![community INDUSTRY GROUP logo]

Not-for-Profit Sector Development Blueprint

SUBMISSION

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PO BOX 6
Lake Heights NSW
2502

Contents

Acknowledgements

Community Industry Group (CI Group) acknowledges the traditional custodians of this land, and their Elders past, present and future. We acknowledge and respect their continuing culture, the world's oldest living culture, and the contribution they make to the life of this region and our country.

We recognise the strength, resilience, and capacity of Aboriginal people.

About Community Industry Group

CI Group is the peak body working for community services and organisations in southern NSW. We support community organisations, promote expertise and innovation in community development, foster industry development and advocate for social justice.

For 30 years, CI Group has taken a leadership role in the local community services sector. We regularly engage with those organisations, services, and individuals who work with individuals, families, and communities experiencing disadvantage and vulnerability. We also advocate on behalf of community organisations and vulnerable communities to raise awareness of the issues which are impacting service delivery and affecting the lives and outcomes of individuals, families and communities experiencing disadvantage.

Our members include not for profit (NFP) service providers who deliver:

- Homelessness Supports
- Women's and Domestic Violence Support Services
- Child and Family Services
- Youth Services
- Aged Care
- Disability Services
- Generalist Community / Neighbourhood Centres

Executive Summary

CI Group strongly recommend developing a policy framework which fosters a robust not for profit (NFP) sector that is responsive to the diverse needs of our communities and is well-funded to provide the services they rely on. Regional individuals, families and communities experiencing vulnerability need a diverse not-for-profit (NFP) sector, and CI Group is working with government to improve engagement and to ensuring funding reaches beyond major entities to support smaller, localised services.

CI Group respects the unique connections that NFP organisations of varying sizes have established within our communities, which is key to diversity of service delivery. Our objective is to ensure that local, place based NFP organisations receive appropriate funding and support, tailored success measures, and minimised reporting burdens. We aim for the government's trust in our members to mirror the trust communities place in them.

A Growing Demand for Support – CI Group members universally report a rise in new groups seeking basic supports from the sector. Groups such as working families who have never sought support from the NFP sector previously. Phrases like "food insecurity" and "energy poverty" are now in the common vernacular, along with an escalating dependence of working families on NFPs for necessities like food and clothing. This heightened demand poses a challenge to our sector as service providers wrestle with expanding services under existing financial limitations. We anticipate this demand to increase further as the cost-of-living crisis deepen and climate-related disasters increase.

A Plea for Adequate Support - At the heart of our message to the government is the urgent need to stop expecting NFP community organisations to accomplish more with fewer resources. We strongly contend that it is ethically unacceptable to continually subject these organisations to further funding and reporting pressures without offering proportional support.

The present funding structure is insufficient across the board to support demand for service delivery, impeding our members capacity to strategise effectively. Government must provide funding that sufficiently addresses operational expenses, including rent, account keeping, audits, administrative costs, utilities, maintenance, as well as adequate staffing to meet escalating service needs.

A Call for Fair Funding and Long-Term Sustainability – CI Group members urge government and society to recognise the importance of the NFP sector, and its pivotal role in addressing the diverse needs of our communities.

Our NFP members continuously demonstrate their capability, adaptability, and strong connections with regional communities. For example, their vital role during the rapid responses to the Black Summer bushfires in 2019, subsequent 2020 floods, and the immediate actions taken to support community during the COVID-19 pandemic.

This period demonstrated how NFPs were able, with an influx of additional funding, to deliver vital services quickly and effectively, with minimal waste.

CI Group members believe a more proactive approach to discretionary funding must be taken and that governments must commit to sustained, long-term, multi-year funding for NFPs to enable them to establish stable work structures, plan for future service growth, delivery, and the impacts of ongoing climate change on regional communities.

Long-term funding contracts are vital to ensure ongoing security of employment for the staff who deliver the essential services our communities rely on. CI Group members advocate for equitable remuneration for staff, transparent paths for career advancement and professional development across the sector. We must keep skilled and trained staff in the sector to minimise the "turnover burden" on service providers, which is expensive, disruptive, and takes money and resources away from direct service delivery.

The not-for-profit sector in Australia

- *What is your vision or aspiration for the NFP sector over the next 10 years?*
- *What core values and considerations should guide a 10-year vision for Australia's NFP sector?*
- *What core themes for action should be prioritised in realising this vision?*
- *What will be the consequences of no action on these?*

CI Group members have a vision for a robust, well-funded sector that has the autonomy and flexibility to respond to the needs of our diverse communities. Diversity within NFP community organisations must be supported and encouraged to ensure the various communities across our large geographic footprint have their needs met. This means ensuring government engagement and funding reaches beyond major entities to embrace smaller, localised services.

Looking ahead over the next decade, the vision for Australia's NFP sector should encompass a dynamic landscape characterised by innovation, resilience, and impactful societal contributions. It involves a sector that stands at the forefront of social change, empowered with the resources, capabilities, and collaborative networks necessary to address challenges effectively. This vision includes NFPs operating with transparency, accountability, and a commitment to serving communities by fostering inclusivity, equity, and sustainable development.

Guiding this vision are core values such as inclusivity, transparency, accountability, collaboration, and adaptability. These values emphasise the importance of fostering an environment where NFPs can prioritise the well-being and empowerment of communities, embrace diversity, and uphold ethical standards. Central considerations include sustainability, forging cross-sectoral partnerships, leveraging innovation and technology, and nurturing a culture of continuous learning and adaptation.

Core themes for action include:

- Investing in and provide funding to build the capacity and capabilities of NFPs through training, information technology, and resource allocation to enhance effectiveness, resilience, and long-term sustainability.
- Strengthening the ability of NFPs and peak bodies to advocate and influence policy formation, systemic change, and address root causes of societal issues.
- Encouraging increased collaboration and partnerships between NFPs, government entities, businesses, academia, and communities to leverage collective expertise, resources, and networks for greater social impact.
- Fostering a culture of innovation, embracing technological advancements, and encouraging adaptive strategies to effectively address evolving societal challenges.

Operating outside a metropolitan context means these core themes become even more important for the NFPs we represent. Addressing these priorities in both legislative and funding terms will directly impact our communities by tackling inequality, addressing pressing

societal needs, and enabling NFPs to ability to adapt and respond, all of which will build public trust and overall impact.

Measurement, outcomes, and quality of services

- *What core principles of service design and delivery might a sector Blueprint commit to?*
- *What good examples of codesign have you been involved in which could benefit sector practices?*
- *Why do you think they have worked?*
- *What would an outcomes-focused approach look like in your area(s) of work?*
- *What would be needed to move towards this and what unanticipated consequences should government and the sector consider?*
- *What role(s) should government play in helping NFPs become data capable and informed by evidence?*
- *Could common resources or platforms support the technical aspects of outcomes measurement?*
- *What might these look like?*

CI Group members desire a sector Blueprint that commits to the principles of inclusivity, collaboration, responsiveness, and adaptability. These principles would prioritise the co-creation of services with the communities they serve, ensuring services are accessible, are culturally sensitive, and are responsive to diverse needs. The Blueprint should enable the continuous improvement of service provision through easy-to-use feedback mechanisms and data-driven decision-making and should foster a culture of innovation and service optimisation.

It should also acknowledge the different challenges faced in regional and remote areas and ensure funding is equitable and reflective of the distinct needs and challenges of these areas. Factors like increased travel time/distance, higher cost of service delivery and higher cost of goods should be considered and adjusted accordingly.

In response to recent Royal Commissions, the blueprint should incorporate recommendations from those reports, particularly the recommendations that services adopt a customer-centric model and that recommend block funding in in regional and remote areas.

The core principle of co-design is fundamental in regional areas where the outcomes sought might be hyper-localised and the market for delivery thin. It is important that co-design is done well, is genuinely consultative and provides ways to engage that are easily accessible for community members and local providers.

A current example of an effective co-design process in our region is the [Shoalhaven Mental Health Hub](), a multi organisation suicide prevention initiative with the primary aim of being "designed for the community, by the community". This initiative employs several best practice co-design processes which are baseline for co-design more broadly including:

- Initiative is led by a lived-experience suicide prevention organisation (Roses in the Ocean) in partnership with a bigger multipurpose organisation (Anglicare) and government departments.

- Options for face to face and online forums for stakeholder and community engagement and input
- Brings together local mental health professionals and service organisations in a separate process to shape the project.
- Consultations conducted on a paid basis to ensure effective input without disadvantaging participants.

Our members call for the Blueprint to include a commitment to maintaining and growing diversity in regional NFP sectors, to addressing existing disparities in funding for small organizations and to developing strategies that allow smaller organizations to compete more effectively for funding, ensuring a fairer distribution of resources.

Our members have been consistent in their calls for a less onerous funding and reporting approach that involves setting clear, measurable objectives that highlight the impact and effectiveness of NFP interventions. This method entails defining specific goals, establishing relevant metrics for success (relative to the size of the organisation), and consistently monitoring and evaluating progress towards those outcomes.

We strongly recommend reporting which does not require unnecessary data collection. A framework of continuous improvement is preferable to an outcomes-focused approach which negatively impacts service delivery as staff are constantly on the treadmill of updating data collection and analysis methodologies, updating monitoring and evaluation systems, and learning the new formats for reporting which are changed periodically by government departments.

Our members find themselves overwhelmed by the demands of documentation and reporting, diverting their attention from direct service delivery. This administrative burden hinders the seamless execution of the outcomes-focused strategy, impacting the organisation's ability to deliver services efficiently.

There are also ongoing concerns from members about the lack of practical utility or tangible advantages stemming from the gathered data. If the collected information fails to contribute meaningfully to future planning or decision-making processes, our members question the value of the extensive effort invested in collecting and managing it. This lack of perceived benefits diminishes support for the data collection.

Feedback from our members indicates that often data required to be reported does not effectively support future service planning or forecasting to address the evolving needs of the community. Data collection should ideally inform strategic planning for future service delivery and support adaptation to changing community requirements.

For example, the Data Exchange (DEX) system, intended to streamline data management and information exchange is, according to our members, encountering compatibility issues for neighbourhood/community centres operating under the TEI (Targeted Earlier Intervention) services. These centres, designed to deliver crucial support and interventions to communities, are finding the DEX system to be ill-suited to their specific requirements and operational framework. The TEI services within these centres focus on targeted interventions, aiming to

provide support to individuals and families facing various challenges. However, the DEX system, in its current form, fails to integrate with the unique workflows and service delivery models of these centres. This lack of synchronization poses a significant obstacle in accurately capturing and effectively managing the data pertaining to the services provided by the centres within the TEI program. The predefined metrics and data collection mechanisms within the DEX system do not necessarily align with the diverse nature of interventions and support offered by these centres. As a result, there is a discrepancy between the data recorded by the system and the actual range of activities, outcomes, and impact these centres achieve through their TEI services.

> *"In relation to DEX, it is about demographics and numbers and does not include being able to tell a story or provide a narrative which would be far more beneficial than DEX data generated. My understanding is that DEX data is used to assists departments understand what is being done, how well it's being done and if services are achieving what was expected to and to monitor and report on the effectiveness of grant programs and inform future policy and decisions for Government to better assist people experiencing vulnerability and disadvantage. I am not sure how 'numbers' and demographic data provides this detail about people experiencing vulnerability and disadvantage that we provide services to."*
>
> **Illawarra Community Centre Manager**

Governments should significantly contribute to enhancing data capabilities and evidence-based practices within NFPs by:

- streamlining data collection procedures,
- offering additional support or resources to manage administrative tasks, and
- ensuring practical benefits are derived from collected data for informing future planning and decision-making processes.
- providing resources, funding, and training for data-related activities,
- offering technical assistance, and
- establishing standardised frameworks for outcome measurement and reporting, ensuring consistency and comparability across organisations.

Policy, advocacy, communications, and engagement

- *How can the role of advocacy by NFP organisations be better embedded and preserved in policy and legislation?*
- *What mechanisms are needed so that the expertise of the NFP sector is better used in designing policy and services?*
- *What could NFP organisations and networks be doing better to ensure their systematic advocacy directly involves the people and communities they serve?*
- *How could the assets of the sector – for example, the research expertise of larger organisations, including public universities – be better used to build the evidence base for systemic advocacy and reform?*

CI Group and our members play a vital role in our regional communities as advocates working to raise the issues of the vulnerable, disadvantaged, and disempowered individuals, families and communities who access our services. Our members often find themselves in the position of having to advocate for those who do not have the voice, or the social standing to effectively raise issues and advocate for change with different levels of government.

This role is not currently recognised in legislation and in some cases has hindered the ability of CI Group and our members to access funding. Advocacy must be recognised as a means to improve societal wellbeing. NFP organisations and charities often engage in advocacy to amplify marginalised voices, raise awareness about crucial issues, and create positive societal changes.

As such, the new NFP blueprint must ensure advocacy is recognised as a legitimate role for NFP organisations and that this is effectively integrated into policy and legislation.

This involves continuous engagement, providing evidence-based data, and fostering collaborations that enable the concerns and priorities of the NFP sector to be recognised in policy discussions. Strengthening the capacity of these organisations in advocacy through funding training programs, workshops, and mentorship initiatives is also crucial. Equipped with a deeper understanding of policy-making processes, NFPs can engage more effectively with decision-makers, contributing substantively to policy development and advocating for necessary changes.

Governments and policymakers should establish mechanisms such as advisory panels or task forces that include representation from the NFP sector. These bodies should be involved early in the policy development process to ensure diverse perspectives are considered. Regular consultations and formalised engagement platforms will enable NFP organisations to contribute expertise and insights, ensuring that policies and services align more closely with the actual needs of communities they serve. By integrating the expertise of the NFP sector into policy design, governments can develop more effective and inclusive policies.

NFPs can adopt more community-centric advocacy approaches by directly involving the people and communities they serve. This might involve hosting community consultations, participatory decision-making processes, and empowering community members to become advocates for their own needs. Establishing clear communication channels and fostering transparency in advocacy efforts ensures that the objectives and strategies of NFP organisations align with the genuine aspirations and requirements of the communities they represent. Engaging communities systematically not only ensures more effective advocacy but also fosters trust and ownership within these communities.

Collaborations between NFPs, public universities, and research institutions are pivotal in generating robust evidence to support systemic advocacy and policy reform. By harnessing research expertise, these collaborations can produce credible data and comprehensive analyses that substantiate advocacy efforts. Platforms for knowledge sharing within the sector and with policymakers are essential. Through conferences, publications, or online repositories, the dissemination of research findings will ensure that evidence-based advocacy is not only accessible but influential in shaping policies and driving reforms that address societal needs more effectively.

Acknowledge and respect the desire for anonymity in processes like parliamentary inquiries. Invest in the relevant peaks to represent those views in policy areas. NFP organizations should create mechanisms that allow people to share their experiences and insights while maintaining confidentiality if desired.

Allow individuals and communities to contribute anonymously to advocacy efforts. This can be facilitated through platforms that accept anonymous testimonials, written submissions, or participation in surveys without revealing personal details.

Philanthropy and volunteering

- *What policy and regulatory reforms would help increase giving to charities?*
- *How can the NFP sector further mobilise and access philanthropy in support of its work?*
- *How can philanthropic and volunteering resources be effectively targeted to community needs?*
- *How might the sector adapt to more direct forms of giving and volunteering?*
- *How should the Not-for-profit Blueprint support the goals and required reforms for the National Strategy for Volunteering?*

Philanthropy Australia defines philanthropy as the deliberate provision of time, information, goods, services, voice, influence, and money to enhance humanity's and the community's welfare. https://www.philanthropy.org.au/learn-about-philanthropy/glossary/ .

CI Group supports this definition but stresses that philanthropy should not be expected to deliver services that are the responsibility of government. Government has the responsibility to ensure all citizens live a decent life and should fund the NFP sector to be able to deliver services that ensure this is the case for regional and rural communities.

The advantages and challenges of philanthropic funding vary based on an organisation's size or maturity within the NFP sector. Philanthropic funding often requires heavy investment in relationship building which smaller or newer entities with limited resources may find challenging. Philanthropic funding can also be unreliable or short term, based on the whim of the donors.

To encourage increased giving to charities, government should look to reduce regulatory barriers which hinder donors, particularly regarding charitable bequests and distribution of superannuation death benefits to charities. Complex regulations, including tax laws and governance for charitable bequests, may confuse donors and deter contributions. Tax on superannuation benefits directed to charities may also limit donations.

Encourage individuals and corporations to contribute more by streamlining the tax system for deductions for charitable donations Provide clearer guidelines and higher deduction limits which could serve as powerful incentives. User-friendly procedures and clearer documentation can encourage more individuals to donate.

While philanthropy can offer advantages such as flexibility and adaptability in use of funds, independence from stringent grant guidelines and support for innovative projects, it can be unpredictable, time-consuming in terms of donor relations, and be subject to the whims of donors.

Deductible gift recipient (DGR) status and organisational structures further influence philanthropic advantages and challenges. Organisations with DGR status enjoy tax incentives for donors, while those without may face obstacles in accessing philanthropic funds.

In Australia, long-standing relationships between recipients and donors limit access to philanthropic funding for other nonprofits. The organisational size and maturity of charities

also impact their fundraising success, with established entities often having well established relationships, more resources, and expertise in securing donations.

Distinct types of organisations, such as Aboriginal Community Controlled Organisations (ACCOs), face unique challenges. While their strong community ties may make them appealing to donors, systemic inequalities and historical disadvantage might hinder their access to philanthropic funds.

Crucially, philanthropy cannot replace the government's role in providing essential public services and fostering social well-being. Instead, philanthropy should complement governmental efforts by providing added resources to encourage innovation and enhance positive social outcomes.

Government has a responsibility to ensure universal access to basic needs and services, irrespective of income or social status. Government funding often supports vulnerable individuals and families lacking resources to access essential services and improve well-being.

Philanthropic organisations, can contribute in several ways:

- Encourage innovation in service delivery by funding new and untried models of service delivery.
- Support smaller, community-based groups to address emerging or unmet needs.
- Supplementary resources to value-add to programs.
- Support research.
- Nurture and grow non-profit sector capabilities.

CI Group recommends strategies which build networks between NFPs, businesses, and philanthropists and increase communication about the impact of philanthropic funding. Provide training and capacity-building programs to better equip NFPs to navigate the philanthropic landscape, effectively engage with donors, and demonstrate the tangible outcomes of their programs.

When philanthropy engages effectively with NFPs working on the ground, resources can be more effectively targeted to community needs. Create collaborative platforms that connect philanthropists, volunteers, and local community organisations to facilitate targeted resource allocation.

Volunteering plays a vital role in regional and rural areas, as highlighted in the Foundation for Rural & Regional Renewal (FRRR) *'Heartbeat of Rural Australia Research Study'* conducted in 2021. Further uptake of volunteering opportunities can be encouraged by offering training and upskilling to volunteers and by matching their skills and interest with specific NFPs.

The National Strategy for Volunteering identifies that the formal volunteering rate in Australia has declined steadily from 2010 to 2022 due to factors like the COVID-19 pandemic, time constraints and balancing work with unpaid care. This decline poses challenges for services which rely heavily on volunteers. The ageing population, financial challenges, mental health concerns, and loneliness all impact uptake of volunteering.

Regional, rural, and remote areas face unique challenges in attracting and retaining volunteers including access to transport, access to technology. Future trends like changes in work patterns and the role of technology, along with the desire of younger generations to volunteer, suggest the importance of reducing barriers to sustain Australia's strong volunteering tradition.

Defining volunteer activities and distinguishing them from paid work or non-voluntary actions remains difficult. Tracking volunteer time consistently and assigning an economic value like paid employment presents further complexities, as volunteer work is often unique and diverse.

Formal and informal volunteers make a vital contribution to non-government (NGO) and NFPs and are a significant component of the workforce. Volunteers contribute their time and expertise both formally and informally; for example, they sit on boards and committees, deliver services, and provide support for events and activities. A strong and representative volunteering sector in southern NSW is built on a foundation of long-term and secure investment by governments, businesses, and community groups. The sector is diverse, inclusive, and representative of the communities they support, and must be resourced with funding that reflects local needs.

Local service providers have shared insights on several ways to improve the volunteering sector, focusing on formal volunteers who are an essential part of their organisations and programs. These include:

- Reduce barriers to participation across diverse and underrepresented groups,
- Provide training opportunities that match volunteer abilities,
- Providing culturally safe workplaces, and
- Increasing incentives for volunteers to give their time.

A centre coordinator provided a specific example of reducing barriers to recruitment and retention of volunteers to deliver community-facing programs. The coordinator had recently recruited a volunteer from the community who had used the service, and understood challenges others in the community were experiencing:

When someone in need sees a familiar face around the Centre, it makes them more comfortable. Perceived barriers to accessing our services are reduced. I have overheard many centre visitors talk about this. It makes my job much easier.

Neighbourhood Centre coordinator

The volunteer's positive experiences in accessing services motivated them to give back to their community. These experiences directly result from having a highly skilled and resourced

centre coordinator. The new volunteer's ongoing involvement in centre activities has inspired other men to volunteer, clearly illustrating that representation matters.

Members have also outlined ways to improve volunteer recruitment, management and retention for boards and committees. These include increased access to training and other supports which are culturally safe and responsive and meet the needs of Aboriginal and Torres Strait Islander peoples and Culturally and Linguistically Diverse (CALD) members of their communities.

The NFP Blueprint should align with the goals and required reforms outlined in the National Strategy for Volunteering. This alignment can be achieved by integrating volunteering initiatives into the NFP Blueprint to create a cohesive approach. Develop guidelines and frameworks within the Blueprint to accommodate volunteering initiatives and support NFPs with resources, training, and best practices to manage volunteers.

Governance, organisation, and legal environment

> - *What might a regulatory framework for the sector that overcomes the complexity of our federation look like?*
> - *Are currently available legal structures, governance standards and tax concessions fit for future purpose?*
>   *How might these be improved or changed?*
> - *What does the sector need in its boards to be effective?*
> - *How could regulatory data be better used and shared with the NFP sector and wider public to support future practice?*

NFPs operate in a highly regulated environment. Our smaller to medium sized members report they are struggling under the workload of delivering services and meeting their compliance requirements. Indeed, the administrative burden associated with compliance takes resources away from direct service provision, resulting in compliance being a direct contributor to reduced quality care.

CI Group calls for simplification of the complex regulatory environment. For example, by standardisation of reporting requirements, governance standards, and tax provisions will reduce administrative burdens for NFPs, and enabling them to allocate more resources toward their core missions.

Update legal structures to incorporate new models, such as social enterprises or hybrid organisational structures, which can offer NFPs greater flexibility in generating revenue while pursuing their missions.

A critical aspect of effective governance within non-profits is the composition and functionality of boards and committees of management. NFPs find it increasingly difficult to attract, train and retain skilled Board members.

The Blueprint should include funding to support NFPs to conduct regular board evaluations and provide training to ensure that boards remain effective and responsive to changing governance standards and best practices.

Leadership and staff development

- *What should the priorities be for future leadership in the sector and developing the sector's paid workforce and volunteers?*
- *What can the sector do to change understanding of the role of overheads in the value it creates for people, society, and funders?*
- *How can we make employment opportunities attractive and build career pathways to develop the paid NFP workforce of the future?*
- *How might the sector make more of its 'for purpose' status to attract and retain paid and volunteer workers?*
- *How can the sector coordinate and resource its influence in workforce development with education providers and governments?*

CI Group members advise that critical workforce shortages are impacting their ability to meet service delivery requirements. The Blueprint must address this, and government must provide financial resources to build a clear, sustainable pipeline of regional workers. It should lay out concrete measures for the development of pathways and fund professional development to develop the capacity and leadership of the NFP sector.

According to the ABS 2021 Census data there are at least 26,569 workers engaged in the healthcare and social assistance sector in the Illawarra, Shoalhaven, South Coast and Southern NSW. When the number of hospitality, cleaning, transport, administration, and other staff working in the sector are factored in, this sector can be shown to employ well over 30,000 workers across southern NSW.

The Community Services and Health Sector is the biggest employer in the region, with the Community Services and Health Sector employing:

- 14% of all employees in Shoalhaven.
- 13.4% in Wollongong; and
- 13.1% in Shellharbour.

These figures exceed the state average of 11.6%. (PWC Illawarra and Shoalhaven Aged 7 Care Workforce report 2023). CI Group members identify challenges to attracting, skilling up and retaining staff in the regions such as:

- The geographic dispersion of regional NSW makes it harder to attract workers into the community and care sectors, exacerbated by a lack of housing options, childcare, affordable schooling, and education opportunities.
- Maintaining a workforce during stressful events like natural disasters and the COVID pandemic, with the training and experience to deliver for our communities, but who also have the capacity to train and supervise new learners including individuals on practical work experience.
- An aging workforce in regions, which results in experienced workers retiring from the care and community sectors resulting in lost skills, expertise, and capacity.

- Particularly in aged care, challenges with overseas worker schemes require initiatives to fast-track care sector workers to fill shortages.
- The increasingly individualised nature of the provision of care in the disability and aged care sectors also makes competition for staff between providers in regions more difficult, as this educator sums up:

"Our providers are struggling in every sector to find workers. The fact we have these quite different systems with aged care and disability and that they are becoming so individualised means we need so many people to provide that work. I spoke to an employer just yesterday who had people apply for jobs, get an interview, and then not turn up to those interviews."

South Coast Educator

Gone are the days of one-size fits all training. CI Group members advise they need training providers to be flexible in the delivery of learning including that cater for work and family commitments. Greater flexibility among VET providers such as TAFE NSW is needed to deliver the necessary training and skills for diverse cohorts.

"What I have noticed working as a senior leader in the disability sector, is the decline in students attending our organisation for student placements as well as the lack of TAFE qualified students applying for positions that we advertise. This shift has been nothing short of dramatic and is counter intuitive considering that our sector, as well as Age Care, are the fastest growing, particularly with the start of the NDIS. It is not uncommon for our organisation to employ people with limited experience and then require them to develop the necessary core skills that TAFE used to be the leader in providing. I can only ask myself why this is happening and can only think that the move to more online training is seeing less people going down this pathway for various reasons. Some of these reasons may be the lack of support that is offered to students that are online based as people that are attracted to this sector that I mainly came across had varying backgrounds such as coming from a low socioeconomic environment, being a refugee or having English as a second language, 13 having a disability themselves or they struggled academically in their previous contact with school or adult education. Quite often we provided the bridge for them to move from the many barriers they faced."

Senior Executive Disability Organisation

Funding providers, training institutions and individual measures to build a clear, sustainable pipeline of workers into the sector must be a priority of the Blueprint, in accordance with the findings of the NDIS review laid out in the *Building more Responsive and Supportive workforce*.

CI Group members seek pathways for recognition of prior learning to be made simpler and more affordable. Currently members report the cost is prohibitive for many potential and existing workers.

CI Group also recommends more schemes that target school-aged people through school-based programs. This should include paid internship opportunities and tailored education programs to encourage people to join NFPs.

For instance, in NSW, TAFE NSW and VET providers are being asked to formulate courses and training for the 15-24 year old cohort who access their VET component via a school-based traineeship, or a post-school traineeship. Other employers may be targeting older workers with families. There must be greater flexibility in delivery to suit the availability of those cohorts. The disability sector is a clear example of where workers often need to combine work and study. As one disability service recruiter summed up, the current VET and TAFE NSW system does not fully meet their needs:

> *"Finding skilled workers in geographically dispersed areas is hard and despite the breadth of scope that a career in the disability sector can offer, it is presently not seen as an attractive sector to work in long-term. Current proposed solutions to address some of these barriers include portable training, use of micro credentials and access to traineeship opportunities. I would like to see the NSW VET sector invest in partial qualifications and provide easier access to pathways for RPL. I think greater attention to flexible learning and support for remote learners is essential in ensuring a consistent learner experience and quality of skills and knowledge being developed."*
>
> *Disability service recruiter*

Nurturing adaptable, empathetic, and visionary leaders who excel in navigating intricate challenges while promoting inclusivity and fostering innovation requires substantial investment and should be explicitly outlined as an aim in the new Blueprint. This comprehensive training should include access to mentorship programs, and initiatives aimed at honing leadership skills including emotional intelligence, strategic thinking, and the ability to inspire diverse teams towards a unified mission.

To keep the best talent in the non-profit field, it is important to offer attractive job prospects and clear career paths. This means competitive salaries, good benefits, opportunities for growth and portable leave entitlements.

Further, an explicit aim of the Blueprint should be meaningful measures to build better collaboration between schools, governments, VET providers and job agencies to attract both paid and volunteer workforce by highlighting the meaningful impact of a career in the NFP sector.

Government funding, contracting, and tendering.

- *How should government improve the way it funds and contracts charities?*
- *How could government funding, tendering, and contracting drive a good balance of collaboration and competition to support innovation in the NFP sector?*

Regional NFPs and charities of all sizes must be adequately funded to encourage diversity and ensure service users have access to a range of services. Community sector service delivery cannot be a one size fits all model, and like the business sector, it is important that providers of varied sizes from niche micro-organisations to multi-national charities are able to thrive and survive to support vulnerable individuals, families, and communities. Indeed, many of the smaller operators have evolved to address very localised needs and this work needs to be supported and funded in a standalone capacity.

The Blueprint must include investment in these smaller NFPs, who have often built trust in their communities over many years and delivered on local needs when the "market" has failed to do so. Many smaller providers across our region feel disadvantaged in the competition for funding when competing with big NFPs with dedicated grant-writing teams.

At a recent neighbourhood centre forum, it was observed that:

> *… competitive tendering tears the sector apart and divides services, creates unnecessary competition and secrecy. It also undermines equitable distribution and efforts to maintain a thriving diverse community services sector of both small and large organisations in our regional communities.*

One concrete measure the Blueprint could address to support this diversity is to reduce the complexity and piecemeal grants funding approach. Grant funding application processes and forms are often complicated, call for volumes of information, are administratively burdensome and fail to sufficiently account for administrative and overhead costs essential for organisational functioning and sustainability.

These processes can be simplified by creating streamlined standardised application processes such as using the same form across different grant schemes and providing clearer guidelines. Similarly, we recommend a move away from short-term grants to multi-year funding commitments to provide stability, enable NFPs to plan strategically and to deliver impactful initiatives.

> *"The administrative compliance requirements for CSO to deliver services that meet standards create a large admin burden for CSOs policy and procures continuous improvement practices to put in place but funding doesn't cover admin load gaps with doing it well and fulfilling those task -we get by but to implement things under continuous improvement model we are not funded adequately to do that well".*
>
> *Shoalhaven CSO operator*

Further, the Blueprint must address the administrative and overhead costs essential for organisational functioning and sustainability.

As NCOSS outlined in a recent report:

> *It becomes an impossible juggling act. Applying for multiple grants to stay above water and meet community need; downplaying the real cost of service provision to comply with funder requirements; and then working unpaid hours and going without necessities to ensure the delivery of high-quality programs, while addressing funder expectations and conditions.*
>
> [The-High-Cost-of-Doing-Business-FINAL-2.pdf (ncoss.org.au)](https://ncoss.org.au)

Members advise some of the commonly overlooked real costs of service provision that are unfunded include rent and facility expenses, utilities and maintenance, insurance, technology infrastructure costs, office supplies, administrative staff salaries; auditing, accounting and legal fees, staff training and development, fundraising and marketing activities, community engagement activities, program evaluation costs, governance and board-related expenses, contingency funds, and indirect overhead costs like client transport.

Governments must fund these vital financial elements, as underfunding is currently hindering NFP organisations overall efficiency and delivery on mission. Recognising and addressing these costs is essential for non-profits to operate effectively and ensure long-term sustainability.

> *"A notable example of where our funding does not cover increased costs is with our client management systems and rostering systems. When we were originally funded, these were paper-based systems. Now with so many people to manage and additional reporting requirements, we must subscribe to online systems on a yearly basis, train staff to use it and these are costs that are not funded. On top of that we are not funded for our rent, which has increased, cleaners, even the cost of paper has increased, and the Federal government has not passed on a CPI increase, which is a true reflection of costs."*
>
> *Shoalhaven CSO operator*

> *"Government is often reluctant to fund smaller grants for organisations like us, and all have these caps on administration costs (which are unrealistic). Social Ventures Australia in their research state that the average expenditure for an organisation is 33% on administration – this includes things like head office operations, marketing, insurance, audits. These need to be fully funded. Further, in relation to capital expenditure grants, for a mid-sized regional CSO like us, the need to provide a 50% co-contribution to qualify for the grant is prohibitive, and it would be much worse for a smaller organisation than us".*
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> ***Illawarra/Shoalhaven Youth Service provider***

Government should encourage creativity by providing flexibility within contracts and should establish a dedicated innovation-focused funding stream. Allocating specific grants or funds for pilot projects or innovative solutions will incentivise NFPs to explore innovative approaches to address societal challenges.

To ensure procedural fairness, clear and transparent evaluation criteria should be established for tenders to eliminate perceived bias or favouritism. Additionally, offer capacity-building support and training particularly for smaller or less experienced organisations to help level the playing field and enable them to compete effectively for government contracts and funding.

> *"Flexibility should not mean we do more with less. You need to be able to operate a service to meet local needs and demands, and funding arrangements need to be flexible enough to do this. The fact that most funding and grants programs do not cover administration – especially at the NSW state level – or ongoing costs is not good enough. A good example of this gap was the Social Sector Transformational Fund – we got funding to buy new computers and IT systems, but these go out of date so quickly, and now we can't afford to update the programs or renew the subscriptions or update our websites - none of that is included in our funding. Flexibility must also mean funding to hire more people, more staffing. If the need is there to have full-time staff, we should be able to hire them. And not just as casuals or part-timers – full time workers paid at Award rates."*
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> ***Shellharbour CSO operator***

Further, funding mechanisms should be responsive and draw on insights from NFPs about the needs of their communities, and should allow for flexibility, adjustment, and improvement. The Blueprint should specifically outline the way governments can adjust funding models to swiftly respond to emerging needs or unforeseen crises. Agile funding structures that enable rapid response to emergencies or changing community requirements maximise service delivery to communities in need.

Information Technology, communication, and marketing

- *What standards of digital capability should the sector aim for and how might these be achieved?*
- *How might the sector aggregate support to maximise the digital capabilities of smaller organisations?*
- *What is needed and what is the sector's role in advocating for digital inclusion and participation of citizens and communities?*
- *How can governments streamline digital systems requirements and support efficiencies for NFP providers?*

Establish digital standards by supporting vigorous cybersecurity measures, user-friendly interfaces, proficiency in data analytics, and efficient digital infrastructure. The sector must be funded adequately to invest in updated technologies and to equip staff and volunteers with digital literacy. Provide opportunities for learning from successful digital leaders, both within and outside the non-profit sector.

Support smaller organisations to access enhanced digital capabilities by incentivising the private ICT sector to provide base-level servicing and cyber security analysis and programs at a reduced cost to small NFPs through positive tax benefits.

Help NFPs build their skills and capabilities through the creation of communities of practice or alliances focused on areas such as marketing, technological, capability building and cyber security knowledge to encourage sharing of ideas, joint training sessions, and even sharing of technological infrastructure.

Provide funding specifically targeted at digital capacity-building for NFPs. Recognise that some NFPs in regional areas are providing digital literacy initiatives aimed at disadvantaged, marginalised and vulnerable cohorts as they struggle in an increasingly online world.

Fund NFPs to build greater links with government agencies, tech companies, and educational institutions to develop digital skills training, internet access, and access to technology which can empower communities, particularly in regional and remote areas.

Governments must play a critical role in streamlining current digital systems by standardising digital platforms, providing technical assistance, and establishing centralised information hubs that offer guidance on compliance and best practices.

Leveraging assets and social finance

- *Is greater knowledge sharing about the assets of the NFP sector needed?*
  If so, how might this be done and to what ends?
- *What resourcing and regulatory support could be introduced or better used to allow NFPs make best use of their assets in support of operational sustainability and delivering on societal needs?*
- *What models of social finance best suit the needs of NFPs?*
  How can these be encouraged or scaled?
- *What practical steps can the NFP sector take with governments, philanthropy and/or the private sector to redress underfunding and support innovation and financial health of the sector?*

NFP organisations use assets and the surpluses these generate for the direct benefit of the communities they serve. These assets have often been built up and accumulated over many years and it should be acknowledged that our NFP members are astute operators who may leverage those assets for the benefit of their community and clients and this practice should be encouraged.

Our members already operate in a highly regulated environment, are already required to report to the ACNC and have audited accounts, and as such should not be subject to further regulation around the use of assets, both physical assets and financial assets.

As such their assets, like those of other private organisations, should not be required to be in the public knowledge.

While CI Group recognises the beneficial role of investment in some limited circumstances, for our members in regional and rural areas this form of social finance should not take the place of government funding and should not be a seen as a way of funding core programs.

The bottom line is it is not practical to rely on philanthropy or the private sector to deliver services which are the responsible of government – if government knows an organisation or program is underfunded, then they should fund it to capacity.