



Submission to the “Not-for-profit sector development blueprint”  
Issues Paper  
December 2023

Playgroup Australia acknowledges the Traditional Custodians of the Land on which we play, work and live and recognises their continuing connection to land, waters and community. We pay our respect to them and their cultures; and to Elders past, present and emerging.

Playgroup Australia welcomes the opportunity to make this submission to the “Not-for-profit sector development blueprint” Issues Paper.

A committed not-for-profit sector that is strong, has a clear direction, is adequately resourced, and is respected for its expertise is crucial to an equitable, thriving society. Playgroup Australia envisions a deeply integrated and collaborative continuum from funding bodies to service providers, and community, offering accessible, inclusive, and supportive programs.

Serving as the national representative body for playgroup service providers throughout Australia, we are eager to share the valuable experiences and perspectives of our members and contribute to a clear, fit-for-purpose roadmap for the future of the not-for-profit (NFP) sector.

### [About Us: Playgroup Australia and our members](#)

Playgroup Australia is the national peak body for providers of playgroup services to children, parents, and carers. Playgroups are sites for young children and their parents and carers to meet for play and learning, peer support, and community connection. The mission of Playgroup Australia is to advocate for playgroups and support our members to strengthen the delivery of quality services to young children and their families.

Our members and service delivery partners support community playgroups across every state and territory, funded by the Australian Government’s Children and Parenting Support (CaPS) program. Our members and partners also deliver a suite of supported playgroups which strengthen community inclusion and participation for children with disability.

Playgroup Australia wants all children and families to have access to affordable local playgroups that meet their needs.

## Summary of Recommendations

- 1 Service Design
  - 1.1 Consult NFPs as subject matter experts in the design of proposed services.
  - 1.2 Clearly map existing effective programs and community resources before introducing “new” programs/funding streams.
  - 1.3 Incorporate real-time flexibility into service design.
  - 1.4 Introduce a NFP “Solutions Fund”.
- 2 Data and Digital Capabilities
  - 2.1 Provide NFPs free access to accurate and up to date social indicator data.
  - 2.2 Offer financial support for setting up data management systems designed for the NFP sector.
  - 2.3 Create an advisory service to build NFP data literacy.
- 3 Advocacy
  - 3.1 Fund peak bodies to provide advocacy for their sector.
  - 3.2 Legally and contractually protect advocacy as a fundamental function of NFPs.
- 4 Philanthropy and volunteering
  - 4.1 Support NFPs to roll over funds or build up reserves so that they can manage fluctuations in philanthropic funding.
  - 4.2 Incentivise volunteering through a variety of methods including tax incentives and affordable education opportunities.
- 5 Governance, regulation and cross-jurisdictional challenges
  - 5.1 Develop unified national regulatory principles that set a common direction for all Australian NFPs.
  - 5.2 Explore opportunities to reduce barriers to board membership.
- 6 Leadership and workforce
  - 6.1 Connect training organisations and NFPs to codesign educational programs
  - 6.2 Resource NFPs to offer orientation, training and support to new employees
- 7 Funding and contracts
  - 7.1 Adhere to: 6 week turn around for work-plan/funding approvals; 12 months notice for the commencement; 18 months notice for the cessation or adjustment of funding contracts.
  - 7.2 Offer minimum contract terms of 5 years
  - 7.3 Prioritize demonstrated quality and excellence in funding applications over mere cost-effectiveness.
  - 7.4 Allow for extension without tender where the program is proven and continues to deliver its intended outcomes.

## Responses

### 1. Service design principles

#### 1.1 Consult NFPs as subject matter experts in the design of proposed services.

As effective NFPs, members of Playgroup Australia are subject matter experts in their field. They understand best practices, stay up to date with research and innovation, and are constantly connected to the people they serve. Utilising this knowledge to design service delivery models is crucial to building services that will be successful in engaging and meeting community needs<sup>1</sup>.

#### 1.2 Map existing effective programs and community resources to avoid duplication and strengthen the local service system.

Playgroup Australia encourages a road-map for NFPs that prioritises community needs and “what works”, rather than innovation for innovation’s sake. We acknowledge the deep understanding NFPs have developed of their practice, and their communities. Clear, accurate mapping of existing services and service gaps within a community allows additional funding to leverage NFPs with existing relationships and programs. Supporting place-based services with funding that enables them to collaborate with each other, and the broader community, will result in a stronger local support system<sup>2</sup>.

#### 1.3 Incorporate real-time flexibility into service design.

Intended outcomes from pre-determined program inputs/outputs do not always eventuate. Playgroups are characterised by their ability to respond quickly and effectively to evolving community needs. For example, in the Northern Territory, where living with extreme heat is becoming a daily challenge, they have been able to set up playgroups that also offer heat refuge to their participants. Another example of how playgroups can pivot as needs change is the way that, during COVID-19, many of our members supported playgroups to move online. Real-time flexibility should be incorporated throughout the delivery of the program at all times, not just in the event of emergencies. NFPs, embedded in their communities, are often able to self-identify adjustments that may improve a program so that it can achieve desired outcomes by adapting its approach. By embedding real-time flexibility within contracts, and a two-way dialogue between NFPs and funding decision-makers, services will be empowered to innovate and initiate real and meaningful change.

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<sup>1</sup> ACOSS (2018) Commissioning and Getting Better Outcomes – Principles and Practice: An ACOSS Briefing Note.

<sup>2</sup> Alderton, A., Villanueva, K., Davern, M., Reddel, T., Lata, L.N., Moloney, S., Gooder, H., Hewitt, T., DeSilva, A., Coffey, B., McShane, I., Cigdem-Bayram, M. (2022). What works for place-based approaches in Victoria. Part 1: A review of the literature. Report prepared for the Victorian Department of Jobs, Precincts and Regions.

#### 1.4 Introduce an NFP Solutions Fund.

Being on the frontline of a service, embedded in a community, NFPs occupy a unique position when it comes to identifying emerging community needs and potential solutions<sup>3</sup>. The current system lacks a clear pathway for NFPs to apply for funds to convert this information into practice and outcomes. Ad hoc opportunities to ask funding bodies to reallocate funds, and occasional access to ministerial discretionary funds, lack transparency and create risk of duplication. A consolidated NFP Solutions Fund that considers applications from NFPs offering innovative solutions to a range of diverse social challenges would encourage NFPs of all sizes to innovate and adapt to evolving community needs.

## 2. Data and Digital Capabilities

Historically, NFPs have not always been data driven however, a commitment to an evidence-base and evaluation to drive our impact has increasingly become the status quo for NFPs over the last few decades<sup>4</sup>. Yet members of Playgroup Australia, and NFPs more generally, face a number of hurdles in the collection, reporting and interpretation of data.

#### 2.1 Provide NFPs free access to accurate and up to date social indicator data.

The amount of data reported to the government from NFPs is immense but fragmented. There is no central repository where information across departments and levels of government can be a) compiled, and b) accessed to inform future work of NFPs. With access to social indicator data platforms, NFPs can use their knowledge of their community and service delivery to develop innovative solutions to complex social challenges.

#### 2.2 Offer financial support for setting up data management systems designed for the NFP sector.

Whilst we value accurate and meaningful data, increased compliance can add administrative burden to volunteers and already under-resourced organisations. A NFPs' capacity to collect, evaluate and report meaningful data efficiently is predicted by that organisation's digital capabilities, and initial outlay costs associated with digital data collection systems make them unattainable, particularly for smaller organisations. The availability of cost-effective, sector-specific tools presents another hurdle. The most commonly available marketing software has to undergo significant configuration to meet organisational-specific needs, and still rarely captures the rich data that could demonstrate the true impact of the sector.

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<sup>3</sup> Dillon. R, Brown. E, Radford. P, Fletcher. B, Carmichael. A, and Agrawal. P (2021) Building from purpose: Unlocking the power of Australia's not-for-profit sector, McKinsey & Company.

<sup>4</sup> Mcosker, A., Shaw, F., Yao, X., Albury, K. (2022) A Data Capability Framework for the not-for-profit sector Swinburn University of Technology.

### 2.3 Create an advisory service to build the capacity of NFPs in the collection and evaluation of data.

Playgroup Australia strongly believes in the expertise of NFPs in their field, however it is important to acknowledge that not all NFPs are run by data/evaluation experts, and very few have the resources to engage one. A free advisory service to help NFPs to build capacity to set up evaluations, choose tools, and review data for the duration of the funding period would support the collection of accurate and relevant data.

## 3. Advocacy

### 3.1 Fund peak bodies to provide advocacy for their sector.

Advocacy is central to the mission of many NFPs<sup>5</sup>, however not all have the time, resources, or expertise to participate in advocacy in a meaningful way. Playgroup Australia believes that specific funding for peak bodies and advocacy organisations to act as representatives for their sector and their members will ensure that the collective voices of smaller or resource-limited not-for-profit organizations are effectively heard and represented. This fosters a more inclusive and comprehensive approach to policy and decision-making processes that truly reflect the diverse needs and experiences of the communities NFPs serve.

### 3.2 Legally and contractually protect advocacy as a fundamental function of NFPs.

The role of NFPs as advocates for social justice issues and their communities has not always been respected or protected by funding bodies, in fact, quite the opposite<sup>5</sup>. By ignoring or stifling this advocacy role, governments risk the loss of valuable information, and an opportunity to understand and address issues that are of the greatest importance to our communities. The advocacy role of NFPs should not only be legally and contractually protected but embraced by the government as an opportunity to learn and address need.

## 4. Philanthropy and volunteering

There are a number of challenges facing NFPs attempting to source secure and sustainable funding through philanthropic sources<sup>6</sup>:

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<sup>5</sup> Schulz, M, (2018) CCA: Why advocacy is a must for not-for-profits, Our Community.

<sup>6</sup> 3arc Social (2023) Review of Philanthropy: Trends and Motivations for Giving in Australia.

- Philanthropic funding is generally short-term (or one-off) and does not offer the stability or predictability required to run an NFP or offer their workforce permanency.
- Donation levels can fluctuate dramatically depending on economic factors, and periods of high donation levels do not always align with periods of greatest demand.
- Philanthropic donations are generally motivated by a desire for clear, tangible and timely outcomes, which are not always the best ways to achieve maximum, lasting impact.
- Donations can be heavily influenced by trend and societal challenges that generate the most media attention.
- Philanthropic funding in the form of larger grants from family foundations and trusts generally prioritise organisations/initiatives with the resourcing to complete applications.
- Philanthropic funding in combination with government funding can add an additional level of reporting and data collection against an additional set of outcomes.

#### 4.1 Support NFPs to roll over funds or build up reserves so that they can manage fluctuations in philanthropic funding.

Playgroup Australia suggest that for philanthropic contributions to be a viable funding source, NFPs capacity to roll over funds and build reserves is crucial to allow them to address some of the aforementioned challenges.

#### 4.2 Incentivise volunteering using a variety of methods including tax incentives and affordable education opportunities.

For members of Playgroup Australia, volunteers are the life force of the thousands of playgroups running across the country every year. Our members rely on dedicated volunteers to run their community playgroups, and as directors of their organisation. There is no one factor impacting volunteering levels for our members, different cohorts of potential volunteers are facing different barriers. For parents running community playgroups, time is generally the biggest factor, with more households requiring dual incomes and parents returning to work earlier leaving less time to pursue volunteering<sup>7</sup>. At a time when volunteering levels are low, Playgroup Australia would welcome any reform incentives to support a re-uptake of volunteering. To ensure we attract diversity in our

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<sup>7</sup>Biddle, N., Boyer, C., Gray, M., and Jahromi, M., (2022) VOLUNTEERING IN AUSTRALIA 2022 The Volunteer Perspective.

volunteers, a variety of incentives would need to be considered including things like tax incentives and free or subsidised education opportunities.

## 5. Governance, Regulation, Cross-jurisdictional Challenges

### 5.1 Develop unified national regulatory principles that set a common direction for all Australian NFPs.

Navigating complex and often duplicative systems of compliance and regulation across jurisdictions is yet another source of additional administrative strain for NFPs. Playgroup Australia calls for unified national regulatory principles that set a common direction for all Australian NFPs whilst also allowing for the differences that exist across our states and territories.

### 5.2 Explore opportunities to reduce barriers to board membership.

Members of Playgroup Australia report increasing challenges in recruiting board members. Very few NFPs have capacity to remunerate board members, yet good governance requires directors with a mix of professional skills and connection to the lived experience of the cohorts the NFPs exist to serve<sup>8</sup>. A decreasing pool of potential volunteers makes it increasingly challenging for NFPs to source board members with the relevant skill sets and experience to ensure their organisation's ongoing viability and success. An increased focus on compliance, regulation, and liability has also had a significant impact on the appetite to join boards of community service organisations.

Playgroup Australia recommends that the blueprint for not-for-profit development and any subsequent reform explores opportunities to reduce barriers and incentivise board membership. Different types of incentives may need to be offered in order to attract the diverse skills and experience required. These could include tax concessions or affordable learning opportunities.

## 6. Leadership and Workforce

### 6.1 Connect training organisations and NFPs to codesign educational programs.

Many employers in the NFP sector report an emerging workforce that are unprepared for the realities of their roles, and qualifications that have failed to keep pace with innovation

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<sup>8</sup> Australian Institute of Company Directors (2013) Governance of not-for-profit organisations.



and best practice within the sector<sup>9</sup>. Educational institutions partnering with NFPs to help build and develop educational programs is essential for the creation of employees who possess the skills and expectations required to succeed in the sector.

## 6.2 Resource NFPs to offer orientation, training and support to new employees.

Onboarding and training of new staff presents a challenge for NFPs. Due to a lack of resourcing and capacity, many NFPs have had to choose between delving into their reserves or providing only limited opportunities for induction, mentorship or an initial training period. This does little for the long-term growth and retention of the NFP workforce. Adequately resourcing NFPs to offer orientation, training and support to new employees by embedding this work within their contracts is critical in supporting and building a strong and capable NFP workforce.

## 7. Funding and Contracts

Current funding and contract arrangements create a number of challenges for NFPs. Delays in work-plan and funding approvals, limited notice periods for the commencement, cessation or changes to funding, and the lack of resourcing for the administrative costs of running a NFP have all been highlighted by our members as factors that actively work against their efforts to run efficient, sustainable and responsive organisations. The time, resources and consistency it takes to become a trusted service delivery provider within a community, particularly when working in remote areas and with First Nations Communities, are rarely allowed for within funding arrangements, leaving NFPs to piece together funding to support this activity from other sources<sup>10</sup>.

### 7.1 Adhere to 6 weeks turn around for work-plan/funding approvals; 12 months' notice for the commencement; 18 months' notice for the cessation or adjustment of funding contracts.

Playgroup Australia recommends government funding bodies commit to turn-around times for work-plan and funding approvals to 6 weeks, 12 months' notice for the commencement, and 18 months' notice for cessation or adjustment of a contract. We also support funding practices that acknowledge resources involved in building community relationships and administering an efficient, effective and sustainable NFP.

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<sup>9</sup> Prikshat, Verma & Montague, Alan & Connell, Julia & Burgess, John. (2019). Australian graduates' work readiness – deficiencies, causes and potential solutions. Higher Education, Skills and Work-Based Learning.

<sup>10</sup> ACOSS (2022) ACOSS Community Sector Survey 2022.

### 7.2 Offer minimum contract terms of 5 years.

Introducing contract terms that are sufficient in length to allow trusting relationships with community members and the broader local service system are essential to the success and long term-impact of any program<sup>11</sup>. Playgroup Australia recommends that minimum contract terms of 5 years to allow NFPs to embed, develop trusting relationships and build their reputation within communities.

### 7.3 Allow for extension without tender where the program is proven and continues deliver its intended outcomes.

Opening up proven, effective programs for re-tender at the end of a contracted period is a costly and disruptive process that fails to leverage the existing service delivery organisations relationships within a community. Opportunities to extend and/or roll over programs with proven outcomes that are continuing to meet an identified community need will minimise disruptions in service delivery.

### 7.4 Prioritize demonstrated quality and excellence in funding applications over mere cost-effectiveness.

Grant funding that prioritises quality outcomes over the lowest bid incentivises collaboration, partnerships, thorough research, and opportunities for innovation. Playgroup Australia recommends such an approach be embedded deeply within the proposed blueprint for the not-for-profit sector.

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We thank the Department of Social Services and the Blueprint Expert Reference Group for this opportunity to contribute to the Not-for-profit sector development blueprint. For clarification or questions regarding any of the content of our submission, we can be contacted via [ceo@playgroupaustralia.org.au](mailto:ceo@playgroupaustralia.org.au)

Yours Sincerely,

Felicity Dunn

Chair

Playgroup Australia

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<sup>11</sup> NCOSS (2022) The High Cost Of Doing Business – Administrative and Management Overload In Smaller NGOs.