account the NFP sector’s contributions across the whole innovation process and specifically to identify ways to embed innovation opportunities in applicable grant agreements and procurement</p>
	<p data-bbox="399 1321 1404 1388">17. Establish a social innovation diffusion program utilising existing networks to enhance knowledge sharing, coordination and resources to all Not-for-profit organisations</p>
	<p data-bbox="399 1444 1380 1545">18. Undertake a sector-wide climate risk and opportunity review to identify strategies and operational standards that will inform climate change mitigation and adaption at the organisational and sector levels</p>



## Blueprint Timeline

In realising the Blueprint's ten year vision, a range of initiatives that vary in scope and function are proposed. The breadth of the NFP sector and related reforms means that each initiative will involve different people and organisations across the NFP sector, governments and the Australian community. Further, the stewarding responsibility for each initiative will involve particular government portfolios, NFP sector leadership or a combination of both and will call on the different parties to drive change at different stages of implementation.

As depicted in this section, the Blueprint has been formulated using a staged approach across three phases denoting the approximate starting year of each initiative—Foundational, Consolidating and Review and Renewal. Initiatives are sequenced over the Blueprint's ten year timeline. Initiatives that commence in the Foundation stage, or the first 1 to 2 years of the Blueprint, require longer time frames for implementation and/or will provide the building blocks of reform needed to meet Blueprint priorities. As an improved enabling environment is advanced for sector organisations, consolidating initiatives are to be undertaken between years 3 to 6 and will build on the foundational initiatives to drive further change.

The time required to implement each initiative will vary considerably, and given the breadth of initiatives proposed, work will overlap and have material impacts felt across phases. It is also expected that the Blueprint's implementation will integrate with and leverage current activities undertaken by the Commonwealth Government and the NFP sector, to create synergies and avoid duplication.



# Blueprint Initiative Sequencing and Stewardship



## Pillar One

An enabling operational and regulatory environment for the Not-for-profit sector to thrive

Initiatives (Year commencing)	Foundation (Year 1-2)	Consolidating (Year 3-6)	Review and Renewal (Year 7-10)
1. <b>Prioritise and advocate for cross-jurisdictional harmonisation of standards and industry regulations that affect the NFP sector</b>			
2. <b>Broaden and simplify the deductible gift recipient (DGR) system</b>			
3. <b>Support NFP sector Advocacy</b>			
a. Amend legislation on NFP rights to advocate in relevant acts			
b. Fund NFP sector peak bodies to support policy research and related advocacy in priority areas as informed by their stakeholders			
4. <b>Improve the financial sustainability of the NFP sector</b>			
a. Promote benefits of funding the full costs of NFP sector activities, sustainable procurement and pricing to governments, philanthropy and the NFP sector			
b. Progress and monitor government actions to deliver full cost funding as sought by the NFP sector, including the application of appropriate indexation, and minimum term contract and renewal periods in all areas of service provision			
c. Establish arms-length and representative cost data collection processes to inform indexation, full cost calculation models and contracting needs and delegate creation and modelling of a Producer Price Index to the Australian Bureau of Statistics (ABS)			
5. <b>Embed co-governance, co-design and shared decision-making practices in policy development, and in government-led program design and performance evaluation</b>			
6. <b>Support public knowledge of the NFP sector and its contributions</b>			
a. Improve the use and value of currently collected data and re-establish routine data collection and dissemination about Australia's NFP sector by the ABS			
b. Inform and educate via public dissemination and reporting on major trends in the NFP sector			

### Responsible for Initiative

Government   NFP sector   Government and NFP sector   Major Actions with 3+ year timelines



## Pillar Two

# A people-led and purpose-driven Not-for-profit Sector

Initiatives (Year commencing)	Foundation (Year 1–2)	Consolidating (Year 3–6)	Review and Renewal (Year 7–10)
<b>7. Advance co-governance, co-design and shared decision-making practices in NFP sector activities</b>			
a. Develop agreed sector standards for shared decision-making and services co-design			
b. Collate and promote best-practice examples of shared decision-making and services co-design within and involving NFP sector organisations			
<b>8. Actively support Aboriginal and Torres Strait Islander self-determination and community control</b>			
a. Establish co-governance and shared decision-making protocols of the Blueprint with First Nations NFPs and communities			
b. Profile and establish mechanisms to enable the shift to First Nations' community control of NFP services for Aboriginal and Torres Strait Islander people and communities			
c. Formalise accountabilities of Not-for-profit organisations, alongside governments, in line with the National Agreement on Closing the Gap			
<b>9. Strengthen cultural diversity and representation across the NFP sector</b>			
a. Invest in multicultural community organisations to support effective co-design and engagement with CALD communities in policy and service design, implementation and evaluation			
b. Invest in emerging leaders in multicultural community organisations and across the wider NFP sector			
<b>10. Improve representation and participation of people with disability</b>			
a. Invest in disability representative organisations to support effective co-design of services for and affecting people with disability			
b. Ensure disability inclusion and representation forms part of strategy and design related to digital transformation in the NFP sector			



## Pillar Two

# A people-led and purpose-driven Not-for-profit Sector

Initiatives (Year commencing)	Foundation (Year 1-2)	Consolidating (Year 3-6)	Review and Renewal (Year 7-10)
<b>11. Advocate for practices across sectors that support workforce development and secure and decent work in the NFP sector</b>			
a. Improve financial sustainability of the NFP sector (see initiative 4)			
b. Raise awareness of government fair jobs codes and their principles in sector practice, and procurement from the NFP sector			
c. Broker NFP sector input into further education curricula and competencies in support of workforce needs			
<b>12. Support the priorities of the co-designed National Strategy for Volunteering (NSV) and government and NFP involvement in the development of its action plans</b>			
a. Invest in volunteer leadership and management			
b. Encourage government investment in volunteering infrastructure and knowledge systems that support volunteers and volunteer-based organisations across Australia			

### Responsible for Initiative

Government  
 NFP sector  
 Government and NFP sector  
 Major Actions with 3+ year timelines





## Pillar Three

# An adaptive and dynamic forward-focused Not-for-profit sector

Initiatives (Year commencing)	Foundation (Year 1–2)	Consolidating (Year 3–6)	Review and Renewal (Year 7–10)
<b>13. Enable the NFP sector to contribute to and benefit from digital transformation</b>			
a. Invest in and promote effective supports that enable NFPs to achieve a minimum level of data, cyber security and digital capability and data-informed management decisions			
b. Invest in existing sector-led initiatives, peer networks and communities of practice that support digital transformation			
c. Measure the NFP sector's digital capability and review and prioritise sector resourcing needs in relation to changing digital and data capability demands over the life of the Blueprint			
<b>14. Strengthen NFP sector practice and public knowledge of sector effectiveness and outcomes measurement</b>			
a. Explore potential for developing agreed sector standards for outcomes measurement			
b. Invest in refining and supporting take up of impact measurement tools and frameworks in use by NFP sector organisations			
<b>15. Support greater and better targeted philanthropy</b>			
a. Broaden and simplify the DGR system (see initiative 2)			
b. Improve philanthropic funds distribution regulation to support smoothed multi-year distribution of funds			
<b>16. Secure a commitment from government to take into account the NFP sector's contributions across the whole innovation process and specifically to identify ways to embed innovation opportunities in applicable grant agreements and procurement</b>			
<b>17. Establish a social innovation diffusion program utilising existing networks to enhance knowledge sharing, coordination and resources to all Not-for-profit organisations</b>			
<b>18. Undertake a sector-wide climate risk and opportunity review to identify strategies and operational standards that will inform climate change mitigation and adaption at the organisational and sector levels</b>			

### Responsible for Initiative

Government
 NFP sector
 Government and NFP sector
 Major Actions with 3+ year timelines



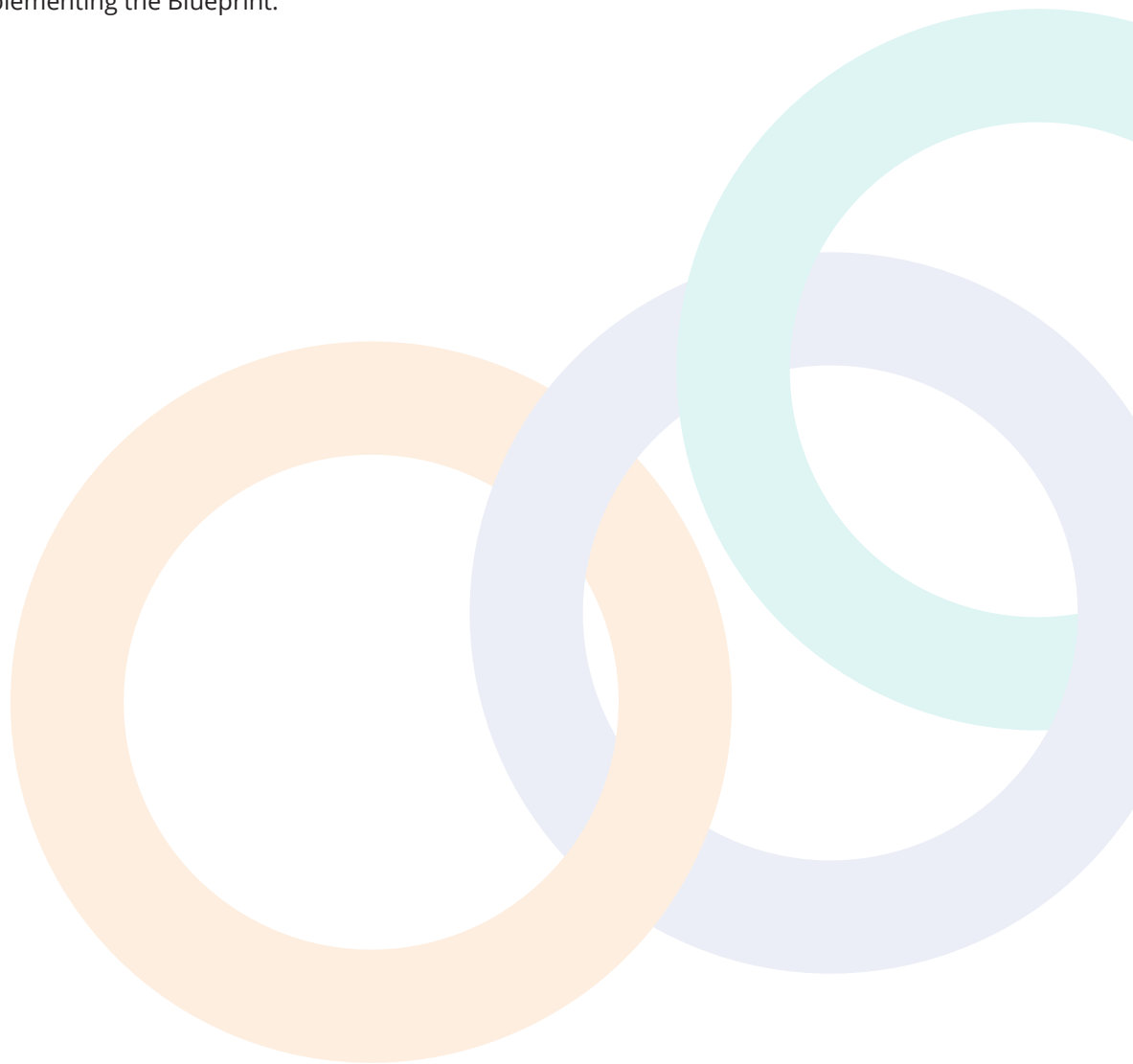
# Governance and Implementation



The Blueprint is to be realised over a ten year timeframe. In this period, it is expected that the Blueprint will develop and mature as earlier initiatives are actioned and the NFP sector's operating and regulatory contexts change. Therefore, the Blueprint represents the strategic underpinning of ongoing structural change. The reform pathway set out will require sustained and coordinated stewardship by government and the NFP sector to deliver the vision of a thriving NFP sector supporting healthy civil society.

The implementation process will require a co-ordinating entity with a remit for implementing the initiatives included in the Blueprint, co-ordinating with those reforms being undertaken outside of the Blueprint process, managing the evolution of the Blueprint itself, facilitating genuine and effective collaboration with all stakeholders, including First Nations people, retaining the collective memory and maintaining transparency across all Blueprint activities to ensure the outcomes sought from the Blueprint are achieved.

These responsibilities will be resource-intensive but critical to achieving the outcomes sought on an iterative, long-term basis. As such, both the entity and initiatives will require government provided operating funding. Equally important is that additional government funding for the NFP sector will be needed to support its leadership role in implementing the Blueprint.



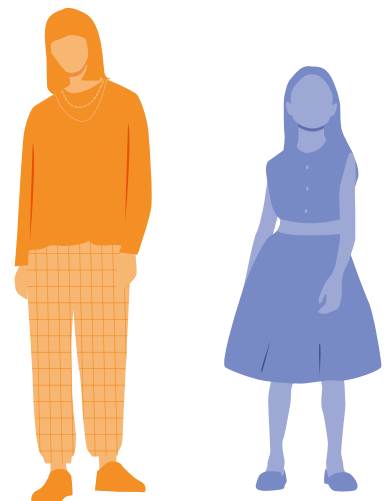
# Principles for Governance

To support the endurance and success of the Blueprint, there is a need to establish a governance body that embodies the following principles:

- **Agency:** The body has the capacity and authority to self-determine priorities and take appropriate actions. Embedded consultation and inclusive practices enable genuine input to inform shared decision making.
- **Co-governance and shared decision-making with First Nations organisations and people:** To embed in governance and implementation the Blueprint priority of active support for Aboriginal and Torres Strait Islander self-determination and community control.
- **Transparency:** Demonstrate outcomes through open and transparent tracking of progress and holding all parties to account.
- **Longevity:** An entity that is enduring and able over the next decade to: drive outcomes, support capacity and leadership in the NFP sector, be custodian of the corporate memory and experience; and be responsive to changing contexts and circumstances.
- **Capacity:** A properly resourced entity that can effectively execute its roles, responsibilities and functions to deliver the objectives of the Blueprint in accordance with its principles.
- **Linkages:** Utilises and strengthens established networks and relationships across the NFP sector, communities, and Commonwealth, state and territory governments.
- **Inclusivity:** Foster genuine engagement that enables diverse and informed input to create a vibrant system that drives real change.

This will allow the stewards of the Blueprint to:

- work in true and equal partnership with the Australian people, communities, the NFP sector, governments, and business
- service immediate needs, respond to crises and prepare for the challenges and opportunities of the future
- maintain the trajectory of implementation and ensure continuity over an extended period, and
- be engaged and effective in delivering reform priorities and their outcomes





# Appendix 1—Initiative Summaries and Rationales



# Pillar 1: An enabling operational and regulatory environment for the Not-for-profit sector to thrive

## Initiative 1: Prioritise and advocate for cross-jurisdictional harmonisation of standards and regulations that affect the NFP sector

Commence the engagement of Commonwealth and state and territory governments and regulatory bodies on addressing regulatory issues identified in Blueprint consultations, as well as recent and prior reviews. A working plan is to be developed that clearly documents prioritised reforms, timelines, and monitoring. This initiative will help cross-jurisdictional efforts in developing a reform package to improve regulation affecting the NFP sector based on the principles of proportionality, transparency, and consistency. It aligns with the Productivity Commission's (2024) proposal (Recommendation 7.5) to establish a National Charity Regulators Forum to improve coordination and information sharing among regulators.

Likely areas for prioritisation include: standardising jurisdictional definitions of 'charity' and 'charitable purpose'; a review of the Corporations Act providing greater legal options to Not-for-profit organisations (NFPs), such as a simpler form of incorporation; expedite the National Fundraising Principles and advocate for these principles to exist to the exclusion of existing fundraising rules in state and territory law; update the National Standard Chart of Accounts and introduce Standard Business Reporting; and a streamlining of volunteer accreditation and working with children checks to improve oversight and reduce barriers to entry.

### Rationale for initiative:

NFPs are regulated by a mixture of federal and state bodies based on the areas they operate in, as well as their form of incorporation. There has been a sustained consensus among NFP sector leaders, legal experts and professionals working within the NFP sector that the current regulatory frameworks are complex and fragmented, often resulting in the intersecting of inconsistent or conflicting laws, policies, and industry standards. The system produces unduly costly and confusing compliance and navigation which consumes scarce resources, constrains civic engagement, erodes public confidence in NFPs and produces mitigatable sector-wide inefficiencies. The initiative will promote a fit for purpose regulatory framework to improve NFP sector effectiveness and efficiency, accountability to the public, clients and donors, coordination and sharing of knowledge, and reduce the impost on organisations and volunteers.

### Identified or supported in other reviews/reports:

Australian Senate (2008) *Senate Inquiry 2008: Disclosure Regimes for Charities and Not-for-profit Organisations*, Australian Government.

Australian Treasury (2018) *Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislation Review*, Australian Government.

Productivity Commission (1995) *Charitable organisations in Australia: Industry Commission inquiry report*, Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

The Henry Tax Review – The Treasury (2010) *Australia's Future Tax System*, Australian Government.

### References:

Productivity Commission (2024) *Future foundations for giving, inquiry report*, Australian Government.

## Initiative 2: Broaden and simplify the DGR system

Initiate broadening the eligibility criteria for registered charities seeking DGR endorsement and simplifying the processes of determining eligibility and applying for DGR status, drawing on the principles-based approach as recommended by the Productivity Commission (2024) *Future foundations for giving, inquiry report*.

### Rationale for initiative:

DGR arrangements are overly complex, which impedes transparency, limits access—particularly for smaller charities—and creates high transaction costs borne by both DGR applicants and taxpayers. Only 40% of registered charities have DGR status under current arrangements. Definition of the largest DGR category, Public Benefit Institution (PBI) is defined through case law and not by legislation. The process of attracting DGR status through specific listing in legislation lacks transparency and is not accessible to all. Prior approaches to reform have resulted in ad hoc inclusions and tweaks that have complicated processes and fail to reflect the composition and activities of the contemporary charitable sector in Australia.

DGR categories are narrow and do not always reflect current evidence of best practice for example, by excluding prevention of, while including responses to social harms. It is broadly understood that current arrangements are stifling philanthropic activity by limiting donor options. The Productivity Commission's (2024) report into philanthropy found, consistent with past inquiries (cf McGregor-Lowndes 2023), that the system is not fit for purpose and lacks a clear policy rationale. The Commission notes this produces inefficiencies and inconsistencies that result in unfair outcomes for charities, donors and communities. Reform of the DGR system, including both simplifying and broadening eligibility, was a high priority attracting broad agreement among those who contributed to the Blueprint's development processes. This mirrors public contributions to recent and past inquiry findings over nearly 30 years. The Productivity Commission (2024) modelling suggests that broadening DGR based on the principles they propose will not pose a significant trade-off in government revenue. The result would be a more transparent and democratic DGR system that better reflects the diversity of the work charities engage in for public benefit and better aligns donor preferences and income tax concessions.

### Identified or supported in other reviews/reports:

Australian Senate (2008) *Senate Inquiry 2008: Disclosure Regimes for Charities and Not-for-profit Organisations*, Australian Government.

Productivity Commission (1995) *Charitable organisations in Australia: Industry Commission inquiry report*, Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

Productivity Commission (2024) *Future foundations for giving, inquiry report*, Australian Government.

The Henry Tax Review – The Treasury (2010) *Australia's Future Tax System*, Australian Government.

Treasury (2018) *Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislation Review*, Australian Government.

### References:

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 (ACPNS)*, QUT, Brisbane, QLD. <https://eprints.qut.edu.au/237821/>.

## Initiative 3: Support NFP sector advocacy

### Initiative 3a: Amend legislation on NFP rights to advocate in relevant acts

This initiative will strengthen and secure rights to advocate by charities on an ongoing basis. It should consider three legislative amendments. First, amending the *Charities Act 2013* (Cth) to stipulate that charitable advocacy is presumed to be for public benefit. Second, amending the *Not-for-profit Freedom to Advocate 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. Third, specifying a transparent and merit-based process for the appointment of the ACNC Commissioner is legislated into the *Australian Charities and Not-for-profits Commission Act 2013* (Cth).

#### Rationale for initiative:

A core role of NFPs is to represent the needs and issues of the communities they serve, elevating different perspectives to better inform decision-making and prevent unintended consequences of government policy. The diversity and dynamism of organisations within civil society is also a recognised feature of strong democracies (Strengthening Democracy Taskforce 2024). The value of strengthening and respecting NFP sector advocacy was a view widely held in the submissions to the Blueprint Issues Paper, and in consultation work conducted by the Stronger Charities Alliance (SCA). The SCA has put forward proposed amendments to several Acts of Parliament, which include changing the process for the appointment of the ACNC Commissioner. Similar processes for the appointment of senior public officers require a process that is merit-based and includes public advertising. An illustrative example is the *Administrative Review Tribunal Act 2024* (Cth) introduced as part of the current government's integrity reforms, which establishes a legislative requirement to use an assessment panel as part of such merit-based process for appointments.

In the recent past, NFPs have noted that their capacity to advocate has come under threat. In a 2017 report, the Human Rights Law Centre found that Commonwealth and State governments have, at times, prohibited or deterred NFPs' advocacy activities through access to, and content of funding agreements (Gall & Howie 2017). The Voices for Change 2023 survey (Maddison 2023) found that 77% of charities saw advocacy as integral to their charitable purpose while only 28% and 19% reported this centrality being reflected by government or regulators respectively.

As noted in the Royal Commission inquiry into the former Robodebt Scheme, government engagement with advocacy groups and peak bodies can help ensure that the people accessing government programs and services participate in their design and implementation (Commonwealth of Australia 2023).

## Identified or supported in other reviews/reports:

89 Degrees East Pty Ltd (2024) *Community Compass: A segmentation of Australia's views and engagement with the community sector*, 89 Degrees East.

Productivity Commission (2024) *Future foundations for giving, inquiry report*, Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

Strengthening Democracy Taskforce (2024) *Strengthening Australian Democracy: A practical agenda for democratic resilience*, Department of Home Affairs, Commonwealth of Australia.

Treasury (2018) *Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislation Review*, Australian Government.

## References:

Commonwealth of Australia (2023) *Royal Commission into the Robodebt Scheme, Report, Volume 1*, Australian Government.

Gall C and Howie E (2017) *Defending Democracy: Safeguarding independent community voices*, Human Rights Law Centre.

House of Representatives Australian Parliament (2024) *Draft Charity legislation amendment: Promoting certainty, trust and independence Bill 2024*.

Maddison S (2023) *Voices for Change: Researching not-for-profit advocacy in Australia*, Stronger Charities Alliance & Pro Bono.

Strengthening Democracy Taskforce (2024) *Strengthening Australian Democracy: A practical agenda for democratic resilience*, Department of Home Affairs, Commonwealth of Australia.

Stronger Charities Alliance (n.d.) *Promoting certainty, trust and independence Bill* [website], Stronger Charities Alliance.



## **Initiative 3b: Fund NFP sector peak bodies to support policy research and related advocacy in priority areas as informed by their stakeholders**

This initiative will invest in peak bodies and advocacy groups so that these organisations can improve public policy and legislative decision-making, as well as service design and delivery. This will include boosting core funding levels as well as providing more secure and longer-term agreements to support resourcing, administration and workforce management. The work of peak bodies will be further enabled through improvements in funding and procurement prioritised in Initiative 4.

### **Rationale for initiative:**

Peak bodies contribute substantively to the democratic governance of Australia. They play crucial roles as lead advocates, researchers and policy advisors in the NFP sector. This includes representing and advocating for their members and the community members they serve and support. Peak bodies and advocacy organisations have deep, trusted networks in different jurisdictions. Collectively they ensure that the voices of different people and communities are heard by governments on major economic and social issues. They also provide critical backbone support to organisations across the NFP sector including, for example, Aboriginal Community Controlled Organisation service providers, smaller organisations and Disability Representative Organisations. They are an important means of ensuring lived and living experience of diverse communities are part of policy reforms (Department of Health and Aged Care 2023; Productivity Commission 2020). The expertise of peak bodies is frequently sought by governments around Australia, and peak bodies respond daily to government decisions, announcements, inquiries and advisory processes. Critically, peak bodies provide rapid response during crises and disasters that inform governments to help them respond effectively. Equitable and reliable levels of investment will allow peak bodies and advocates to more effectively represent key stakeholder interests, be that NFPs, people or communities across Australia. Better funding for Sector peak bodies will also ensure they can effectively respond to government requests for assistance during crises and disasters, such as what occurred during the peak of the COVID-19 pandemic.

While some peak bodies receive government funding to work on issues beyond the scale of any single NFP organisation, they are not resourced to do this critical work properly. Over the past ten years, core levels of funding have been cut to a range of peak bodies, including those representing Aboriginal and Torres Strait Islander people, LGBTIQ+ people, children and young people, refugees and migrants, people in housing need, or experiencing or at risk of homelessness, and people accessing adult community education. This in turn has deprived governments of the critical acumen it needs to make better decisions on behalf of communities across the country.

Effective partnerships between government(s) and peak bodies require strong accountabilities and clear transparency from each party (Cheverton 2005). The benefits to governments of strong, enduring partnerships with key peak bodies include policy prioritisation and feedback, shared leadership, community education, networking and engagement, and information dissemination (Foote et al. 2023; Quixley 2006).

As noted in the Royal Commission inquiry into the former Robodebt Scheme, government engagement with advocacy groups and peak bodies can help ensure that the people accessing government programs and services participate in their design and implementation (Commonwealth of Australia 2023).



## References:

- Cheverton J (2005) Governance and the Future of Peak Bodies in Australia', *Australian Journal of Social Issues*, 40: 427-439, [doi:10.1002/j.1839-4655.2005.tb00982.x](https://doi.org/10.1002/j.1839-4655.2005.tb00982.x).
- Commonwealth of Australia (2023) [Royal Commission into the Robodebt Scheme, Report, Volume 1](#), Australian Government.
- Department of Health and Aged Care (2023) [Discussion Paper – Mental Health Lived Experience Peak Bodies – Consumer Peak Body](#), Australian Government.
- Foote WL, Conley Wright A, Mason J and McEwan T (2023) 'Collaboration between Australian peak bodies and governments in the context of the COVID-19 pandemic: New ways of interacting', *Australian Journal of Social Issues*, 58, 838–854, [doi:10.1002/ajs4.260](https://doi.org/10.1002/ajs4.260).
- Productivity Commission (2020) [Mental Health](#), Report no 95, Australian Government.
- Quixley S (2006) [What is a "Peak Body"?](#), Youth Affairs Network of Queensland.



## Initiative 4: Improve the financial sustainability of the NFP sector

### Initiative 4a: Promote benefits of funding the full costs of NFP sector activities, sustainable procurement and pricing to governments, philanthropy, and the NFP sector

This action's intent is to collate and share the evidence base about the societal and sector benefits of funding that meets the comprehensive costs of sector activities. It will support funder education and continued engagement with government agencies to ensure sustainable pricing in the short-, medium and long-term.

#### Rationale for initiative:

The benefits of comprehensive funding, procurement and sustainable pricing are extensive and well-documented in Australia and internationally. The 2010 Productivity Commission report demonstrated that inadequate funding leads to inefficiencies, reduced effectiveness, low job quality, and organisational and sector unsustainability (Gilchrist 2021). On the other hand, funding of the comprehensive cost of service delivery, has been linked to better service outcomes, increased capacity to adapt to changing environments, and innovation. When organisations can reduce cost-shifting activities, workforce quality and retention is also positively affected. This initiative would collate and communicate cost information in a systematic way that encourages governments, philanthropy, and the NFP sector to understand full costs as a necessary part of effective funding arrangements.

Research examining starvation cycles of NFPs states that organisations find it difficult and costly to measure or understand how indirect costs were spread across their organisation. Knowledge of the costing of NFP operations is required to afford both organisations and donors with evidence to inform funding, pricing, and procurement decisions. Therefore, this initiative is largely dependent on establishing data, standardised measurement, and cost benchmarking to demonstrate the benefits of full cost funding.

#### Identified or supported in other reviews/reports:

Productivity Commission (1995) *Charitable organisations in Australia: Industry Commission inquiry report*, Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

Productivity Commission (2024) *Future foundations for giving, inquiry report*, Australian Government.

Social Ventures Australia and the Centre for Social Impact (2022) *Paying what it takes: funding indirect cost to create long-term impact*, Social Ventures Australia.

Treasury (2018) *Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislation Review*, Australian Government.

#### References

Gilchrist DJ (2021) *Green Paper 6: Cost Differentials, Cost Pressures & Labour Competition Impacting Disability Service Provision in Western Australia*, University of Western Australia.

## **Initiative 4b: Progress and monitor government actions to deliver full cost funding as sought by the NFP sector, including the application of appropriate indexation, and minimum term contract and renewal periods in all areas of service provision**

This initiative is intended to improve funding certainty and the short-, medium- and long-term financial health of NFPs from which government procures the delivery of programs and services.

### **Rationale for initiative:**

A financially sustainable NFP sector is one that can continue to fulfil its purposes with certainty and predictability in the short-, medium- and long-term and innovate in response to changing needs and contexts.

Many submissions to both the Blueprint Issues Paper and the *Stronger, More Diverse and Independent Community Sector* reviews strongly centred on how Commonwealth and State government procurement (funding and contracting) practices contribute to financial precarity across the NFP sector. Government is heavily reliant on the NFP sector for achieving its policy outcomes and purchases the equivalent of about \$100 billion in services per annum from charities alone, representing 51% of the charitable sector's revenue in 2022 (ACNC 2024). Some of these funding and procurement practices are based on long-established policy and practice myths relating to how the NFP sector operates. These myths place the Sector and those it serves under great pressure (Gilchrist and Perks 2023) and have a material impact on their ability to deliver services that are in the right quantity, are timely and of sufficient quality. They negatively impact workforce capacity, innovation capacity and the maintenance of service capacity over the short-, medium- and long-term (Cortis and Blaxland 2024).

Reviews and analyses conducted over recent decades concur that a recognition of comprehensive costs, together with an appropriate indexation model applied at arm's length to procuring agencies, are foundational to an effective and sustainable sector (Gilchrist and Feenan 2023). The Productivity Commission's 2010 report included a recommendation for governments to recognise the cost of delivery and delineate between services that ought to be procured or contributed towards. The recent review conducted by Social Ventures Australia and the Centre for Social Impact (2022) shows that organisations are often required to absorb a range of operational and regulatory costs, while also meeting increasingly complex and demanding compliance requirements. Around 60% of organisations do not have the full costs of funded activities reimbursed through funding agreements (Social Ventures Australia and the Centre for Social Impact 2022).

Alongside funding adequacy, short and intrusive contracting has a detrimental effect on sector operations. Like business, NFPs need to be able to operate independently, plan strategically and reinvest accordingly to develop capacity, retain their workforce, replace assets, instigate improvements and innovate. Currently, significant NFP sector and government resources are devoted to the application, performance and acquittal processes, that could otherwise be repurposed. Some elements of this initiative are currently underway within governments and will therefore need to be monitored to track their progress in line with the Blueprint's strategic priorities.

## Identified or supported in other reviews/reports:

Productivity Commission (1995) *Charitable organisations in Australia: Industry Commission inquiry report*, Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

## References:

Australian Charities and Not-for-profits Commission (ACNC) (2024) *Australian Charities Report 10th Edition*, Australian Government.

Cortis N and Blaxland M (2024) *Australia's social and community services workforce: Characteristics, classification and value*, Social Policy Research Centre, University of New South Wales.

Gilchrist DJ and Feenan C (2023) *Human Services and Cost Indexation Methodologies in Australia*, Centre for Public Value, University of Western Australia Business School.

Gilchrist DJ and Perks B (2023) *Myths and Biases Derailing Australian Human Service's Sustainability*, Centre for Public Value, University of Western Australia Business School.

Social Ventures Australia and the Centre for Social Impact (2022) *'Paying what it takes: funding indirect cost to create long-term impact'*, Social Ventures Australia.



## **Initiative 4c: Establish arms-length and representative cost data collection processes to inform indexation, full cost calculation models and contracting needs and delegate the creation and modelling of a Producer Price Index to the Australian Bureau of Statistics (ABS)**

This action involves establishing cost data collection processes that are functional and representative of NFP sector activities. This is to further the understanding of the full costs of service delivery, indexation and contracting needs in government and the Sector. To support this, it is recommended that the Australian Bureau of Statistics be tasked with creating a Producer Price Index (PPI) for all major sector service areas, leveraging their expertise and the PPI methodologies and processes employed currently.

### **Rationale for initiative:**

A comprehensive understanding of NFP cost structures, cost drivers and their trajectory of change will be required to effectively rework funding practices and contract arrangements and support the sustainable delivery—in the short-, medium- and long-term—of services and broader funded NFP sector activities. Currently, there is very limited information on costs and costs structures, and their trajectory of change, that can underpin the proposed funding changes in Initiative 4b or the necessary evaluation post-reform.

Having high quality and representative sector data to identify the costs, cost structures and changes would provide confidence that funding practices and contracting are sufficient, reasonable, and well-fitted to the different organisations and service areas. This benchmarking process would also inform the indexation model included in Initiative 4b and support its effective evaluation. Previous iterations of data collection have often been restricted to policy areas rather than the broader sector. For instance, during the implementation of the National Disability Insurance Scheme, a series of performance benchmarking projects were conducted to examine the transition from the previous system (Gilchrist and Knight 2019). This information has proven invaluable in guiding the current revisions of the scheme's costing model (Department of the Prime Minister and Cabinet 2023).

The NFP Benchmarking Project, which ran from 2011 to 2013, was an insightful and well-received undertaking by 12 Victorian community service organisations. The benchmarking exercise covered five overhead areas—human resources, information communication technology, finance, fleet and payroll—across organisations that varied in size and purpose. The project highlighted that organisations' back-of-house expenditure varied significantly depending on their service delivery model. Further, the relationship between quality services and overhead investment was positive, meaning that low investment led to low quality services (Nous Group 2013).

Although benchmarking can be useful for periodic snapshots, the information can quickly become outdated and are not easily comparable across organisations. Therefore, it is proposed that the ABS' Producer Price Index be expanded to include those social and community sectors that have high participation of NFPs and charities. This is to produce a high quality data asset for more informed decision-making related to policy making, strategic planning and contract processes. Given the size and importance of the Sector, utilising the economies of scale available to the ABS to facilitate these data collection processes would be cost effective and highly beneficial to both government and sector decision-making.

## Identified or supported in other reviews/reports:

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

## References:

Department of the Prime Minister and Cabinet (2023) *Working together to deliver the NDIS - Independent Review into the National Disability Insurance Scheme: Final Report*, Commonwealth of Australia.

Gilchrist D and Knight P (2019) *Australia's Disability Services Sector 2019 The National Performance Benchmark Project Report 3: Summary of Key Findings*, The University of Western Australia.

Nous Group (2013) *The NFP Benchmarking Project*, International management consultancy.

Social Ventures Australia and the Centre for Social Impact (2022) *Paying what it takes: funding indirect cost to create long-term impact*, Social Ventures Australia.



## Initiative 5: Embed co-governance, co-design and shared decision-making practices in policy development, and in government-led program design and performance evaluation

The Blueprint implementation body will coordinate with the NFP sector and line agencies to ensure NFP voice and expertise is systematically integrated in public sector models, program logics, procurement activities and evaluation methodologies.

### Rationale for initiative:

Doing things with people and communities rather than to them, is critical to more effective public programs and better public governance (Department of the Prime Minister and Cabinet 2019). Increasing emphasis is placed on co-design and shared decision-making with people who have lived experiences of issues and who are users of services, as hallmarks of better practice, yet governments typically struggle to partner across sectors and with communities (Department of the Prime Minister and Cabinet 2019). As a major conduit between governments, people and communities and a major frontline provider of essential services, the NFP sector has substantial value to add to government knowledge and practice in the design, implementation and evaluation of policies and programs across several policy domains. The extent of NFPs' experience and connection with communities uniquely positions them as sources of deep knowledge on substantive issues and effective ways of working. Currently, these assets are seen to be under-utilised to the detriment of more appropriately designed policy and better outcomes.

The improvement of sector-government relations was recommended as a core priority in the Productivity Commission's National Agreement on Closing the Gap Review (2024). The review notes how systemic co-governance and shared decision-making practices can reshape relations and amplify the strengths of the parties involved. It sets out the benefits of a national agreement that stipulates outcomes, strategic sector planning and governance arrangements to institutionalise the inclusion of NFP knowledge and expertise in the planning, design, and evaluation of key policy reform agendas.

### Identified or supported in other reviews/reports:

Department of Social Services (2024) *Summary of the Australian Government Response to the Disability Royal Commission*, Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

### References:

Department of the Prime Minister and Cabinet (2019) *Our Public Service, Our Future: Independent Review of the Australian Public Service*, Commonwealth of Australia.

Productivity Commission (2024) *Review of the National Agreement on Closing the Gap*, Study Report, Volume 1, Canberra, Australian Government.

## Initiative 6: Support public knowledge of the NFP sector and its contributions

### Initiative 6a: Improve the use and value of currently collected data and re-establish routine data collection and dissemination about Australia's NFP sector by the ABS

That the ABS produce a Not-for-profit Sector Report to be undertaken every two years, with long-term funding to build a rigorous time series of data. The design and scope of the work would consider collection activities undertaken by the ACNC and ATO and data collected through government funding and procurement activity. This initiative would support a better knowledge base to inform sector activity, policy reforms and evaluation, improved use of data by government agencies, the expansion of appropriate data sharing and research material to the NFP sector. It may also include occasional 'deep dive' research to better understand the activities, challenges and impacts of NFPs beyond the charity sector.

#### Rationale for initiative:

Comprehensive knowledge of the NFP sector is crucial for sound policy making and the sustainability of the Sector. Robust data assets facilitate transparency, enabling the public, government, and business to better understand the NFP sector's value and contributions to society. They are critical for informed decision-making, trend analysis, and accountability of government and the NFP sector. Currently, there is limited data about an incomplete NFP population routinely used to inform decision-making or evaluate current funding and contracting arrangements, while many individual government agencies collect data at significant cost to the Sector. Two examples are the annual analysis of ATO data on the tax-deductible donations of individual taxpayers, published for over two decades (Australian Centre for Philanthropy and Nonprofit Studies 2023) and the annual survey and report of Digital Technology in the NFP sector published by Infoxchange (2023). There are other regular reports produced, largely from private sources with limited possibility to explore underlying data, and often focused on particular sub-sectors of the wider NFP sector. These include, for example, the JBWere NAB Charitable Giving Index, the Roy Morgan Trust and Distrust in Charities reports, and the McCrindle Not-for-profit group of reports.

With the cessation of the ABS Non-Profit Institutions Satellite Account, the ACNC's annual information statement data assets have been the only accessible source of NFP sector operating information; these cover only registered charities at a relatively high and general level. The ACNC's annual Australian Charities Report, now in its 10<sup>th</sup> edition (ACNC 2024) uses data from charities' Annual Information Statements to examine the state of the charity sector. Data collected by the newly introduced NFP Self-Review Return will, in coming years, broaden insights about the NFP population but covers only those non-charitable NFPs with an Australian Business Number and collects very high-level information, for example, a single financial figure. Data collected by government funders and contractors holds substantial potential to generate insights for the Sector and government to improve coordination, program targeting and advocacy, but with no established channels for doing so.

The ABS is best equipped with the necessary technical knowledge, research infrastructure and historical precedent to oversee this work, which would reduce the associated costs and enhance the quality and reliability of the data collected.

Developing a tailored data strategy, proportionate to NFP sector needs, would foster effective partnerships between government agencies, NFPs, businesses, and researchers as the Sector's value can be measured, and, therefore, communicated over time. Such partnerships would lead to more effective collaboration, deeper insights, and innovative solutions.



## Identified or supported in other reviews/reports:

Australian Bureau Statistics (ABS) (2010) *5256.0.55.001 Information Paper: Non-Profit Institutions – A Draft Information Development Plan*, Commonwealth of Australia.

Productivity Commission (1995) *Charitable organisations in Australia: Industry Commission inquiry report*, Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

Productivity Commission (2024) *Future foundations for giving, inquiry report*, Australian Government.

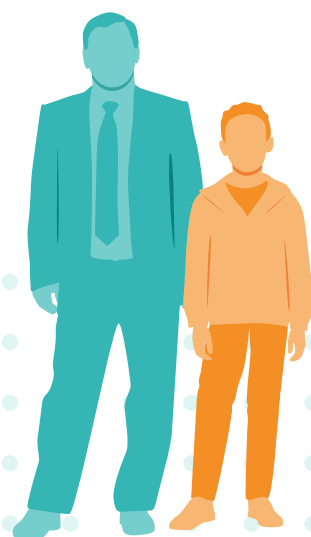
## References:

Australian Charities and Not-for-profits Commission (ACNC) (2024) *Australian Charities Report 10th Edition*, Australian Government.

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

McGregor-Lowndes M, Balczun M and Williamson A (2023) *An Examination of Tax-Deductible Donations Made by Individual Australian Taxpayers in 2020-21: ACPNS Working Paper No. 76*, The Australian Centre for Philanthropy and Nonprofit Studies (ACPNS), Queensland University of Technology.

Strengthening Democracy Taskforce (2024) *Strengthening Australian Democracy: A practical agenda for democratic resilience*, Department of Home Affairs, Commonwealth of Australia.



## Initiative 6b: Inform and educate via public dissemination and reporting on major trends in the NFP sector

To identify, collate, and disseminate information on the NFP sector and its impacts to improve understanding among the public, governments, funders, and business. This communication strategy would include the value added by the NFP sector, its critical role in society, and the benefits of an adequately resourced Sector. This action would be the responsibility of both the NFP sector and government, to communicate and advance understanding and visibility of the Sector's contribution and scope.

### Rationale for initiative:

Many of the submitted responses to the Blueprint Issues Paper cited the need for public dissemination of the NFP sector's contribution, to cultivate greater trust and respect from funders and the public. Misperceptions about the role and functions of NFPs have distorted relations with the NFP sector, particularly in the contracting and regulatory policies of successive governments, resulting in poor policy development (Gilchrist and Perks 2023). "...civil society organisations are important for promoting social cohesion and are thus integral for maintaining trust in government and public institutions" (Strengthening Democracy Taskforce 2024:31). Developing and implementing a communication strategy would enable the NFP sector, with support from government, to detail its vital community role, and contribution to Australia's social infrastructure as a key partner to government.

Enhancing understanding of the NFP sector and increasing its visibility would be a marked shift towards a more systemic involvement of NFP sector expertise in industry and policy planning. This repositioning of the NFP sector in government thinking would promote a more clearly defined inclusion of NFPs in business development, relief packages and other government support initiatives. As noted in several submissions, lack of government knowledge on the NFP sector's activities has led, through ill-fitting regulation, to contracting arrangements and program design that undermines rather than supports effective NFP sector operation.

The efficacy of this initiative would be largely determined by the successful establishment of a data collection routine that is functional and utilisation-driven, and the completion of cost benchmarking to ensure disseminated information is sustained and timely.



## Identified or supported in other reviews/reports:

89 Degrees East Pty Ltd (2024) *Community Compass: A segmentation of Australia's views and engagement with the community sector*, 89 Degrees East.

Productivity Commission (1995) *Charitable organisations in Australia: Industry Commission inquiry report*, Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

Productivity Commission (2024) *Future foundations for giving, inquiry report*, Australian Government.

Treasury (2018) *Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislation Review*, Australian Government.

## References:

Gilchrist DJ and Perks B (2023) *Myths and Biases Derailing Australian Human Service's Sustainability*, Centre for Public Value, University of Western Australia Business School.

Strengthening Democracy Taskforce (2024) *Strengthening Australian Democracy: A practical agenda for democratic resilience*, Department of Home Affairs, Commonwealth of Australia.



## Pillar 2: A people-led and purpose-driven Not-for-profit sector

### Initiative 7: Advance co-governance, co-design and shared decision-making practices in NFP sector activities

#### Initiative 7a: Develop agreed sector standards for shared decision-making and services co-design

This initiative involves creating NFP sector-agreed standards for shared decision-making and the co-design of services by sector organisations with their constituents.

##### Rationale for initiative:

The development of agreed NFP sector standards for shared decision-making and services co-design is central to empowering organisations to collaborate and partner effectively with government. The Productivity Commission's (2024) Review of the National Agreement on Closing the Gap report highlights the importance of formalised standards for shared decision-making structures. The report draws attention to how current approaches to shared decision-making adopted by government organisations when working with Aboriginal Community Controlled Organisations tend to centre "a predetermined 'solution', rather than working together to identify priorities and co-design the best approach" (Productivity Commission, 2024:4). This sentiment echoes a response to the Blueprint Issues Paper that identified the need for greater prioritisation of standards for shared decision-making before engaging in co-design with Aboriginal and Torres Strait Islander people and organisations (SNAICC). Other submissions (Victorian Aboriginal Child Care Agency [VACCA]; Kids First; Charles Sturt University) also underlined the importance of co-governance and shared decision-making. Such standards should emphasise the need for clear delegation of decision-making authority between government and partners and reduce or eliminate preselection of 'solutions' by government organisations, which can foreclose opportunities for genuine co-design (Productivity Commission 2024).

With agreed standards enabling delegation of authority and responsiveness to partners' and affected communities' concerns, standards for services co-design can be better developed. As indicated and reflected across the content of submissions, 'co-design' means different things to different people and responds to the context in which it takes place and how it is conducted (see also Blomkamp 2018). It is strongly recommended that any standards for services co-design are based on a full review of the compendium of co-design examples submitted to the Blueprint Issues Paper, considering how co-design can be tailored to the NFP sector's diverse needs, interests and motivations. Standards for services co-design should be instructive while retaining flexibility, recognising that co-design is not a one size fits all approach but a generative and relational process involving those with lived expertise, that can inspire new ways of collaborating and working.

## Identified or supported in other reviews/reports:

Department of the Prime Minister and Cabinet (2019) *Our Public Service, Our Future: Independent Review of the Australian Public Service*, Commonwealth of Australia.

Department of Social Services (2024) Summary of the Australian Government Response to the Disability Royal Commission, Australian Government.

Graham H and Mollenhauer L (2019) *Shared Decision-making for Nonprofit Governance*, Ontario Nonprofit Network.

National Indigenous Australians Agency (2021) *Indigenous Voice Co-design Process: Final Report to Australian Government*, Commonwealth of Australia.

## References:

Blomkamp E (2018) 'The Promise of Co-design for Public Policy', *Australian Journal of Public Administration*, 77:729-743, doi:10.1111/1467-8500.12310.

Productivity Commission (2024) *Review of the National Agreement on Closing the Gap*, Study Report, Volume 1, Australian Government.



## **Initiative 7b: Collate and promote best-practice examples of shared decision-making and services co-design within and involving NFP sector organisations**

This initiative will involve creating and maintaining a repository and digital community of practice supporting knowledge sharing and dialogue about shared decision-making and co-design in diverse contexts.

### **Rationale for initiative:**

Multiple submissions to the Blueprint Issues Paper noted that the quality and effectiveness of the services NFPs provide is affected by who owns and leads the services, how services are designed, and how their outcomes are measured and/or shared (e.g. Anglicare; Asthma Australia; Ecstra Foundation; Foundation for Rural and Regional Renewal; Deafblind Australia; Brotherhood of St Laurence; InTouch; Mental Health Coordinating Council). Involving people who use services in their co-design drives better outcomes (Queensland Disability Network, n.d.).

In submissions, the role of co-design was mentioned in relation to working at the macro level (policy reform and relationships with governments), meso level (industry or sub-sector level reforms and practices) and micro level (services and activity design). 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; Charles Sturt University) note that shared decision-making, or co-governance, can produce more transformative change and service effectiveness than co-design alone.

NFPs and peak bodies offered over 30 examples of good practice co-design in their submissions. These ranged in scope from hyper-local co-design of services to co-design of programs between governments and NFP sector organisations and peak bodies. These examples collectively illustrate 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. Multiple submissions observed that there was great scope for NFP sector organisations to learn from their communities and each other, and for governments to learn from the Sector, about better practice co-design.

## Identified or supported in other reviews/reports:

89 Degrees East (2024) *Community Compass: A segmentation of Australia's views and engagement with the community sector*, 89 Degrees East.

Australia and New Zealand School of Governance (ANZSOG) (2020) *The promise of co-design for public policy*.

Department of Human Services Australia (2012) *Co-design Community Engagement Prototype Outcomes Report*, Australian Government.

Department of Prime Minister and Cabinet (2020) *National Agreement on Closing the Gap*, [website], Australian Government.

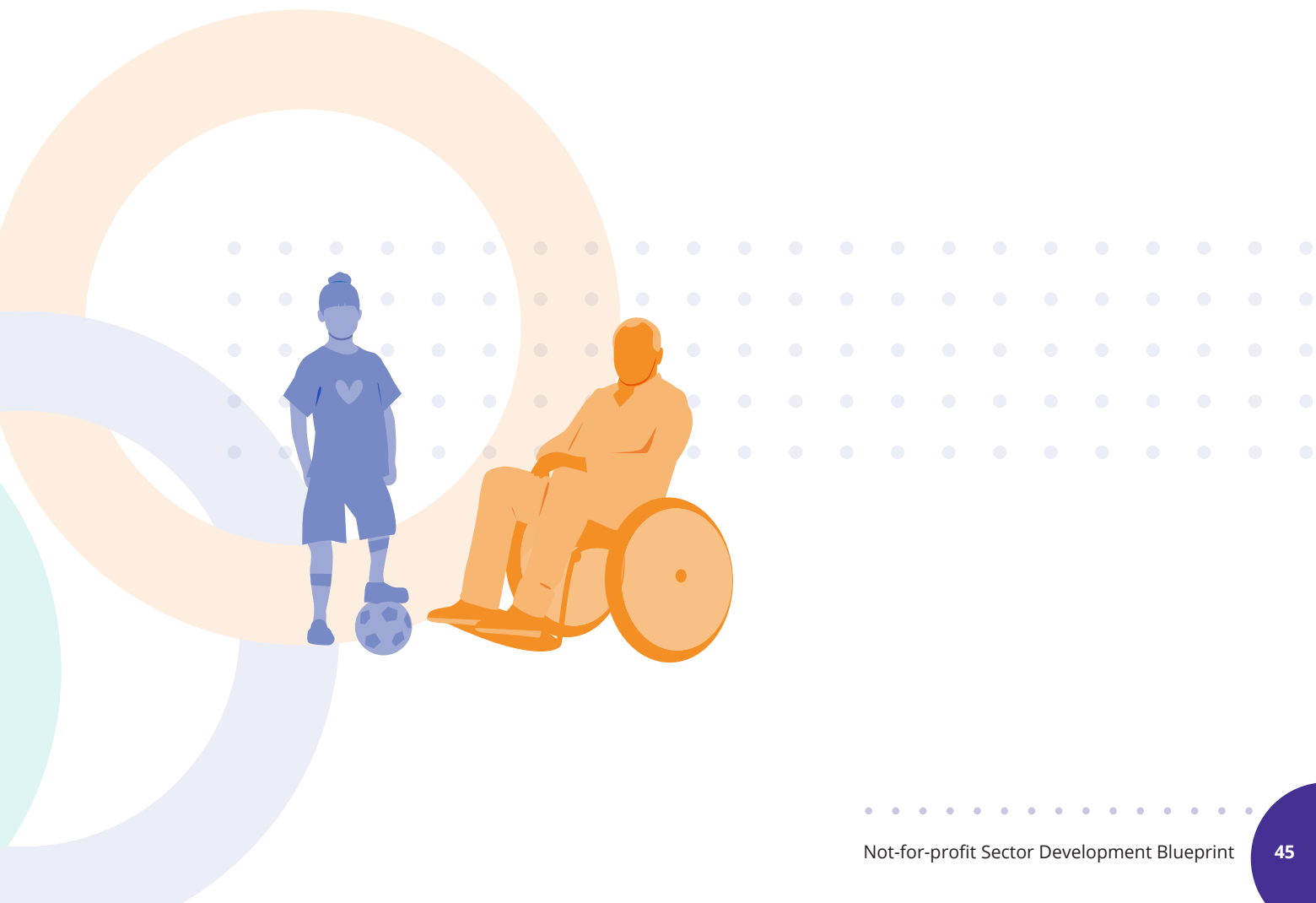
National Indigenous Australians Agency (2021) *Indigenous Voice Co-design Process: Final Report to Australian Government*, Commonwealth of Australia.

National Strategy for Volunteering (2023) *National Strategy for Volunteering*, Volunteering Australia.

Parliament of Australia (2024) *General Issues – Annual Report No. 1 of the 47th Parliament, Chapter 4: Co-design*, Commonwealth of Australia.

## References:

Queensland Disability Network (n.d.) *Factsheet 1: Why is co-design important?*, Queensland Department of Child Safety, Seniors and Disability Services.



## **Initiative 8: Actively support Aboriginal and Torres Strait Islander self-determination and community control**

### **Initiative 8a: Establish co-governance and shared decision-making protocols of the Blueprint with First Nations NFPs and communities**

In keeping with the Blueprint priorities and governance principles, this initiative will involve foundational work both in and by the implementation body to establish shared decision-making processes and protocols with Aboriginal and Torres Strait Islander people and organisations and monitor and adapt these as needed over the life of the Blueprint.

#### **Rationale for initiative:**

Active support for Aboriginal and Torres Strait Islander self-determination and community control is both a priority and goal of the Blueprint. Substantial partnership work needs to be undertaken with Aboriginal and Torres Strait Islander people and Aboriginal community-controlled organisations to confirm Blueprint priorities, establish shared decision-making arrangements within Blueprint governance, and to set targets and monitoring approaches within the Blueprint action plan.

The National Agreement on Closing the Gap includes standards for governance and shared decision-making agreed to by Aboriginal and Torres Strait Islander people and Australian governments. In a recent review of the Agreement, the Productivity Commission observes that governments' approaches to shared decision-making with Aboriginal Community Controlled Organisations often start from "a predetermined 'solution', rather than working together to identify priorities and co-design the best approach" (Productivity Commission 2024:4). There is a need to establish standards for shared decision-making before engaging in co-design with Aboriginal and Torres Strait Islander people and organisations. These standards include clear delegation of decision-making authority between partners to avoid predetermined 'solutions' which prevent genuine co-design (Productivity Commission 2024).

#### **Identified or supported in other reviews/reports:**

Department of Social Services (2024) [Summary of the Australian Government Response to the Disability Royal Commission](#), Australian Government.

#### **References:**

Productivity Commission (2024) [Review of the National Agreement on Closing the Gap. Study Report, Volume 1](#), Australian Government.



## **Initiative 8b: Profile and establish mechanisms to enable the shift to First Nations' community control of NFP services for Aboriginal and Torres Strait Islander people and communities**

This initiative will involve the Blueprint implementation body coordinating with National Indigenous Australians Agency (NIAA) to support commissioning, hosting and promoting advisory resources detailing the ways in which NFPs can plan for, undertake and complete the transfer of relevant services to Aboriginal and Torres Strait Islander people and communities. This will include wayfinding support for regulatory, governance and legal considerations, recognising the value of Aboriginal Community Controlled Organisations' (ACCOs) experience in this work. It will also involve providing active support for reforms across jurisdictions and government portfolios that improve agency and equity of funding to ACCOs.

### **Rationale for initiative:**

There is wide evidence that Aboriginal and Torres Strait Islander people and organisations are best placed to advance policy solutions and deliver the services they need. Historic welfare paternalism and related systemic inequities—such as limitations on rights to property ownership of Aboriginal and Torres Strait Islander people and organisations—have also created asymmetries in Aboriginal and Torres Strait Islander ownership, funding and voice within the NFP sector. For example, ACCOs receive only 16% of funding to family and parenting services, even though Aboriginal children represent 29% of all children in out-of-home care (VACCA submission to Blueprint Issues Paper, p 1., see also SNAICC 2023).

The 2024 Productivity Commission Review of the Closing the Gap Agreement Priority Reform 2 directly supports First Nations' community-controlled NFP services and the necessary mechanisms to make that happen. As noted in the review, systematic changes are needed, and more services should be delivered by ACCOs as they achieve better results for Aboriginal and Torres Strait Islander people. The summary of the Government's Response to the Disability Royal Commission identifies "expectations for transformative change at all levels of government for First Nations people with disability. Disability is recognised as a cross-cutting outcome under the National Agreement" (Department of Social Services 2024:22).

### **Identified or supported in other reviews/reports:**

Department of Prime Minister and Cabinet (2020) [National Agreement on Closing the Gap](#), [website], Australian Government.

Empowered Communities: Empowered Peoples Design Report (2015) [Empowered Communities Report](#).

National Aboriginal Community Controlled Health Organisation (NACCHO) (2021) [Core Services and Outcomes Framework](#), NACCHO.

Productivity Commission (2024) [Review of the National Agreement on Closing the Gap. Study Report, Volume 1](#), Australian Government.

Productivity Commission (2024) [Future foundations for giving, inquiry report](#), Australian Government.

### **References:**

Department of Social Services (2024) [Summary of the Australian Government Response to the Disability Royal Commission](#), Australian Government.

SNAICC (2023) National Voice for our Children, Family Matters Leadership Group, Monash University and the University of Technology Sydney. [The Family Matters Report](#).

## Initiative 8c: Formalise accountabilities of Not-for-profit organisations, alongside governments, in line with the National Agreement on Closing the Gap

This initiative will involve formalising how, to whom and to what standards and timelines NFPs delivering services funded by government will help realise priorities of the National Agreement on Closing the Gap. This means that government funding and procurement will incorporate accountabilities for relevant service providers based on the specified Priority Reforms and support their reporting against related Targets and Outcomes. This initiative may also include the adoption of a voluntary code of practice and reporting by NFP sector organisations.

### Rationale for initiative:

The NFP sector is a major social and economic actor. It has a physical presence in virtually every Australian place and community. Over the past 30 years, it has played an increasing role in essential government funded services delivery. National commitments to Closing the Gap cannot be achieved without the effective participation of the NFP sector. Governments' abilities to meet their accountabilities to the National Agreement require stronger integration of Agreement priorities and targets in their commissioning and purchasing activities. The Productivity Commission's review of the Closing the Gap Agreement (2024:54) states that "sector strengthening plans require strong accountability mechanisms to ensure commitments have been followed through, and actions are implemented". The priority reforms of the National Agreement on Closing the Gap are: Formal Partnerships and Shared Decision-Making; Building the Community-Controlled Sector; Transforming Government Organisations; and Shared Access to Data and Information at a regional level. The priorities are central to the systems reform the Agreement aims to drive and thus underpin the roles and accountabilities of the NFP sector in implementing the Agreement. To ensure ongoing accountability and alignment with Agreement priorities, agreed actions need to have a clearer conceptual logic that details how the listed actions will improve outcomes for Aboriginal and Torres Strait Islander people.

The Outcomes and Targets, and the Implementation Tracker in the National Agreement on Closing the Gap, as well as the Productivity Commission accountability dashboard, are tools that can be utilised in the Blueprint to monitor progress at the NFP sector level over the ten year period covered by the Blueprint.

### Identified or supported in other reviews/reports:

Australian Bureau of Statistics (ABS) (2023) [Closing the Gap and National Government Reporting](#), Commonwealth of Australia.

Department of Prime Minister and Cabinet (2020) [National Agreement on Closing the Gap](#), [website], Australian Government.

Department of Social Services (2023) [Closing the Gap Outcomes and Evidence Fund](#), [website], Australian Government.

Department of Social Services (2024) [Summary of the Australian Government Response to the Disability Royal Commission](#), Australian Government.

National Indigenous Australians Agency (2023) [Delivering on Outcomes and Targets](#), [website], Australian Government.

### References:

Productivity Commission (2024) [Closing the Gap Annual Data Compilations Report July 2024](#), Australian Government.

## Initiative 9: Strengthen cultural diversity and representation across the NFP sector

### Initiative 9a: Invest in multicultural community organisations to support effective co-design and engagement with Culturally and Linguistically Diverse (CALD) communities in policy and service design, implementation and evaluation

This initiative will involve government commitment to the integration of multicultural and CALD representative NFPs and peak bodies in the National Multicultural Framework, its action planning and implementation.

#### Rationale for initiative:

Funding for multicultural community organisations to co-design and intermediate between CALD communities is crucial to a resilient and socially cohesive Australia. Effective co-design and intermediation between CALD communities ensures that multicultural community organisations are drawing upon an evidence base that represents and strengthens the diverse communities. This in turn, supports the community-led development of a culturally safe and fit for purpose data ecosystem that drives inclusive practice and policy innovation (Federation of Ethnic Communities' Councils of Australia [FECCA] 2024a; Victorian Government 2023).

Funding for organisational capacity to co-design and intermediate between CALD communities is consistent with the Community Sector Statement submitted to the Department of Home Affairs' Multicultural Framework Review (FECCA 2024b; Department of Home Affairs 2024). This identifies strategies and settings to promote multiculturalism, social cohesion and inclusion through greater cooperation between government and community. Co-design and intermediation represent a key strategy to support community-led innovation that promotes socially cohesive, culturally vibrant and equitable futures for all Australians. Despite recent challenges and an overall decline in social cohesion in Australia, CALD communities contribute to and strengthen their engagement with social groups and community organisations (Scanlon Foundation Research Institute 2023). Supporting the capacities and capabilities for co-design and intermediation in multicultural organisations will benefit cooperation between community and government and enable policy and practice innovation.

#### Identified or supported in other reviews/reports:

Department of Home Affairs (2024) *Towards Fairness: A multicultural Australia for all*, [website], Australian Government.

#### References:

Department of Home Affairs (2024) *Multicultural Framework Review Terms of Reference*, Australian Government.

Federation of Ethnic Communities' Councils of Australia (FECCA) (2024a) *2024-25 Community Sector Pre-Budget Submission*, FECCA.

Federation of Ethnic Communities' Councils of Australia (FECCA) (2024b) *Community Sector Statement on the Multicultural Framework Review*, FECCA.

Scanlon Foundation Research Institute (2023) *Mapping Social Cohesion 2023*.

Victorian Government (2023) *Victorian Government Self-Determination Reform Framework*.

## Initiative 9b: Invest in emerging leaders in multicultural community organisations and across the wider NFP sector

This initiative will involve new government financing for intergenerational leadership in multicultural community organisations as part of the revised Multicultural Framework. Co-design and implementation of an NFP future leaders' program with multicultural community organisations will strengthen diversity of governance and leadership of the NFP sector over the decade life of the Blueprint.

### Rationale for initiative:

Leadership is integral to maximising the social impact of NFPs that seek to tackle 'wicked problems' (Walker et al. 2017), which differentially affect diverse communities and operate across intersectional and intergenerational dynamics (Communities Affairs Reference Committee 2023). Supporting multicultural community organisations' intergenerational leadership capacities and capabilities recognises that culture "shapes the definition, expectations, experiences and expressions of what leadership is, and what it needs to be." (Webb et al. 2014:3).

Funding intergenerational leadership capacity building across the whole NFP sector recognises that the cultural composition and representational diversity of leadership in civil society organisations, like political and government institutional settings, carries the same biases and barriers that affect the wider community (Soutphommasane 2017; Centre for Social Impact and Jumbunna Institute for Indigenous Education and Research 2022). This is reflected in an ongoing lack of diversity regarding Indigenous and LGBTQIA+ identities, young people, and people with disability in NFP sector leadership positions (Institute of Community Directors Australia 2019; Centre for Social Impact and Jumbunna Institute for Indigenous Education and Research 2022). The Australian government has acknowledged similar challenges related to cultural composition in the Australian Public Service (APS), asking the Australian Public Service Commission (APSC) to develop a Culturally and Linguistically Diverse Employment Strategy and Action Plan that can build cultural understanding and support CALD representation in the Senior Executive Services (Australian Public Service Commission 2024). Ongoing targeted funding for similar intergenerational leadership diversity initiatives in the NFP sector would demonstrate a commitment to supporting community change and tackling diverse and future generational challenges.

Responsibilities of NFP directors are also changing or are being increasingly enforced as part of reforms in particular sub-sectors and service providers. For example, imposing penalties and significant fines on individual directors for non-compliance issues, as recommended by the Aged Care Royal Commission and included in the exposure draft of the new Aged Care Act (Department of Health and Aged Care 2023). Associated issues for the NFP sector include insurance costs, and recruitment and retention of directors.



## Identified or supported in other reviews/reports:

Department of Home Affairs (2024) *Towards Fairness: A multicultural Australia for all*, Australian Government.

## References:

Australian Public Service Commission (2024) *APS Culturally and Linguistically Diverse Employment Strategy and Action Plan*, Australian Government.

Centre for Social Impact and Jumbunna Institute for Indigenous Education and Research (2022) *From colour blind to race conscious: actions and priorities to increase cultural diversity in Australian philanthropy*, University of New South Wales, University of Sydney.

Community Affairs Reference Committee (2023) *The extent and nature of poverty in Australia: Interim Report*, Parliament of Australia.

Federation of Ethnic Communities' Councils of Australia (FECCA) (2024a) *2024-2025 Community Sector Pre-Budget Commission*, FECCA.

Federation of Ethnic Communities' Councils of Australia (FECCA) (2024b) *Community Sector Statement on the Multicultural Framework Review*, FECCA.

House of Representatives Australian Parliament (2023) *Exposure draft: Aged Care Bill*, Commonwealth of Australia.

Institute of Community Directors Australia (ICDA) (2019) *Re-think what you know about not-for-profit governance: ICDA Not-for-profit governance roadmap 2020*, ICDA.

Soutphommasane T (2017) 'Cultural Diversity in Leadership: What Does It Say About Australian Multiculturalism?', *Journal of Australian Studies*, 41(3):287–295, doi:0.1080/14443058.2017.1342686.

Walker A, Wilcox T, Powell A and Muir K (2017) *The Navigator: Your guide to leadership for social purpose*, the Centre for Social Impact.

Webb L, Darling J and Alvey N (2014) *Multicultural leadership development in the 21st century*, EnCompass.



## Initiative 10: Improve representation and participation of people with disability

### Initiative 10a: Invest in disability representative organisations to support effective co-design of services for and affecting people with disability

This initiative is concerned with ensuring adoption of and contribution to best practice by NFPs. It will involve explicit recognition of and resource allocation to Disability Representative Organisations (DROs)—that is, organisations comprising and governed by a majority of people with disability—in government advisory groups related to policy and program design, and targeted funding for DRO service providers in such programs. This initiative is consistent with recent major reform recommendations.

#### Rationale for initiative:

Around one in five Australians live with disability or chronic illness (Australian Institute of Health and Welfare 2019). Co-design with people with disability is ‘the active involvement of people with disability in decision making processes across policy, legislation, services, and products’ (Queenslanders with Disability Network, N.D.). There is strong evidence that authentic co-design improves the quality and efficiency of services, by incorporating diverse experiences of service users’ needs (Disability Royal Commission 2023; Mulvale et al. 2019; Graham and Mollenhauer 2019). At the organisational level, DROs centre the experiences and expertise of people with disability, and their involvement in policy and programmatic design and consultation is the most appropriate means by which to involve people with disability in NFP-government relations.

The Government Response to the Disability Royal Commission (Department of Social Services 2024:194) notes in-principle support for Recommendation 9.10, which states “All governments will work in partnership with First Nations people with disability, their families, carers and representatives, the Joint Council on Closing the Gap, peak bodies, and other key stakeholders through 2024 to develop options for the establishment of a First Nations Disability Forum or other appropriate shared decision-making mechanism for the cross-cutting outcome of disability under Closing the Gap.”

#### Identified or supported in other reviews/reports:

Department of Health and Aged Care (2023) *Discussion Paper – Mental Health Lived Experience Peak Bodies – Consumer Peak Body*, Australian Government.

Department of Social Services (2023) *Australian Government Progress Update on the Disability Royal Commission*, Australian Government.

Department of Social Services (2024) *Summary of the Australian Government Response to the Disability Royal Commission*, Australian Government.

Disability Gateway (2021) *Australia’s Disability Strategy 2021–2031*, Australian Government.

## References:

Australian Institute of Health and Welfare (2019) *People with disability in Australia 2019: in brief*, Australian Government.

Department of Prime Minister and Cabinet (2023) *Working together to deliver the NDIS - Independent Review into the National Disability Insurance Scheme: Final Report*, Commonwealth of Australia.

Department of Social Services (2024) *Australian Government Response to the Disability Royal Commission*, Australian Government.

Disability Royal Commission (2023) *Final Report: Executive Summary, Our vision for an inclusive Australia and Recommendations*, Commonwealth of Australia.

Graham H and Mollenhauer L (2019) *Shared Decision-making for Nonprofit Governance*, Ontario Nonprofit Network.

Mulvale G, Moll S, Miatello A, Robert G, Larkin M, Palmer V, Powell A, Gable C and Girling M (2019) Codesigning health and other public services with vulnerable and disadvantaged populations: Insights from an international collaboration, *International Journal of Public Participation in Health Care and Health Policy*, 22(3): 284-297, [doi.org/10.1111/hex.12864](https://doi.org/10.1111/hex.12864).

Queensland Disability Network (n.d.), *Factsheet 1: Why is co-design important?*, Queensland Department of Child Safety, Seniors and Disability Services.





## Initiative 10b: Ensure disability inclusion and representation forms part of strategy and design related to digital transformation in the NFP sector

This initiative involves explicit incorporation of people with disability and DROs in the processes and investments of the Blueprint priority Advance Digital Inclusion, Capability and Transformation.

### Rationale for initiative:

More than one in five Australians live with disability or chronic illness (Australian Institute of Health and Welfare 2019). The Australian Digital Inclusion Index has shown year on year that people with disability experience high degrees of digital exclusion (Australian Digital Inclusion Index 2023:10). This is in large part due to issues of access and affordability of digital participation for people with disability, who are more likely to experience socio-economic exclusion than the whole of the population. It is also due to the non-universal design of digital technologies (Gilbert 2019) and lack of involvement of people with disability and their representative organisations in digitally enabled services and systems (Disability Royal Commission 2023:39-73). There is also a long history of misuse of administrative data of people with disability (People with Disability Australia 2016), making it essential that forward planning of digital initiatives within the NFP sector are informed by the needs and interests of people with disabilities.

### Identified or supported in other reviews/reports:

Department of Prime Minister and Cabinet (2023) [Working together to deliver the NDIS - Independent Review into the National Disability Insurance Scheme: Final Report](#), Commonwealth of Australia.

Infoxchange (2023) [Digital Technology in the Not-for-profit Sector Report](#), Infoxchange, accessed.

Parliament of Australia (2023) [Rebuilding Employment Services Report](#), Commonwealth of Australia.

Thomas J, McCosker A, Parkinson S, Hegarty K, Featherstone D, Kennedy J, Holcombe-James I, Ormond-Parker L, & Ganley L (2023) [Measuring Australia's Digital Divide: Australian Digital Inclusion Index: 2023](#), ARC Centre of Excellence for Automated Decision-Making and Society, RMIT University, Swinburne University of Technology, and Telstra.

### References:

Australian Digital Inclusion Index (ADII) (2023) [Measuring Australia's Digital Divide: Key Findings](#), ADII.

Disability Royal Commission (2023) [Enabling autonomy and access: Final report vol 6](#), Commonwealth of Australia.

Gilbert RM (2019) [Inclusive Design for a Digital World: Designing with Accessibility in Mind](#), Springer, New York.

People with Disability Australia (PWDA) (2016) [Productivity Commission Issues Paper: Data Availability and Use](#), submission 203, Commonwealth of Australia.



## Initiative 11: Advocate for practices across sectors that support workforce development and secure and decent work in the NFP sector

This will support NFP sector knowledge of and representation via the Blueprint and/or its constituent parts (e.g. peak bodies) in relevant industrial reforms, and in policy reforms that have industrial implications highly material to the Sector. These include, for example, changes to Disability Employment Services and their implications for Australian Disability Enterprises prefaced in 2024-25 Federal Budget measures, and mooted changes to immigration policy and their implications for the university sector. This initiative will involve systematic advocacy of NFP sector interests in national workforce development analysis and planning. It intersects with national reform agendas to the care economy and gender economic equity.

### Rationale for initiative:

The NFP sector is the second largest industry employer outside government. It operates in industries with strong productivity trajectories (e.g. human services), growing demand (e.g. aged care; green economy) and substantial export capability (e.g. higher education). The future of its workforce is at risk through chronic underfunding and poorly structured funding and procurement, increasing demands on NFP sector services, national workforce gaps and historic underinvestment by the NFP sector in workforce development. Gender inequities created through undervaluing of women's work have exacerbated these issues in those industries (e.g. care services) that are feminised and where there is particularly strong representation of the NFP sector. Reforms in workforce development are vital to NFP sector sustainability and strongly aligned to national reform agendas, including the National Strategy for the Care and Support Economy, Women's Economic Equality, and Australian Universities Accord.

### Identified or supported in other reviews/reports:

Department of Education (2024) [Australian Universities Accord Final Report](#), Australian Government.

Department of the Prime Minister and Cabinet (2023) [Draft National Strategy for the Care and Support Economy](#), Australian Government.

Department of Social Services (2024) [Budget delivers for people with disability](#), [Media Release] Australian Government.

Social Ventures Australia (SVA) (2023) [Reforms to strengthen the community sector: summary of submissions](#), prepared for the Department of Social Services, SVA.



## **Initiative 11a: Improve financial sustainability of the NFP sector**

(see Initiative 4)

## **Initiative 11b: Raise awareness of government fair jobs codes and their principles in sector practice, and procurement from the NFP sector**

This initiative would involve governments across jurisdictions devising and implementing standards for decent work and industrial practices, through funding and procurement from the sector.

### **Rationale for initiative:**

Promoting fair jobs codes and principles that enable secure, fair and safe employment and procurement initiatives is vital to the NFP sector's operations (Australian Services Union submission to Blueprint Issues Paper). These codes and principles would be consistent across jurisdictions, ensuring uniform promotion of secure employment and job security, fair labour standards, and compliance processes that accord with relevant employment, industrial relations and workplace health and safety obligations.

The Victorian Government's Fair Jobs Code for the Community Services Sector sits beside the Fair Jobs Code for high-value government procurements and provides an example of how to design and implement a Fair Jobs Code (Department of Families, Fairness and Housing 2023). In the Victorian context, suppliers and businesses bidding for government contracts worth \$3 million or more (exclusive of GST) are required to have a 'Fair Jobs Code Pre-Assessment Certificate', demonstrating a history of compliance with employment, industrial relations and workplace health and safety obligations (Victorian Fair Jobs Code 2023). Promoting similar fair jobs codes and principles across all jurisdictions would further signal to the NFP sector the importance of these obligations while recognising compliant employers, businesses and suppliers.

### **References**

Department of Families, Fairness and Housing (DFFH) (2023) [About the Victorian Fair Jobs Code for the Community Services Sector](#), Victorian Government.

Victorian Fair Jobs Code (2023) [Victorian Fair Jobs Code](#), Victorian Government.

## Initiative 11c: Broker NFP sector input into further education curricula and competencies in support of workforce needs

This initiative will involve the Blueprint's governance and implementation body providing representation on and advocacy to relevant statutory bodies and information networks regarding the current and future workforce competencies needed within the NFP sector.

### Rationale for initiative:

Australia's NFP sector is a major employer. The charities sector alone—which represents only one part of the wider NFP sector—is the country's largest industry employer outside government. Key areas in which the Sector is strongly represented, such as human services, face extreme workforce shortages (ACNC 2024, Jobs and Skills Australia 2023:13). Digital transformation requires new workforce competencies. Emerging industries in which the NFP sector is poised to play a role (including the green economy) require the development of new workforce profiles that combine the purpose-orientation of the Sector with new technological and community demands.

Historically, the NFP sector's interests have not been systematically represented in education and training industry networks or consultations with education providers, nor in curricula (noting parts of the NFP sector itself have significant representation as providers across all stages of education).

### References:

Australian Charities and Not-for-profits Commission (ACNC) (2024) *Australian Charities Report 10th Edition*, Australian Government.

Jobs and Skills Australia (2023) *Skills Priority List: Key Findings Report*, Australian Government.

## Initiative 12: Support the priorities of the co-designed National Strategy for Volunteering (NSV) and government and NFP involvement in the development of its action plans

This initiative aligns the strategic objectives which constitute the National Strategy for Volunteering, as developed by Volunteering Australia, with the strategic coordination and planning of the Not-for-profit Sector Development Blueprint.

### Rationale for initiative:

The National Strategy for Volunteering (2023) is a ten year plan comprising eleven strategic objectives that are intended to induce the targeted investment required to achieve better outcomes for volunteers and volunteering involved organisations. While not all volunteering occurs within the NFP sector, the National Strategy for Volunteering's objectives are consistent with the priorities of the Blueprint. The development of the Strategy was underpinned by extensive research and co-design processes providing a robust contemporary source of evidence and actions to support the revitalisation of volunteering in Australia.

### References:

National Strategy for Volunteering (2023) [National Strategy for Volunteering](#), Volunteering Australia.



## Initiative 12a: Invest in volunteer leadership and management

This action recognises the importance of properly resourced volunteer leadership and management to ensure that volunteer leaders are well-supported, adequately trained to coordinate and enhance volunteer experiences and impact.

### Rationale for initiative:

Volunteering leadership and volunteer management personnel and processes enable volunteering in Australia. Nationally, more than half of all charities operate solely on volunteer time and effort, with the average small charity having around 26 volunteers to each paid staff member. The quality and sustainability of volunteering is central to its effectiveness and to attracting and retaining volunteers. For example, 162,000 emergency response firefighters in Australia are volunteers (Productivity Commission 2022). With increasing demand for emergency services, among other forms of volunteering, and the downward trend of volunteering and retention in Australia, it is imperative that volunteers are not resigning and/or being deterred from volunteering for preventable reasons such as poor leadership and management (Tsai et al. 2020).

Extant evidence shows a clear relationship between the quality of leadership and volunteer satisfaction and retention (Clerck et al. 2020) and is an uncontested condition of NFPs' good management practices. Many of the submissions to the Blueprint Issues Paper resonated with strategic objective 3.4 in the National Strategy for Volunteering 'Recognising the Importance of Volunteer Management' which was the result of a robust co-design process. A supplementary survey of NFPs found that 67% of respondents said that retaining volunteer leaders was a key difficulty. The primary challenges for volunteering leadership were regulatory and governance obligations, as well as over-extension from coordination and management responsibilities (Mex 2022).

### Identified or supported in other reviews/reports:

89 Degrees East Pty Ltd (2024) *Community Compass: A segmentation of Australia's views and engagement with the community sector*, 89 Degrees East.

National Strategy for Volunteering (2023) *National Strategy for Volunteering*, Volunteering Australia.

### References

Benevene P, Buonomo I and West M (2020) The relationship between leadership behaviours and volunteer commitment: The role of volunteer satisfaction', *Front Psychol*, 11:602466. [doi.org/10.3389/fpsyg.2020.602466](https://doi.org/10.3389/fpsyg.2020.602466).

Clerck T, Aelterman N, Haerens L and Willem A (2020) Enhancing volunteers capacity in all-volunteer nonprofit organizations: The role of volunteer leaders' reliance on effective management processes and (de) motivating leadership', *Nonprofit Management and Leadership*, 31: 481–503, [doi:10.1002/nml.21444](https://doi.org/10.1002/nml.21444).

Mex CL (2022) *The Free-fall of volunteer leaders in Australian Grassroots Associations*, Volunteering Australia.

Productivity Commission (2022) *Report on Government Services 2022*, Australian Government.

Tsai A, Newstead T and Lewis G (2022) *Emergency Volunteering: Leading Engagement and Retention*, Volunteering Australia.

## **Initiative 12b: Encourage government investment in volunteering infrastructure and knowledge systems that support volunteers and volunteer-based organisations across Australia**

This action is to further the capabilities of volunteers and volunteer-based organisations by encouraging sustainable investment in fit for purpose systems, resources, and tools.

### **Rationale for initiative:**

Low investment dampens the capacity of volunteering infrastructure in the NFP sector. Funding for service delivery does not account for the costs of volunteering support services that operate within or adjacent to the service provider. Volunteering support services have been shown to effectively promote and enhance volunteering in local communities, saving organisations thousands of dollars each year in recruitment and training costs. Those submissions to the Blueprint Issues Paper that speak to volunteer infrastructure align with international evidence that local volunteer services contribute consistently to improving volunteer culture and localised responses to community challenges (Baker 2022; Van den Bos 2014).

Digital capabilities are a significant component of volunteering infrastructure that would reduce the administrative and coordinative burden of volunteers and volunteer management. Technology that can support recruitment, information sharing, and other support functions is important for improving efficiency in volunteering activities. However, the range of organisations currently utilising digital tools is fragmented (Centre for Volunteering 2022). The VIO Online Accessibility Survey, which examined the digital capacity of volunteer involved organisations, found that regional and smaller organisations have significantly less access to technology and training than those that are larger or metropolitan-based. This was also emphasised in the Blueprint consultation and engagement processes. Despite nearly 90% of respondents stating that online management resources would benefit their volunteering, 43% of organisations were restricted by poor staff knowledge around technology (Sullivan and Mainland 2023). This suggests that many organisations recognise the benefits of investing in digital infrastructure yet face similar barriers to wider sector digital capabilities. However, the disparity between geographies and organisation size suggests that targeted support could have a high return to the volunteering ecosystem.

In 2020, the ABS sought input on the need for volunteering and giving data. The ABS recognised the importance of quality data in guiding future planning on volunteering yet noted that the current landscape is fragmented and piecemeal with outdated definitions making robust collection difficult (ABS 2020). The 2024 Federal Budget announced further funding for an enhanced General Social Survey that will provide more frequent and complete data on volunteering. The expanded Survey will need to collect information on volunteers' interactions with volunteer infrastructure to better map the areas requiring urgent attention.

## Identified or supported in other reviews/reports:

Australian Bureau of Statistics (ABS) (2010) *Information Paper: Non-Profit Institutions, A Draft Information Development Plan*, Commonwealth of Australia.

Productivity Commission (2024) *Future foundations for giving, inquiry report*, Australian Government: Canberra.

National Strategy for Volunteering (2023) *National Strategy for Volunteering*, Volunteering Australia.

## References

Australian Bureau of Statistics (ABS) (2020) *Information Needs for Volunteering Data*, Commonwealth of Australia.

Baker SA (2022) *A scoping review of place-based approaches to community engagement and support*, Cardiff: Welsh Government.

Centre for Volunteering (2022) *Digital Technology in the Not-for-profit Sector Report*, The Centre for Volunteering.

Sullivan R and Mainland B (2023) *VIO Online Accessibility Survey: Measuring the digital inclusion of volunteer involving organisations*, Volunteering Australia.

Van den Bos C (2014) *Using volunteer infrastructure to build civil society*, Erasmus University.



## Pillar 3: An adaptive and dynamic forward-focused Not-for-profit sector

### Initiative 13: Enable the NFP sector to contribute to and benefit from digital transformation

#### Initiative 13a: Invest in and promote effective supports that enable NFPs to achieve a minimum level of data, cyber security and digital capability and data-informed management decisions

This initiative is linked to Initiatives 4a-c, which will support meeting the full costs of contemporary NFP sector service provision and activities. It will involve aggregating existing evidence from NFP sector and government sources to test and refine with the Sector minimum standards of capability needed, taking into account diversity of sector purposes, structures and needs; integrating these in cost structuring and subsequent processes; and initiating new investment by governments in foundational development needed to support sector capabilities comparable to investment in the small business sector.

#### Rationale for initiative:

Cybersecurity and broader digital capability and literacy is critically important to individual organisations in fulfilling their purposes and making the most of knowledge available to them to do so. Cybersecurity is critical to NFP sector resilience. Data capability and management-informed decision-making affects NFPs' knowledge of their members, clients, workforce and donors, as well as the effectiveness of their activities. In networked systems of service provision—such as those created by government procurement from non-government organisations—'weak digital linkages' can also create substantial risk exposure for all who use and participate in provision of services, and those providers' wider digital networks. Australia's NFP sector is relatively digitally excluded, with only 56% of NFP staff and volunteers feeling they currently have the digital skills needed for their roles, and only one-third of organisations agreeing their systems work well for management, staff and volunteers (Infoxchange 2023) and responses to the Blueprint Issues Paper suggesting smaller organisations, in particular, do not have the resourcing needed to build their data capabilities and digital uplift. This, in turn, reinforces inequities in access to funding and procurement opportunities, which reduces diversity in how community needs are met and who is involved in doing so.

Understanding and investing in minimum standards for the NFP sector will reduce risk and elevate opportunities for innovation. These must be considered as part of pricing of services government funds or procures from the NFP sector. Investment to support NFP sector innovation will be comparable to small business investment of similar purposes.

#### References:

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



## Initiative 13b: Invest in existing sector-led initiatives, peer networks and communities of practice that support digital transformation

This initiative will involve advancing existing NFP sector infrastructure and expertise in digital transformation by backing the leading platforms and intermediaries already supporting this work.

### Rationale for initiative:

There is an explicit link between digital capability and social innovation in the 'digital age'. The NFP sector faces new social and organisational risks and opportunities related to advanced data analytics, automation and artificial intelligence (AI) technologies (Institute of Community Directors Australia 2024). Yet only 56% of NFP staff and volunteers feel they currently have the digital skills needed for their roles (Infoxchange 2022), a finding that is consistent with other research into the NFP sector's overall digital capability (Farmer et al. 2023). This relative lack of digital capability (and related data capability) has been recognised by the NFP sector, which has established sector-led initiatives, peer networks and communities of practice (CoPs) to improve capacity for digital transformation.

These initiatives, networks and communities improve digital transformation decision-making and bring together relevant specialists and resources to support tailored digital and data capability-building activities. Backing and promoting these sector-led initiatives, networks and communities would help develop robust digital transformation strategies; grow current information exchanges and capability-building activities; support crowdfunding and other digital fundraising projects/enterprises; and improve the procurement of tailored cyber security solutions. In addition, funding sector-led capability-building activities could generate forward-focused service and platform innovations (Justice Connect 2023).

### Identified or supported in other reviews/reports:

Department of the Prime Minister and Cabinet (2021) *Digital Economy Strategy: A leading digital economy and society by 2030*, Commonwealth of Australia.

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

McGregor-Lowndes M (2023) Fundraising, grantmaking and regulatory issues: regulating good in bad times', in Williamson, Leat, & Phillips (eds), *Philanthropic Response to Disasters: Gifts, Givers and Consequences*, Policy Press, pp. 109–132, [doi.org/10.46692/9781447362555.007](https://doi.org/10.46692/9781447362555.007).

### References:

Farmer J, McCosker A, Albury K and Aryani A (2023) *Data for social good: non-profit sector data projects*, Palgrave Macmillan, [doi:10.1007/978-981-19-5554-9](https://doi.org/10.1007/978-981-19-5554-9).

Infoxchange (2022) *Digital Technology in the Not-for-profit Sector 2022*, Infoxchange.

Institute of Community Directors Australia (ICDA) *Institute of Community Directors Australia (ICDA) | Sector leaders*., ICDA.

Justice Connect (2023) *Bringing AI to the legal help ecosystem with a free licence for NFPs*, Justice Connect.

## Initiative 13c: Measure the NFP sector’s digital capability and review and prioritise sector resourcing needs in relation to changing digital and data capability demands over the life of the Blueprint

Supporting sector-led responses to digital, data and artificial intelligence (AI) challenges and opportunities will involve additional resources to review and reprioritise NFPs’ capability demands.

### Rationale for initiative:

As noted in Initiatives 13a and 13b, the NFP sector faces new social and organisational risks and opportunities related to advanced data analytics, automation and AI technologies (Institute of Community Directors Australia 2024). The rapid pace of uptake and change in digital technologies necessitates the ongoing adaptation, review and reprioritisation of the Blueprint’s proposed initiatives with future frameworks, research, and practice insights. The Blueprint must anticipate and respond to new digital technologies and socio-technical problems (Fraser et al. 2023). Measuring the NFP sector’s digital capability over the life of the Blueprint will inform evidence-based decisions about how resources are prioritised and Blueprint initiatives adapted.

The NFP sector continues to show an appetite for integrating digital technologies into its operations, including growing interest in generative AI (e.g., ChatGPT), augmented reality (AR) and virtual reality (VR) technologies (Infoxchange 2023). In addition to putting new demands on compliance processes to manage cyber security risks (ACNC 2024; Infoxchange 2023), NFPs face accelerating and variegated digitalisation within and beyond the NFP sector (Department of the Prime Minister and Cabinet 2021; Ingold et al. 2024). This reflects the NFP sector’s ongoing re-evaluation of its role in the ‘digital age’, with interest in adaptive, ethical and forward-focused leadership to respond to new challenges and opportunities (Institute of Community Directors Australia 2024).

### Identified or supported in other reviews/reports:

Infoxchange (2022) *Digital Technology in the Not-for-profit Sector 2022*, Infoxchange.

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

### References:

Australian Charities and Not-for-profits Commission (ACNC) (2024) *ACNC Compliance and Enforcement Focus For 2024-2025*, Australian Government.

Department of the Prime Minister and Cabinet (2021) *Digital Economy Strategy: A leading digital economy and society by 2030*, Australian Government.

Ingold J, Forde C and Robertshaw D (2024) Varieties of digitalisation? A comparison of employment services digitalisation in the UK and Australia’, *Australian Journal of Social Issues*, 1–17, <https://doi.org/10.1002/ajs4.339>.

Institute of Community Directors Australia (2024) *Sector leaders say NFPs can be ethical backbone of artificial intelligence*, Institute of Community Directors Australia.

Fraser H, Haines F, Bello y Villarino JM, Weatherall K and Parker C (2023) *What Role for Standards and Assurance in Regulating Artificial Intelligence in Australia? ADM+S Working Paper Series 2023*, ARC Centre of Excellence for Automated Decision-Making and Society.

## Initiative 14: Strengthen NFP sector practice and public knowledge of sector effectiveness and outcomes measurement

### Initiative 14a: Explore potential for developing agreed sector standards for outcomes measurement

This initiative involves a pilot review and implementation of recommendations on the feasibility of developing sector-led standards for outcomes measurement across the NFP sector. The review would be guided by NFP sector input and have regard for diversity of practices and needs of outcomes measurement work. It would be coordinated with relevant work by statutory authorities (e.g. the ACNC, Australian Accounting Standards Board) and government program implementation (e.g. Entrenched Disadvantage Package Outcomes Fund).

#### Rationale for initiative:

Outcomes measurement is of increasing importance to government and philanthropic funding models and investment decisions. This is signalled by new policy instruments such as the Outcomes Fund and the establishment of the Australian Centre for Evaluation in Treasury. Appropriate outcomes measurement can also support practice improvements and the scaling or diffusion of innovative practice by the NFP sector. Lack of harmonised practice of outcomes measurement methodologies and metrics between funders generates red tape for the NFP sector and arguably reduces the quality of data that can be aggregated to generate insights. Effective outcomes measurement at the population level requires baseline data, with critical gaps in data noted in, for example, the recent release of the Measuring What Matters framework (Australian Government 2023).

At the same time, the diversity of the NFP sector's work and purposes does not lend itself to one size fits all approaches. As some submissions in response to the Blueprint Issues Paper note, the complexity and cost of outcomes measurement can be significant, particularly for work that is high impact such as prevention and early intervention work. 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. Western values and understandings underpin forms of outcomes measurement which extract knowledge to evaluate organisations, programs/services, and service recipients, leading to data usage that is not always culturally appropriate, and may do harm (Chilisa and Bowman 2023).

The NFP sector's existing skills in sharing resources and practice can be applied to support capability building around outcomes measurement within the Sector. NFPs collectively provide leadership that supports funder practice in devising outcomes measurement approaches that are fit for purpose, yield data needed for effective decision-making, do no harm, and minimise transaction costs of this work for all.

#### Identified or supported in other reviews/reports:

Department of Social Services (2021) *Australia's Disability Strategy 2021-2031 Outcomes Framework*, Australian Government.

Department of Social Services (2023) *Communities and Vulnerable People: Outcomes Measurement Initiative*, Australian Government.

Centre for Excellence in Child and Family Welfare Services (n.d.) *Outcomes, Practice and Evidence Network*.

Public Service Commission (2023) *Measuring What Matters*, Australian Government.

#### References:

Chilisa B and Bowman N (2023) Special Issue Editors' Introductory Note: The Why and How of the Decolonization Discourse', *Journal of MultiDisciplinary Evaluation*, 19(44): 2-10. <https://doi.org/10.56645/jmde.v19i44.919>.

## Initiative 14b: Invest in refining and supporting take up of impact measurement tools and frameworks in use by NFP sector organisations

This initiative involves conducting research with the NFP sector and outcomes measurement experts to synthesise current outcomes measurement approaches within the Sector and identify preferred tools and frameworks across different sector contexts. Based on this synthesis, targeted investment will be required to support skills development and peer mentoring for NFP staff and directors in accordance with priority needs and methodologies.

### Rationale for initiative:

There is a wide range of available tools and methodologies for outcomes measurement available to the NFP sector. This initiative will be efficient in drawing on what already exists, while increasing use by the sector.

Investing in impact measurement skills development across the NFP sector will increase the take up and standard of evaluations of NFPs programs and services. Having a curated range of tailored tools and frameworks available to NFPs and collaborations, plus staff with the skills and experience to implement them, will enable more evaluations to be completed and their findings shared. This means more and better-quality information informing NFP strategies, practices and operations, as well as guiding funding allocation decisions. Building the capacity of NFPs requires resources and training, as well as sharing of learning within and between organisations.

Investment is also required to convince NFP leaders of the value in measuring impact, given resourcing costs in terms of dollars and time (direct and back-fill) required.

The interest in Social Impact Investment/Bonds as a growing type of funding for NFPs assumes that impact can be measured and a 'return on investment' calculated.

### Identified or supported in other reviews/reports:

Australian Research Alliance for Children and Young People (ARACY) (2023) *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'*, [website], ARACY.

Department of Foreign Affairs and Trade (2022) *Good Practice Examples of Evaluation Reports*, [website], Australian Government.

Department of Prime Minister and Cabinet (2023) *Australian Government Guide to Policy Impact Analysis*, Commonwealth of Australia.

Department of the Prime Minister and Cabinet (2020) *Final Report of the Australian Social Impact Investing Taskforce*, Commonwealth of Australia.

National Indigenous Australians Agency (NIAA) (2018) *Indigenous Advancement Strategy Evaluation Framework*, Commonwealth of Australia.

The Treasury (2021) *Commonwealth Evaluation Policy and Evaluation Toolkit*, Australian Centre for Evaluation, [website], Australian Government.

## Initiative 15: Support greater and better targeted philanthropy

### Initiative 15a: Broaden and simplify the DGR system (see Initiative 2)

### Initiative 15b: Improve philanthropic funds distribution regulation to support smoothed multi-year distribution of funds

This initiative is in line with recommendation 8.2 from the Productivity Commission Report (2024) which proposes amending the private ancillary fund and public ancillary fund Treasury guidelines to enable greater flexibility around distribution rates. Changes should allow the smoothing of distributions over a period of up to three years, with integrity measures to ensure the resulting distribution rates are at least equal to (or higher than) the amount that would have otherwise been payable under existing rules.

#### Rationale for initiative:

Structured giving vehicles, such as public and private ancillary funds, operate under governance and decision-making arrangements wherein trustees, rather than charities or government, decide when, how and to which eligible charity funding should be distributed. These current arrangements raise questions about how to enhance funding distributions to maximise community benefit, recognising that receiving more funding sooner—rather than larger overall funding over a more extended period—may generate greater community benefit.

The Australian government can influence how money flows from ancillary funds through recalibrating the minimum annual distribution rates of these funds (Productivity Commission 2024). Changing minimum ancillary fund distribution rates to maximise community benefit will entail amending Ancillary Fund Guidelines (under the *Taxation Administration Act 1953 (Cth)*) to 'smooth' distribution for up to three years and designing corresponding integrity measures to ensure the resulting distributions are higher than the amount otherwise payable under existing rules (Productivity Commission 2024). This approach may introduce additional administrative complexities, as Philanthropy Australia (2024) highlights.

Greater representation of community interests across structured and unstructured giving could also be introduced through the broadening and simplification of the DGR system (see Initiative 2), which presently lacks a consistent and contemporary policy rationale for why certain charitable activities are in scope, and others are not (Productivity Commission 2024). All changes to the regulatory environment should consider the impacts on donors' preferences and motivations for giving and alignment with maximising community benefit. It is of note that a normative basis for changing the regulatory environment surrounding ancillary funds to better serve community benefit—such as through a theory of intergenerational justice—has been implied rather than foregrounded in a recent Treasury consultation paper (Australian Treasury 2022; Murray 2024).

#### References:

Murray I (2024) *Submission in response to Treasury consultation about guidelines for ancillary funds*, Submission – Treasury Consultation on Distribution Guidelines for Ancillary Funds 2022.

Philanthropy Australia (2024) *Submission in response to Treasury consultation about guidelines for ancillary funds*, Philanthropy Australia.

Productivity Commission (2024) *Future foundations for giving, inquiry report*, Australian Government.

The Treasury (2022) *Distribution guidelines for ancillary funds: Consultation on possible policy changes*, Commonwealth of Australia.

## **Initiative 16: Secure a commitment from government to take into account the NFP sector's contributions across the whole innovation process and specifically to identify ways to embed innovation opportunities in applicable grant agreements and procurement**

This action proposes that governments commit to identify and consider NFP contributions to social innovations and include measures in grant and procurement processes to support and progress innovations.

### **Rationale for initiative:**

A thriving NFP sector needs a well-functioning social innovation system. Embedding new forms of NFP-led innovation and strengthening those currently in place is in keeping with the long-term goals of the Blueprint and represents an important indicator of future NFP sector success. The recent UN resolution (Ndeye et al. 2023) promoting the social economy further emphasises the critical role of governments' sustained support of social innovation.

The initiative proposed is consistent with the Productivity Commission's key recommendation on social innovation in their report on the *Contribution of the Not-for-profit Sector* (2010), albeit adapted to reflect subsequent advances in the broader social economy. The Commission concluded in their findings that the government had a crucial role in facilitating the development of ideas, engaging with solutions, as well as identifying opportunities to trial, resource, and scale innovations consistent with evaluative evidence.

In recent years, Australian governments have introduced initiatives to promote the emerging social innovation ecosystem. The Social Impact Investing and Targeting Entrenched Disadvantage programs both aim to inform and strengthen the creation of innovative solutions to social issues. The composite programs, including state and territory partnerships, payment by outcome models, and development funds among others, will provide valuable evidence that can inform broader engagements (DSS 2024). Similar priority is being given to social impact initiatives at the state and territory government level (Office of Social Impact Investment 2024).

That said, while there is a notable focus on social enterprises in these initiatives, significantly less attention is given to the role of non-trading NFPs. These organisations possess extensive expertise, direct contact with communities and end users, services design and delivery experience, and valuable insights which could be harnessed across the innovation process (Klassen et al. 2020). As the complexity of needs and delivery costs increase, innovation should be better integrated into NFP service delivery across all major policy areas. To support the transformational social innovation required, governments must foster local relationships with and between NFPs. Sustained innovation outcomes require ongoing commitment and communication in government-NFP relationships. Research highlights the importance of forming collaborative networks with a commitment to long-term engagement (Lenz and Shier 2021).

Additionally, there is value in identifying and adapting the role of NFPs in the innovation process. This includes evaluating current government initiatives and adjusting them to incorporate the experience and insights from NFPs. Collaboration with NFPs should be embedded in evaluation and tools for innovation that can be trialled, evaluated and scaled accordingly (Molloy et al. 2020). This is particularly important when considering some novel funding models adopted in government trials, such as social impact investing and payment by outcome, are likely not suitable for some service types or policy areas.

## Identified or supported in other reviews/reports:

Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts (2024) *Communities Innovation Fund: Responses to Social Isolation and Loneliness*, [website], Queensland Government.

Department of Social Services (2023) *Entrenched disadvantage package*, [website], Australian Government.

Department of Social Services (2024) *Social Impact Investing*, [website], Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Australian Government.

## References:

Klassen M, Dobni B, and Neufeldt V (2020) 'Innovation orientation and performance in the Not-for-profit sector', *International Journal of Business Innovation and Research*, 23(4)540-560, [doi.org/10.1504/ijbir.2020.111769](https://doi.org/10.1504/ijbir.2020.111769).

Lenz T and Shier ML (2021) 'Supporting Transformational Social Innovation through Nonprofit and Local Government Relations: A Scoping Literature Review', *Human Services Organisations: Management, Leadership & Governance*, 45(5):454-478, [doi.org/10.1080/23303131.2021.1887033](https://doi.org/10.1080/23303131.2021.1887033).

Molloy C, Bankins S, Kriz A and Barnes L (2020) 'Making sense of an interconnected world: How innovation champions drive social innovation in the not-for-profit context', *Journal of Product Innovation Management*, 37(4):274-296, [doi.org/10.1111/jpim.12527](https://doi.org/10.1111/jpim.12527).

Ndeye VA, Schiappa M, Carpentier CL, Bailly F and Bonnici F (8 April 2023) *The UN has adopted a resolution on the social and solidarity economy. Here's why it matters*, *World Economic Forum*.

Office of Social Impact Investment (2024) *Social Impact Investment*, [website], NSW Government.





## **Initiative 17: Establish a social innovation diffusion program, utilising existing networks to enhance knowledge sharing, coordination and resources to all Not-for-profit organisations**

This action proposes to coordinate and disseminate learnings and opportunities on socially innovative work. By leveraging existing networks, this initiative will foster collaboration, better practice and opportunity for the NFP sector to directly inform the distribution of resources and research on social innovation.

### **Rationale for initiative:**

Establishing a social innovation diffusion program is consistent with broader calls in the Blueprint submissions for greater knowledge sharing and evaluative partnerships with the wider policy community (academics, practical experts, social innovators). Currently, there is a sense that best practice is not being effectively disseminated; and innovation and evaluative summaries are patchworked and not adequately advertised or accessible across the NFP sector. The Blueprint presents an opportunity to solidify existing networks, building on what works through the coordinated diffusion of innovations and best practices. An additional benefit is that the diffusion program can become a means of explanation and evaluation for the government implementation of novel solutions (Dearing and Cox 2018).

The innovation diffusion initiative will better coordinate resources and efforts, thus limiting duplication and increasing up take of new ideas and behaviours within the NFP sector. It will also afford NFPs and the Australian evaluative community a conduit that can create connections and organic knowledge sharing between these communities in different areas (Iqbal and Zahidie 2021), and drive evidence-informed practice and resource allocation. Smaller organisations, those less resourced or traditionally marginalised, and those in rural and regional areas will benefit from a channel to engage with evaluation, access learnings and share insights, experiences, and challenges. Used extensively in public health interventions, a diffusion program of awareness raising, reciprocity and collaboration has well-evidenced advantages for the widespread adoption of best practice and evaluative engagement (Brownson et al. 2015).

The diffusion initiative will be integrated with government priority areas and high-value dissemination practices. It will create confidence in funding by government and philanthropy, based on publicly available evidence of practices that can be recreated at scale through procurement and grant funding processes. Better outcomes will result as learning and iterative practice become embedded in ways of working.

Existing networks will facilitate much of the program's capacity, and both formal and informal social networks should be supported to diffuse knowledge, ideas and behaviours. As examples, The Australian Centre for Social Innovation (TACSI) and the Institute of Community Directors Australia (ICDA) both currently offer an abundance of resources, research and tools to support innovation in the Sector. Less formally, the ACNC Nonprofit Research Group is an informal, yet effective grouping of ACNC officials and Australian academics that builds on existing institutions while promoting enhanced and shared understanding and examination of the NFP sector.



## Identified or supported in other reviews/reports:

Australian Government Treasury (2023) *Social Impact Investing Taskforce Final Report*, Australian Government.

Productivity Commission (2010) *Contribution of the Not-for-profit Sector*, Research Report, Canberra, Australian Government.

Social Enterprise National Strategy (SENS) Project (2021) *National strategy — Social Enterprise Australia*, SENS.

## References:

Brownson RC, Tabak RG, Stamatakis KA and Glanz K (2015) '*Implementation, Dissemination and Diffusion of Public Health Interventions*', In K Glanz, B Rimer, and K Viswanath (eds). *Health Behaviour: Theory, Research and Practice*, 5<sup>th</sup> edition:301-325.

Dearing JW and Cox JG (2018) 'Diffusion of Innovations Theory, Principles, and Practice', *Health Affairs* 37(2):183-190. [doi.org/10.1377/hlthaff.2017.1104](https://doi.org/10.1377/hlthaff.2017.1104).

Iqbal M and Zahidie A (2021) 'Diffusion of Innovations: A guiding framework for public health', *Scandinavian Journal of Public Health*, 50(5):533-537. [doi.org/10.1177/1403494821101410](https://doi.org/10.1177/1403494821101410).

## **Initiative 18: Undertake a sector-wide climate risk and opportunity review to identify strategies and operational standards that will inform climate change mitigation and adaption at the organisational and sector levels**

This initiative will set out standards and strategies for NFPs to adopt to anticipate and prepare for the effects of climate change on their organisations, staff and services recipients.

### **Rationale for initiative:**

Environmental and climate-related issues are being overlaid on issues that NFPs have typically addressed, and Blueprint planning for the next ten years must include climate change mitigation, adaption and innovation for single NFPs and for the NFP sector as a whole. Predicted changes in the coming decade include those to clients/beneficiaries (number and characteristics), increasing frequency of climate-related disasters (fires, floods, heatwaves, drought), increasing climate costs impacting on government budgets and funding, and inclusion of climate indicators in grant applications, tenders and services contracts. This makes climate change a governance issue for all NFP boards. Identifiable risks include increasing operational costs, insurance coverage and costs, disasters, illness and health-related impacts (Australian Government Department of Health and Aged Care 2023).

Philanthropy and social investment are both increasingly focused on climate risks, including the issue of divestment. Philanthropic response to disasters is a big issue for community foundations, and in rural and regional Australia. The initiative proposed would aid in the coordinative and allocative efforts of philanthropy and of government as these processes of divestment and resource reallocation intensify. In addition to the climate crisis intersecting with and exacerbating other forms of inequality, it may also cause geographic changes in populations of need. The climate crisis is not gender neutral, and climate change will disproportionately affect women (UN Women 2022). The concept of a 'gender-just' transition through the next decade (Women's Environment & Development Organisation 2023; Women's Environmental Leadership Australia 2024; Women's Economic Equality Taskforce 2023) will require a gender-lens in sector planning and resource allocation.

The climate crisis impacts at a global/national level, but also at hyper-local level. Climate is an area of a great deal of advocacy, which daunts many NFP boards and CEOs who are concerned about it distracting from their core missions. This mindset is being challenged by advocacy-engaged groups including the Australian Environmental Grantmakers Network, and the Institute of Community Directors Australia's Net-Zero Hero's initiative. Sector-level consensus and planning will support this de-escalation of concerns among single organisations.

## Identified or supported in other reviews/reports:

Institute of Community Directors Australia (ICDA) (2022) *Research Report: Greening the Not-for-profit Sector*.

## References:

Australian Institute of Company Directors and PricewaterhouseCoopers (2023) *Climate Governance for NFP Directors: Starting the Journey to Net Zero*.

Australian Office of Financial Management (2022) *Australian Government Climate Change Commitments, Policies and Programs: A guide for AGS investors*, Australian Government.

Department of Climate Change, Energy, the Environment, and Water (2021) *National Climate Resilience and Adaptation Strategy 2021–2025*, Australian Government.

Department of Climate Change, Energy, the Environment and Water (2024) *Climate Risk and Opportunity Management Program*, [website], Australian Government.

Department of Health and Aged Care (2023) *National Health and Climate Strategy*, Commonwealth of Australia Australian Government.

Department of the Prime Minister and Cabinet (2023) Women’s Economic Equality Taskforce, *Women’s Economic Equality: A 10-year Plan to Unleash the Full Capacity and Contribution of Women to the Australian Economy 2023–2033*, Australian Government.

Future Earth Australia and Australian Academy of Science (2019) *Climate Information in the Non-profit Sector: Needs Analysis*, report prepared for the NSW Department of Planning, Industry and Environment.

UN Women (2022) *‘Explainer: How gender inequality and climate change are interconnected’*.

Women’s Environment & Development Organisation (2023) *‘Gender Just Transition: A Path to System Change’*.

Women’s Environmental Leadership Australia (2024) *‘Gender, Climate and Environmental Justice in Australia’*.



# Appendix 2—Actions Considered

Many actions were suggested and considered during the development of the Blueprint during late 2023 and early 2024 (see Development Process). These actions reflect a broad range of issues that resonated with the diversity of NFP sector organisations, professional bodies and communities who contributed to the Blueprint.

The list below contains all the actions identified and considered by the BERG during the development of the Blueprint. Those actions incorporated into the Blueprint Initiatives (see Blueprint Framework and Appendix 1) were included with the goal of offering a program of pragmatic reforms for transformative change, with attention to the forward vision, the diversity of the NFP sector and the conditions in which it operates.

The Blueprint is conceived as a living plan that is responsive over its lifetime to changing circumstances and priorities of the NFP sector. The list of actions considered has been included as a record that can be returned to and considered for possible future implementation for NFP sector success beyond the next decade. Although not all specific actions were included, the underlying intent of many is captured in the Blueprint initiatives. Actions considered are listed in alphabetical order.

Actions Considered	Outcome
1 Advocate for government and philanthropic funding practices that support secure and decent work in the NFP sector	Included
2 Advocate for tax deductibility of out-of-pocket expenses for people volunteering in NFPs (or registered charities)	Not included
3 Broaden and simplify the DGR system	Included
4 Broker NFP sector input into further education curricula and competencies in support of workforce needs	Incorporated as a sub-action of another initiative
5 Build funder and NFP sector infrastructure and capabilities to support changing approaches to outcomes-based funding and procurement	Not included
6 Collate and disseminate learning about ethical use and creation of AI and good practice NFP sector use of AI and machine learning	Not included
7 Collate and promote best-practice examples of shared decision-making and services co-design within and involving NFP Sector organisations	Incorporated as a sub-action of another initiative
8 Commission a review of regulation of Australia's NFP sector by the Australian Law Reform Commission	Not included
9 Commit an equitable proportion of resourcing to the Aboriginal and Torres Strait Islander community-controlled sector	Not included
10 Consult and advise on NFP sector priorities and needs in policy reforms (e.g. immigration; education) material to its current and future workforce	Not included

Actions Considered	Outcome
11 Create a policy advocacy initiatives fund for small-medium NFP sector organisations	Not included
12 Develop a position on expansion of ACNC Remit into regulatory responsibilities beyond registered charities in consultation with relevant parts of the NFP sector	Not included
13 Develop agreed sector commitments to increasing cross-cultural awareness and capability in the NFP sector	Not included
14 Develop agreed sector standards for shared decision-making and services co-design	Incorporated as a sub-action of another initiative
15 Document and disseminate information about existing impact measurement and management tools and frameworks and their use by NFP sector organisations	Not included
16 Elicit and monitor government commitments to full cost funding, indexation and contracting in essential service areas	Incorporated as a sub-action of another initiative
17 Embed co-governance, co-design and shared decision-making across the NFP sector's practices in policy development, program design and performance evaluation	Included
18 Embed disability representative advocacy through Blueprint architecture and related actions	Not included
19 Enable communities of practice to share knowledge across the NFP sector and with governments	Not included
20 Encourage government investment in volunteering infrastructure and knowledge systems that support volunteers and volunteer-based organisations across Australia	Incorporated as a sub-action of another initiative
21 Ensure disability experience and representation forms part of strategy and design related to digital transformation and the NFP Sector	Incorporated as a sub-action of another initiative
22 Ensure the NFP sector is considered in government strategies and small-medium NFPs are eligible for government programs that support small business digital transformation	Not included
23 Establish a digital social innovation initiative to support testing, evaluating and sharing of sector best practice in digital transformation	Not included
24 Establish a social innovation diffusion program utilising existing networks to enhance knowledge sharing, coordination and resources to all NFPs	Included
25 Establish the co-governance and shared decision-making protocols of the Blueprint with First Nations NFPs and communities	Incorporated as a sub-action of another initiative

Actions Considered	Outcome
26 Establish the governance, resourcing and model of accountabilities of a sector development initiative, the National NFP Blueprint Authority	Not included
27 Explore potential for establishing agreed sector standards for outcomes measurement	Incorporated as a sub-action of another initiative
28 Facilitate and resource a NFP sector co-designed research and evaluation framework that informs and measures progress against Blueprint goals	Not included
29 Facilitate representation of NFP industrial needs in government industry development and reform initiatives	Not included
30 Facilitate, including the provision of adequate funding for, sector contributions to consultation and design of emerging approaches to government funding and procurement	Not included
31 Fund NFP sector peak bodies to support policy research and related advocacy in priority areas as informed by their stakeholders	Incorporated as a sub-action of another initiative
32 Formalise accountabilities of NFPs, alongside governments, in the National Agreement on Closing the Gap	Incorporated as a sub-action of another initiative
33 Formalise government accountabilities for implementing the Blueprint in relevant agencies (e.g. Treasury, Finance, ACNC, DSS)	Not included
34 Harmonise ACNC and ASIC registers and clarify single source of truth in government procurement and funding procedures	Not included
35 Improve philanthropic funds distribution regulation to support smoothed multi-year distribution of funds	Incorporated as a sub-action of another initiative
36 Inform and educate via public dissemination and reporting on major trends in the NFP sector	Incorporated as a sub-action of another initiative
37 Initiate integrated public data sharing about NFP sector characteristics by relevant federal and state and territory regulators	Not included
38 Integrate explicit advice regarding NFPs in guidance and support resources of the National Procurement Framework	Not included
39 Introduce a donation nudge in the income tax return process	Not included
40 Invest in and promote effective supports that enable NFPs to achieve a minimum level of data capability	Incorporated as a sub-action of another initiative
41 Invest in and promote good practice in NFP service data analytics and data-informed management decisions	Incorporated as a sub-action of another initiative
42 Invest in disability representative organisations to support effective co-design of services for and affecting people with disability	Incorporated as a sub-action of another initiative
43 Invest in existing Sector-led initiatives, peer networks and communities of practice that support digital transformation	Incorporated as a sub-action of another initiative

Actions Considered	Outcome
44 Invest in intergenerational leadership development in all organisations and for all peoples across the wider NFP sector, including multicultural and CALD people, people with disabilities, LGBTQIA+ people, young people and people who are unemployed or face significant labour market barriers	Not included
45 Invest in multicultural community organisations to support effective co-design and intermediation between CALD communities in policy and service design, implementation and evaluation	Incorporated as a sub-action of another initiative
46 Invest in refining and supporting take up of impact measurement tools and frameworks in use by NFP sector organisations	Not included
47 Invest in volunteer leadership, management and development, particularly in small-medium NFPs	Incorporated as a sub-action of another initiative
48 Legislate NFP rights to advocate in relevant acts	Incorporated as a sub-action of another initiative
49 Legislate the definition of Public Benefit Institution (PBI)	Not included
50 Leverage government resources to understand workforce development needs in areas of the NFP sector not served by existing research	Not included
51 Make consideration of volunteering a responsibility of all relevant government portfolios	Not included
52 Map and evaluate effectiveness of NFP representation on Commonwealth advisory bodies	Not included
53 Prioritise and advocate for cross-jurisdictional harmonisation of standards and industry regulations that affect the NFP sector	Included
54 Profile and establish mechanisms to enable the shift to First Nations' community control of NFP services for Aboriginal and Torres Strait Islander people and communities	Incorporated as a sub-action of another initiative
55 Promote and build on existing collaborative social service and place-based funding and procurement initiatives	Not included
56 Promote benefits of full cost funding, procurement and pricing to governments, philanthropy and the NFP sector	Incorporated as a sub-action of another initiative
57 Promote the creation and implementation of government Fair Jobs codes in NFP sector funding and procurement	Incorporated as a sub-action of another initiative
58 Remove gag clauses in government contracts and formalise this practice in Commonwealth Procurement Rules	Not included
59 Resource priority research and evaluation activities in accordance with established Blueprint priorities	Not included

Actions Considered	Outcome
60 Review and prioritise NFP sector resourcing needs in relation to changing digital and data capability demands over the life of the Blueprint	Incorporated as a sub-action of another initiative
61 Review application of Commonwealth Procurement Rules by government departments to procurement from NFPs	Not included
62 Revise and determine additional actions in this Blueprint in line with agreed governance and shared decision-making	Not included
63 Revitalise and resource peak body representation in government advisory groups and cross-government integration of NFP sector expertise in critical service domains	Not included
64 Revitalise the use of the Charity Passport	Not included
65 Seek a commitment from government to consider the NFP sector's contributions across the whole innovation process and identify ways to embed innovation opportunities in applicable grant agreements and procurement	Included
66 Specify procedures for appointment of ACNC Commissioner	Incorporated as a sub-action of another initiative
67 Strengthen relevant current data collection and re-establish routine data collection and dissemination about Australia's NFP sector by the ABS	Incorporated as a sub-action of another initiative
68 Support and promote sector-led capacity and capability building initiatives in outcomes measurement and management	Not included
69 Support policy reforms that improve gender pay equity and work conditions in industries with strong representation of Not-for-profit organisations and workers	Not included
70 Support NFP sector capacity and capability to meet at least minimum cybersecurity standards	Not included
71 Support the priorities of the co-designed National Strategy for Volunteering (NSV), and government and NFP involvement in the development of its action plans	Incorporated as a sub-action of another initiative
72 Undertake a sector-wide climate risk and opportunity review to identify strategies and operational standards that will inform climate change mitigation and adaption at the organisational and sector levels	Included
73 Update National Standard Chart of Accounts and embed it in accounting software platforms	Not included
74 Work with governments to integrate flexibility in longer-term grants and contracts	Incorporated as a sub-action of another initiative
75 Work with representative organisations and NFP sector peak bodies to establish or expand initiatives that grow diversity in NFP sector leadership, management and service delivery	Not included



# Appendix 3—BERG Members and Paper Contributors



## BERG members

- ACOSS—Australian Council of Social Service. Dr Cassandra Goldie AO, Chief Executive Officer
- ACOSS—Australian Council of Social Service. Robert Sturrock, Program Director, Community Services
- ANGLICARE Australia. Kasy Chambers, Executive Director
- DANA—Disability Advocacy Network Australia. Jeff Smith, Chief Executive Officer
- DSS—Department of Social Services. Chris D’Souza\*, Group Manager, Community Policy and Engagement Group
- FECCA—Federation of Ethnic Communities’ Councils of Australia. Mary Ann Baquero Geronimo\*\*, Chief Executive Officer
- FECCA—Federation of Ethnic Communities’ Councils of Australia. Beth Hall, Director, Social Policy
- First Nations Foundation. Ian Hamm, Chair of the Board of Directors
- Save the Children. Matt Gardiner, Chief Executive Officer, 54 reasons
- SNAICC—National Voice for our Children. Catherine Liddle, Chief Executive Officer
- St Vincent de Paul Society National Council of Australia. Toby oConnor, Chief Executive Officer
- Volunteering Australia. Mark Pearce, Chief Executive Officer

\* Formerly Karen Pickering, for the period December 2022 to March 2023

\*\* Formerly Mohammad Al-Khafaji, for period December 2022 to September 2023

## Expert advisors

- Professor Jo Barraket AM, Director, Melbourne Social Equity Institute, University of Melbourne (Lead Drafter)
- Professor David Gilchrist, Director, Centre for Public Value, University of Western Australia

## Contributors

The following individuals generously supported the development of the Not-for-profit Sector Development Blueprint by providing advice, sharing their expertise and commenting on drafts.

- Adrian Collette AM, Chief Executive Officer, Creative Australia
- Emeline Gaske, Assistant National Secretary, Australian Services Union
- Emeritus Professor Myles McGregor-Lowndes OAM, The Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology
- Sam Rosevear, Executive Director, Philanthropy Australia, Policy, Government Relation and Research (until July 2024)
- Krystian Seibert, Executive Director, Philanthropy Australia
- David Spriggs, Chief Executive Officer, Infoxchange
- Dr Pia Treichel, Melbourne Climate Futures, University of Melbourne; International Institute for Environment and Development (IIED)
- Libby Ward-Christie, Executive Director, Melbourne Business School, Social Purpose Centre
- Sue Woodward AM, Commissioner, Australian Charities and Not-for-profits Commission (ACNC)

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