

NFP SUCCESS

STRATEGY,
GOVERNANCE
AND HR
FUTURES
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Strategy, Governance and HR Futures 2027

A practical outlook for Australian not-for-profit (NFP) organisations

The next 12 to 18 months will require more NFP Boards and leaders than simply keeping pace with regulatory change. Workforce cost, funding pressure, Award reform, digital risk, organisational design and implementation capability are increasingly connected. Decisions made in one area now have consequences across the whole service.

This report translates current regulatory developments, sector data and recurring themes from NFP Success consulting work into a practical forward view. It is designed to help Boards, Management Committees, Senior Employees and HR Professionals identify what is changing, where the risks and opportunities intersect, and what should be on the organisational agenda for 2026-2027.

The central proposition

The strongest organisations will not treat strategy, governance and HR as separate workstreams. They will connect purpose and priorities to governance settings, workforce capacity, financial assumptions, systems and implementation discipline.

What this report is based on

NFP Success has supported thousands of NFP organisations across Australia. Earlier NFP Success sector reports combined survey findings with consulting observations. This edition continues that practical orientation, while placing greater weight on current official regulatory and sector data, anonymised recurring patterns from consulting work, and NFP Practice Scans.

Recent Practice Scan's reviewed national and international research and practice across strategic planning, theory of change, NFP management and social return on investment. Its strongest message is consistent with this report: purpose, governance, operations, workforce and impact evidence increasingly need to function as one management system. This is an outlook for future focused NFPs.

2026-2027 OUTLOOK

The year ahead at a glance

Five connected shifts are likely to shape decisions across the sector.

STRATEGY	GOVERNANCE	HR AND WORKFORCE
Cost growth and funding changes are forcing sharper choices about service mix, workforce capacity and implementation. A strategic plan that is disconnected from the operating model is increasingly insufficient.	Governing documents, partner oversight, cyber risk, privacy, AI and evidence of assurance are moving into ordinary Board business. Governance needs to show how control works in practice, not only that policies exist.	Award changes, payroll scrutiny, psychosocial risk and role design are converging. Workforce compliance and workforce design need to be treated as part of the same control environment.

A shift from planning to organisational readiness

The question for 2027 is less “What is our plan?” and more “Can our governance, structure, workforce, systems and resources actually deliver it?”

Key dates already on the horizon

1 Nov 2026	Current consultation closes for the 2027-2028 NDIS annual pricing review.
1 Dec 2026	SCHADS home care employees performing disability care receive an initial minimum rate increase of up to 15 per cent.
10 Dec 2026	New automated decision making transparency obligations commence for relevant APP entities.
31 Jan 2027	Extended due date for the 2026 Annual Information Statement for ACNC registered not for profit organisations on a standard July to June reporting year.
1 Oct 2027	Most of the broader SCHADS classification reform commences.



FUTURE 1

Strategy: from plans to operating choices

The strongest strategic plans will make explicit choices about capacity, cost, structure and implementation.

Australian charities are operating at scale, but the latest sector data also points to tightening capacity. The Australian Charities Report, published in 2026 using 2024 reporting data, recorded sector revenue of \$239 billion and expenses of \$231 billion. Employee expenses rose 9.8 per cent to \$128.4 billion. Growth in revenue or activity does not automatically create additional organisational capacity.

This matters because many strategic plans still assume that new priorities can be delivered by the current structure, workforce and systems. In 2026-2027, that assumption deserves testing.

1. Strategy and organisational design are becoming one conversation

Across NFP Success assignments, strategic planning and organisational review work is increasingly converging. Common issues include roles that have accumulated responsibilities, position descriptions that no longer reflect the work, structures built around individuals rather than priorities, key person dependency and remuneration settings that have not kept pace with role complexity.

What stronger practice looks like

Clarify purpose, intended outcomes and strategic direction, test the operating model, confirm structure, design roles, validate classification and remuneration, then build the implementation, measurement and governance mechanisms required to make the change stick.

2. Shorter plans need stronger implementation

NFP Success survey work in 2022-2023 identified movement towards shorter strategic planning horizons (1,2,3) and more frequent reference to strategic plans. The underlying principle remains relevant: shorter plans can be more responsive, but only when they are supported by disciplined implementation, review and decision making.

Boards and executives are increasingly looking for concise plans with a small number of priorities, clear ownership, timing, useful measures and review points. The Plan on a Page is not the whole strategy. Its value depends on the implementation architecture behind it.

3. Strategy is moving from priorities to impact systems

ISO/UNDP 53001:2026, launched in September 2026, is a useful signal of where strategic practice is heading. The new management system standard connects organisational purpose, strategy, operations and decision making with stakeholder engagement, impact assessment, measurable objectives and continual improvement. For NFPs, the relevance is broader than formal alignment to the Sustainable Development Goals. Strategy increasingly needs a management system behind it, not simply a document in front of it.

Emerging research also highlighted emerging evaluation practice that combines realist evaluation, behavioural science and systems thinking. The practical question is not only whether a program worked, but for whom, in what context, through what mechanism, and whether the conditions for scaling are present. This makes theory of change more useful by exposing assumptions, context and feedback loops rather than relying on a simple linear chain from activities to outcomes.

4. Funding changes require scenarios, not passive monitoring

Funding and pricing changes can quickly become workforce and service model issues. For disability providers, changes to selected NDIS support budgets from October 2026 and the 2027-2028 pricing review illustrate the need to model service mix, utilisation, client demand, productivity, pricing assumptions and cash flow before a program becomes unsustainable.

The same discipline applies beyond disability services. Strategic plans should identify the assumptions on which key services depend and establish trigger points for reconsidering those assumptions.

5. Succession remains a strategic capability issue

Earlier NFP Success research identified senior leader stability and succession as a material concern, including a pronounced gap between operational management capability and the increasingly outward facing demands of CEO roles. That remains a useful strategic lens. Succession is not simply identifying the next person. It is building capability, relationships, governance confidence and organisational knowledge before a transition is forced.

Board and executive questions for 2027

What outcomes are we trying to create, and what evidence will tell us whether strategy is working? Which priorities depend on additional workforce or management capacity? Which services are most sensitive to funding or cost changes? Where are key person dependencies? Does the implementation schedule identify owners, resources, timing and meaningful measures?

FUTURE 2

Governance: assurance is becoming more practical

Boards are being asked to understand whether governing arrangements, partnerships and digital controls work in practice.

1. Governing documents are back on the active agenda

The ACNC has identified governing documents as a regulatory focus for 2026-2027. Constitutions, rules and trust deeds should not be treated as static legal artefacts. They need to remain consistent with an organisation's current purpose, activities, membership arrangements, delegations and decision making practice.

A governing document review is particularly relevant after material changes to services, geography, group structure, funding model or the way decisions are actually made.

2. Partner governance is operating model governance

The ACNC has also placed working effectively with partners within its regulatory focus. For NFPs, this reaches beyond contracts. Federations, auspicing, subsidiaries, service alliances, outsourced delivery and national partnerships all require clarity about authority, responsibilities, information flows, brand use, financial controls, performance expectations, escalation and exit.

The governance test

A memorandum or contract is not enough where the practical decision rights are unclear. Boards should be able to see who can decide, approve, commit, represent, price, recruit and hold risk.

3. Structural collaboration requires whole organisation due diligence

Recent international NFP merger practice reinforces that mission alignment is necessary but not sufficient. Leadership transition, Board alignment, financial position, workforce integration, organisational culture, systems and the practical case for change can determine whether a merger or deeper structural collaboration succeeds. For Boards considering merger, subsidiary arrangements or major alliances, due diligence should test organisational compatibility as well as strategic fit.

4. Cyber, privacy and AI are ordinary governance disciplines

Cyber risk is increasingly a Board assurance issue rather than an IT issue. The OAIC reported 1,205 notifiable data breach notifications in 2025, an 8 per cent increase on 2024. From 10 December 2026, relevant APP entities using personal information in certain automated decisions will also face additional privacy policy transparency requirements.

This has practical implications for AI enabled recruitment, screening, client intake, rostering, case prioritisation and other tools that may materially affect people. Organisations need to know what data is being used, where it is going, who is accountable for decisions and where human review sits.

5. Reporting should be an assurance process, not an administrative event

The annual reporting cycle provides a useful governance quality check. Program, workforce and financial information submitted externally should be consistent with what the Board already sees internally. If the Annual Information Statement reveals material organisational information to Responsible Persons for the first time, the reporting system itself warrants attention.

Board questions for 2027

Do our governing documents match how we operate? Are partner decision rights explicit? Where structural collaboration is being considered, have leadership, Board, financial, workforce and cultural compatibility been tested? Can the Board see evidence behind compliance assurances? Who owns cyber and AI risk? Are privacy and data handling controls keeping pace with technology adoption?

FUTURE 3

HR and workforce: compliance meets work design

Award reform, payroll controls, workforce cost and psychosocial safety are converging into one organisational issue.

1. Payroll control is becoming a governance concern

Recent Fair Work enforcement activity reinforces that underpayments often arise from the interaction of classification, contracts, rostering and payroll configuration rather than from a single incorrect pay rate. In one September 2026 enforceable undertaking involving an ACNC registered NFP organisation more than \$1.39 million was repaid after individual flexibility arrangements (IFA's) failed the better off overall test and payroll settings missed shift penalties.

From our own experiences, poor pay point progression practices, constantly changing part-time employees' hours, leave and TOIL bank build-ups, lack of wage determination practices on creation or recruitment of a role, and poorly designed and non-aligned "salary" systems lead to misunderstandings and error.

The practical lesson is to treat Award coverage, classification, payroll rules, IFA's and reconciliation as one environment. As most NFP organisations do not employ their own HR Professional, it is recommended that your HR provider should do more than just respond to enquiries, they should also be regularly appointed to review your pay practices against relevant Award and other obligations.

2. Wage movements need to flow through the whole workforce model

Modern award minimum wages increased by 4.75 per cent from the first full pay period on or after 1 July 2026. For NFP organisations, the impact extends beyond base rates. Allowances, salary packaging assumptions, grant budgets, above Award agreements and the adequacy of IFA's and other annualised arrangements may all require review.

3. SCHADS requires staged preparation through to October 2027

For SCHADS employers, 2026-2027 is a transition period rather than a single annual update. Sleepover changes commenced in June 2026, Award wages increased in July, the vehicle allowance changed temporarily from September, a defined disability care cohort receives an initial minimum rate increase from December, and most of the broader classification reform commences in October 2027.

Timing	What organisations should do
Now	Confirm current coverage, classification and pay point. Re-test overtime, minimum engagements, broken shifts, sleepovers, penalties, allowances and travel where relevant.
Dec 2026	Identify home care employees who actually perform disability care work and model the minimum rate movement, salary margins and service pricing implications.
During 2027	Retain role evidence including position descriptions, duties, qualifications, experience and progression records so roles can be translated to the new classification structure.
Oct 2027	Implement the new integrated classification structure and associated minimum rates for affected roles.

4. Psychosocial risk is also an organisational design issue

Safe Work Australia's 2026 Australian Worker Exposure Survey found 37.3 per cent of workers experienced tight deadlines or pressure often or all of the time, 33.9 per cent experienced emotionally demanding work and 21.8 per cent disagreed that they had a say in changes at work. For NFPs, poor job design, high part time employment, limited use of casual employees to cover work peaks, preferences of TOIL arrangements rather than paying additional, high workload for contracted hours of work, role drift, low job control and poor change communication should not be treated only as engagement or wellbeing matters. They can be work design risks requiring organisational controls.

5. Productivity needs to include quality and outcomes

Australia is experiencing a shift in how productivity is being discussed in care and social services. The Centre for Policy Development argues that output measures alone can miss service quality and outcomes. For NFP workforce planning, this matters: efficiency should not be reduced to activity volumes or headcount. Workforce productivity should consider whether services remain safe, sustainable and capable of producing the outcomes the organisation exists to achieve.

FUTURE 4

The convergence: one operating model, three lenses

Many of the most consequential NFP issues now sit across strategy, governance and HR at the same time.

A funding change can alter the service model, which changes workforce requirements, creates classification and remuneration implications may require new governance oversight. A strategic partnership can change decision rights, data handling, brand risk and workforce accountability. An AI tool can create productivity gains while simultaneously creating privacy, information security and decision accountability issues.

Treating these as separate projects can leave the organisation compliant in parts but weak as a whole. A more useful approach is to test major changes through three lenses at the same time.

STRATEGY	GOVERNANCE	HR AND WORKFORCE
What outcomes are we trying to create? What assumptions underpin the priority? What capacity and resources are required? What happens if funding, demand, cost or context changes? What evidence will tell us whether we are making a difference?	Who decides and who is accountable? What assurance does the Board receive? What information, partner, privacy, cyber or reputational risks need control?	What work is required and by whom? Are roles, classifications, rosters, remuneration and payroll settings correct? Is the work designed safely and sustainably?

The 2027 operating model test

If the organisation's priorities materially change, test whether intended outcomes, governance, structure, roles, systems, workforce cost, evidence and implementation capacity also need to change. Strategy without this translation is aspiration rather than an operating plan.

Signals that a broader review may be warranted

- The Board receives compliance reports but cannot see the control evidence behind them.
- Multiple roles have changed without updated position descriptions, classification or remuneration review.
- Payroll relies on manual workarounds, local knowledge or unchecked exceptions.
- Partnerships or federated arrangements rely on goodwill because decision rights are unclear.
- The strategic plan contains new priorities without matching resource, structure or implementation decisions.
- Psychosocial risk responses focus on EAP without examining workload, role clarity and job control.
- Technology or AI tools were adopted before privacy, records, human review and data handling expectations were settled.

FUTURE 5

Impact and evidence: from outputs to outcomes

Boards, funders and communities increasingly expect organisations to explain not only what they delivered, but what changed, for whom and how confidently they know.

NFP sector research has found a clear convergence in impact practice. ISO/UNDP 53001 places measurable impact and continual improvement inside the management system. Australian research is questioning narrow output based productivity measures in care services. Contemporary evaluation practice is also strengthening theory of change by paying closer attention to context, mechanisms and systems.

1. Separate operational performance, service quality and community outcomes

These measures are related but they are not interchangeable. Operational measures show whether work is being delivered efficiently. Quality measures show how well it is being delivered. Outcome measures show what changes for people, communities or systems. A useful strategic scorecard should be clear which question each measure is answering.

2. Theory of change needs to expose assumptions

Stronger theories of change identify context, mechanisms, assumptions, feedback loops and the conditions needed for an intervention to work or scale. This makes theory of change more useful for strategy, service design and commissioning rather than treating it as a diagram produced mainly for funding or evaluation purposes.

3. SROI should follow impact readiness

Social Return on Investment is aspirational from many NFPs. However, if attainable it is valuable, particularly when people affected are involved, outcomes are evidenced and assumptions about attribution, what would have happened anyway, valuation and materiality are transparent. It should not be the starting point for every organisation. A stronger sequence is to clarify outcomes and theory of change, establish usable data, test contribution and attribution, and then consider monetisation where it will improve decisions.

Australian commissioning debate is also moving toward stronger use of outcomes and community needs in service planning and funding. For NFPs, this increases the value of evidence that supports management and funding decisions, not only compliance reporting.

The impact readiness test

Can we state the outcomes that matter? Do we involve the people affected? Can we distinguish our contribution from what would have happened anyway? Are our data credible enough to support decisions? If not, build impact measurement maturity before producing SROI figures.

ACTION AGENDA

Ten priorities for Boards and Leaders

A practical checklist for moving from awareness to readiness.

1. Reconnect strategy to impact and capacity

Test each strategic priority against intended outcomes, workforce, management capacity, systems, cash flow and implementation resources.

2. Review governing documents

Check whether the constitution, rules or trust deed still reflect current purpose, activities, membership, delegations and decision making.

3. Map partner decision rights

Clarify authority, accountability, information flows, brand use, financial controls, escalation and exit arrangements. For structural collaboration, also test leadership, Board, workforce, cultural and financial compatibility.

4. Strengthen payroll assurance

Treat Award coverage, classification, rostering, payroll configuration, individual arrangements and reconciliation as one control environment.

5. Prepare early for SCHADS 2027

Retain role evidence and begin mapping affected roles before the new classification structure commences.

6. Revisit workforce design

Update position descriptions and structures where responsibilities have drifted or priorities have changed.

7. Address psychosocial risk through work design

Examine workload, role clarity, change management and job control alongside wellbeing supports.

8. Put AI inside governance

Map current use, personal information flows, decision accountability, human review, privacy and information security.

9. Build succession capability

Identify critical roles and develop capability and relationships before an exit or retirement creates urgency.

10. Make outcomes and implementation visible

Use owners, timing, resources, milestones and a balanced set of operational, quality and outcome measures so Boards and leaders can see whether strategy is moving and whether it is making a difference.

A useful Board conversation

Which three of these priorities would create the greatest organisational risk if left unresolved for the next 12 months? Those are likely to be the right starting point.

Sources and reference points

Regulatory and statistical statements in this report are grounded in official Australian sources. Practice observations are anonymised syntheses of recurring themes in NFP Success consulting work. Earlier NFP Success survey findings are used as historical reference points rather than presented as current sector statistics. The forward looking practice findings also draw on NFP Practice Scans.

- ACNC: 2026-2027 Regulatory Focus, including governing documents and working with partners.
- ACNC: 2026 Annual Information Statement and due dates.
- ACNC: Australian Charities Report, 12th Edition.
- OAIC: Automated decision making transparency obligations and 2025 notifiable data breach statistics.
- Fair Work Commission and Fair Work Ombudsman: Annual Wage Review 2026 and minimum wage changes.
- Australian Taxation Office: Payday Super guidance.
- Fair Work Ombudsman: Changes to the SCHADS Award, SCHADS sleepovers, vehicle allowance and Health Services Award.
- Fair Work Commission: Gender based undervaluation priority awards review, SCHADS final decision and determination, September 2026.
- Safe Work Australia: 2026 Australian Worker Exposure Survey and workplace exposure limits.
- NDIS: Support budget changes from October 2026 and pricing updates / annual pricing review.
- NFP Success: Strategy in the Not-for-Profit and Charity Sector: Trends, Challenges, and Insights Report 2022-2023.
- NFP Success: October 2026 NFP Practice Scan, research period 11 September to 11 October 2026.
- ISO and UNDP: ISO/UNDP 53001:2026, Management systems for United Nations Sustainable Development Goals (SDGs) - Requirements, published 28 September 2026.
- Centre for Policy Development: Outcomes Over Outputs: Aligning the measurement of care sector productivity with quality and outcomes, 22 September 2026.
- Centre for Policy Development: Doing What Works: Social services commissioning that delivers for communities, 8 September 2026.
- Gandy, K.: What Works, Why, and Where: Integrating Realist Evaluation, Behavioural Science, and Systems Thinking, Evaluation Journal of Australasia, first published online 8 September 2026.
- Stanford Social Innovation Review: Nonprofit Mergers Need More Than Mission Alignment, 17 September 2026.
- Social Value International: Standards for Applying the Principles of Social Value and supporting SROI guidance, 2026.

Regulatory requirements can change. Organisations should confirm the current instrument, regulator guidance and jurisdictional requirements before acting on client or employee specific matters.