

June 2026



Not for Profit
Advisory &
Salary Packaging

Purpose under pressure.

Financial wellbeing and the
power of salary packaging
in the non-profit sector.

Research Partner: **Nature:**

Major Partner: **Beyond Bank**
AUSTRALIA

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A message from the CEO



At its core, this work is about sustainability. Not just financial sustainability for organisations, but human sustainability for the workforce that powers the sector.

Australia's not-for-profit sector has always been driven by purpose. Every day, organisations and their people step forward to support communities, respond to growing need, and deliver critical services that underpin social wellbeing. Yet behind that purpose lies an increasingly complex reality, one defined by rising cost-of-living pressures, constrained funding, and intensifying demand for services. It is in this context that we commissioned this research.

We undertook this work to better understand the lived experience of the people at the heart of the sector, as well as the operating environment faced by the organisations that employ them. What we found is both inspiring and deeply sobering. Non-profit employees remain highly engaged and motivated by purpose, but they are also under sustained financial pressure, with more than half worrying about their finances and experiencing increased stress compared to a year ago.

At the same time, organisations are navigating their own challenges. Rising operational costs, uncertainty around funding, and increasing demand for services are placing real constraints on how far employers can move on wages and benefits. This creates a fundamental tension: the sector relies on engaged and committed people, yet often lacks the financial freedom to reward them in line with the pressures they face.

This is precisely why the work we do is important.

Our research highlights that salary packaging is one of the most powerful levers available to the sector today. It provides a practical, immediate way to improve financial wellbeing by increasing take-home pay without requiring additional funding. For many employees, it is not simply a benefit; it is a critical support mechanism that helps them manage everyday expenses, reduce financial stress, and remain in the sector.

However, the findings also show that customers are not always realising the full potential of this benefit. Awareness gaps, underutilisation, and policy settings that have not kept pace with economic conditions are limiting its impact. At a time when every dollar matters, the sector cannot afford for one of its most effective benefits to be underleveraged

More broadly, this research reinforces that financial wellbeing and workforce sustainability in the non-profit sector cannot be addressed through a single lens. While salary packaging plays a critical role, it must be complemented by strong organisational cultures, supportive leadership, clear career pathways, and policy settings that reflect the realities of today's economy. This report is therefore more than a snapshot of current conditions; it is a call to action.

For employers and salary packaging providers, it underscores the importance of strengthening communication and education on salary packaging while continuing to

invest in the employee experience. For policymakers, it signals the sector's clear desire to review existing settings, including salary packaging caps, so they remain meaningful in an environment of rising costs. And for the sector as a whole, it highlights the importance of balancing purpose with practicality, ensuring that those who give so much to our communities are themselves supported to thrive.

At its core, this work is about sustainability. Not just financial sustainability for organisations, but human sustainability for the workforce that powers the sector. If we are to continue delivering essential services to the communities that depend on us, we must ensure that our people are financially secure, valued, and equipped to remain in the sector for the long term.

That is why this work matters, and why the actions that follow are so important.

Shane Farley
Chief Executive Officer

Executive summary

Community Business Bureau (CBB) engaged Nature to explore how non-profit employees are faring financially, what keeps them in the sector, and how salary packaging is contributing to financial wellbeing, talent attraction, and retention. The findings are based on an online survey of just over 1,200 non-profit employees and employers across Australia, and fieldwork was conducted in March 2026.

The research shows that financial pressure is a constant for many non-profit employees. Most rate their financial wellbeing as fair or good, but over half frequently worry about money and feel more stressed than they did 12 months ago. Unexpected expenses, medical bills, household bills, and rent or mortgage payments create the most strain, as well as groceries, transport, and entertainment costs.

Employees in the non-profit sector are strongly motivated by purpose and values, and overall workplace engagement, productivity, and satisfaction are high. However, newer staff place more emphasis on salary, salary packaging, and career growth than long-tenured employees who prioritise purpose. Where dissatisfaction exists, it is largely driven by a lack of support and recognition from management, negative or unsupportive culture, heavy workloads, and limited career progression, and these employees are much more likely to consider leaving the sector.

Salary packaging exists as a powerful benefit in this context, as it allows employees to increase their take-home pay, and it is widely used and highly valued. Most users say salary packaging has improved their financial wellbeing, helped them manage everyday expenses, and, for many, enabled them to save more money or reduce debt. Nearly two in three employees say salary packaging encourages them to remain in the non-profit sector, and half say it is a key reason they continue working in the sector.

At the same time, awareness and utilisation gaps mean salary packaging is not working as hard as it could. Although many employees say they fully maximise their benefits, a sizeable group only use some options or are unsure about what is available. Newer employees, who are often more financially stretched, are less familiar with salary packaging. Employers see the same pattern, highlighting employee misconceptions, limited awareness, and difficulty explaining the benefits as their main challenges to increased engagement with salary packaging.

On the employer side, financial health is mixed with a more cautious outlook. Most organisations describe their financial position as moderate, with some stability but limited flexibility. A smaller group feel their organisation's financial health is very or fairly strong, while just under one in five are under pressure or struggling. Over the last year, most say their position has remained stable, but nearly two in five expect the financial health of their organisation to worsen in the next 12 months.

Increased operational costs, funding uncertainty, inflation, and rising demand for services without increased funding are key pressures, and these realities constrain how far organisations feel able to move on wages and new benefits, even when they recognise the pressure staff are under.

Within these constraints, employers see salary packaging as one of the few levers they have to make roles more attractive. Three in four say salary packaging is a very or extremely valuable part of their compensation strategy, and nearly all agree it improves employee financial wellbeing and strengthens their employee value proposition.

Almost all employers also believe current salary packaging allowances need to be reviewed, and most say caps should be increased, noting that caps have not changed for many years while the cost of living has risen.

Taken together, these findings point to a clear set of opportunities for the sector. There is a need to maximise salary packaging as a core part of the non-profit employment offer, including advocating for a review of caps so allowances keep pace with economic conditions and remain meaningful.

The research shows that financial pressure is a constant for many non-profit employees.

In summary

1. Organisations need to address the non-financial drivers of employee dissatisfaction by investing in supportive leadership, recognition of employee achievements, manageable workloads, and clear pathways for growth.
2. Communication, onboarding, and education about salary packaging should be strengthened so employees understand and can fully utilise the benefits available to them.
3. Funders and policymakers have an important role in supporting organisational financial resilience and enabling policy settings, and in doing so the sector will be better placed to sustain a committed, financially secure workforce that can continue delivering essential services in a challenging economic climate.

Introduction

Market context: Economic and sector landscape

Australia's non-profit sector is operating in a period of sustained pressure and uneven economic conditions. GDP growth has been forecast at 1.8% to 2.2% throughout 2025 and 2026, and the Reserve Bank of Australia (RBA) has increased the cash rate in both February and March 2026, currently sitting at 4.10%, due to a tightened labour market, increased inflation, and global conflicts. Real wages are forecast to see only modest growth, and interest rates are predicted to remain uncertain for the remaining year.

For households and individuals, this translates to:

- Elevated cost of living pressures, particularly for housing, utilities, and everyday essentials;
- Ongoing interest rate uncertainty, affecting mortgages and other credit; and
- Limited capacity for substantial real wage growth, especially in sectors with constrained funding.



For non-profit organisations, the current economic landscape leads to:

- Higher operating costs, including wages and service delivery;
- Funding uncertainty, with a lack of clarity about grant and contract renewals; and
- Increased demand for services, with people seeking support to a greater extent due to cost of living pressures, and often no matching increase in funding.

The labour market remains competitive, and non-profits are competing with private sector and government roles that can often offer higher salaries and bonuses.

Role of salary packaging and novated leasing in PBIs

There are over 57,000 registered charities in Australia, of which approximately 14,500 qualify as Public Benevolent Institutions (PBIs). PBIs are organisations that deliver essential community services including aged care, disability support, health, housing, and social welfare.

Current government policy allows PBIs to salary package up to \$15,900 for living expenses, plus \$2,650 for meals and accommodation, and these concessions effectively boost take-home pay and help offset modest wage growth and inflation. Industry reports suggest that 70% to 80% of eligible employees are actively using salary packaging benefits.

Novated leasing is another benefit that some non-profit employees are utilising, particularly with electric vehicles. Adoption of novated leasing benefits among non-profit employees is low but growing, as these benefits provide additional savings to non-profit employees through pre-tax deductions and Fringe Benefits Tax (FBT) exemptions for electric vehicles.

Whilst salary packaging and novated leasing are central to the non-profit employee value proposition, salary packaging caps have not increased in 25 years. As prices continue to rise and non-profit wages lag behind other sectors, the value of these benefits is eroding. This creates a growing tension as salary packaging remains a critical strategy for employee financial wellbeing, attraction, and retention, yet static caps and rising cost of living pressures risk reducing the relative impact of these benefits over time.



Whilst salary packaging and novated leasing are central to the non-profit employee value proposition, salary packaging caps have not increased in 25 years.



Research purpose

Against this backdrop, CBB wanted to better understand how these conditions are playing out for the people and organisations at the heart of the sector.

Research was commissioned to understand three key questions:

1.

How do non-profit employees rate their personal financial wellbeing, and what pressures are they facing in the current environment?

2.

What keeps people working in the non-profit sector, and what are the key drivers of talent attraction, retention and exit?

3.

How is salary packaging currently understood, used, and valued, and what changes could increase its impact on employee financial wellbeing, attraction, and retention?

Methodology

Research approach and sample

CBB engaged Nature to conduct quantitative research in March 2026, with support from CBB's major partner, Beyond Bank Australia.

Nature is a strategic advisory firm that works across sectors including financial services, government, and not-for-profits to inform better decisions with robust evidence. Nature has been B Corp certified since 2022, reflecting its commitment to using research and consulting to create positive social and economic outcomes.

Nature designed and fielded an online survey in collaboration with CBB which was completed by 1,238 non-profit employees and employers in total across Australia, sourced by CBB. Survey invitations were sent from CBB, and respondents were incentivised to participate with the chance to win one of ten gift cards. The survey was in field from 2 March to 31 March 2026.

1,167 non-profit employees were surveyed, with a mix of employees working in aged care, community services, disability and other sectors. Employment tenure ranged among employees, with over half (55%) of employees having five or more years tenure in the sector.

71 non-profit employers were surveyed, predominantly from community or social service organisations, or disability, health, or other sectors.

Interpretation and limitations

The sample of employees and employers was sourced through CBB's network, so findings are indicative of organisations and employees connected to CBB, rather than a statistically representative sample of the entire Australian non-profit sector.

As with all online self-reported surveys, responses reflect the perceptions and recollections of respondents and may be subject to recall and social desirability bias.

For example, some respondents may not accurately recall how often salary packaging benefits have been used, or may under or overstate their current level of financial wellbeing.

This research was conducted in accordance with ISO 20252: 2019 and ISO 27001:2013.



71 non-profit employers were surveyed, predominantly from community or social service organisations, or disability, health, or other sectors.

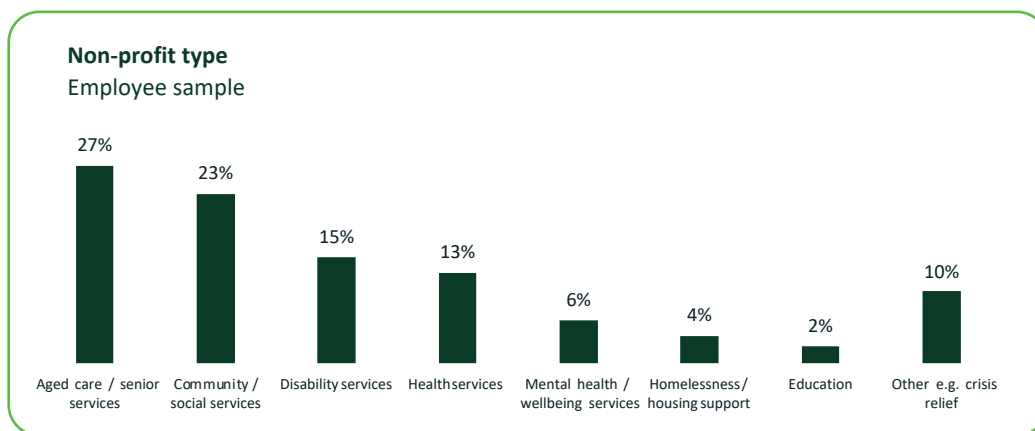


Chart 1: Which of the following best describes the organisation where you currently work?
Base: Non-profit employees (n=1,167)

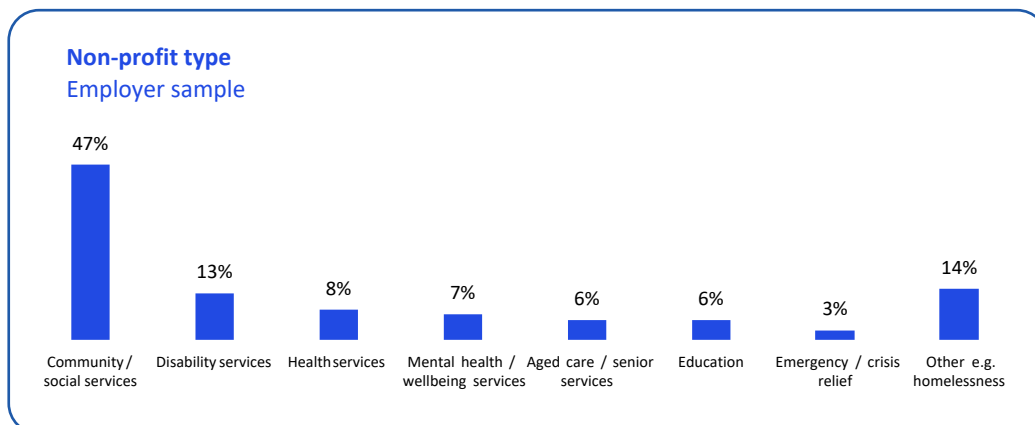


Chart 2: Which of the following best describes the organisation where you currently work?
Base: Non-profit employers (n=71)

Employee and employer sentiment

Non-profit employees are feeling significant financial pressures. Over 4 in 5 (81%) indicate high levels of concern about the cost of living and housing affordability in Australia, and women are even more concerned (84% for both) than men (73% & 72%) about these two elements.

Employers exhibit similar sentiment, with 3 in 4 (72%) indicating high levels of concern about cost of living, although their top concern is funding and support for non-profit organisations, with over 3 in 4 (76%) indicating this compared with 1 in 2 (54%) non-profit employees.

Beyond cost of living concerns, employees and employers share concern about the broader social context in which they operate. 2 in 3 employees (67%) and 3 in 5 employers (61%) express high concern about the Australian healthcare system, and similar proportions are worried about social inequality and community wellbeing (58% among employees and 68% among employers), reflecting the current environment where community need for services continues to rise.

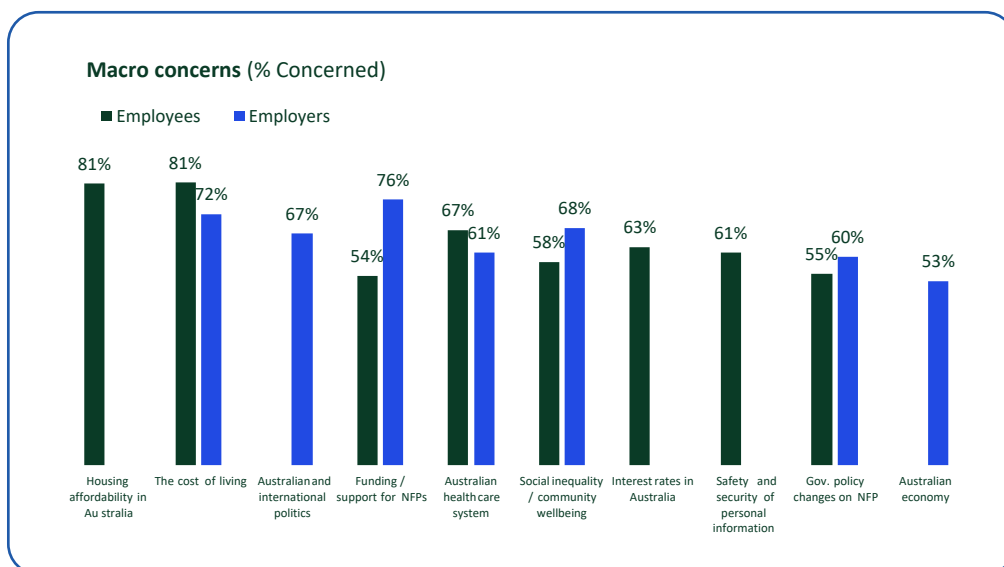


Chart 3: How concerned are you about the following? % Selected 4-5 out of 5 (very concerned or extremely concerned)
 Base: Non-profit employees (n=1,167) Non-profit employers (n=71)
 Note: Some question options were shown only to non-profit employees or employers where chart shows no data.

Employee financial wellbeing

Self-rated financial wellbeing

Financial wellbeing refers to the overall financial health of an individual, including their level of stress about personal finances, how manageable it feels to manage personal debt such as credit cards and personal loans, and their ability to meet financial goals and handle unexpected expenses.

On balance, non-profit employees are more likely to rate their own financial wellbeing positively rather than negatively. While few employees indicate their financial wellbeing to be 'Excellent' (6%), most rate it as 'Good' (35%) or 'Fair' (45%), suggesting they feel they are at least reasonably on track financially. Only 1 in 10 (14%) feel they are in a distinctly negative position, rating themselves as 'Poor' or 'Very poor'.

There are some demographic differences worth noting. Men are twice as likely to rate their financial wellbeing as 'Excellent' (10%) compared to women (5%), and employees aged 35 to 44 appear to be under the most pressure. Less than 1 in 3 (32%) of this cohort say their financial wellbeing is 'Good' or 'Excellent', and 1 in 5 (20%) rate it as 'Poor' or 'Very poor'. This aligns with their life stage, typically characterised by peak household costs such as mortgage expenses and raising children.

In contrast, employees aged 55 and above are more likely to feel financially well, with nearly half (47%) rating their financial wellbeing as 'Good' or 'Excellent'.

Financial worries and stressful expenses

Financial concerns weigh on the minds of non-profit employees, with over half (53%) indicating that they frequently worry about their financial situation, and half (51%) indicating that they are more stressed about their finances now than they were 12 months ago.

Self-scored financial wellbeing

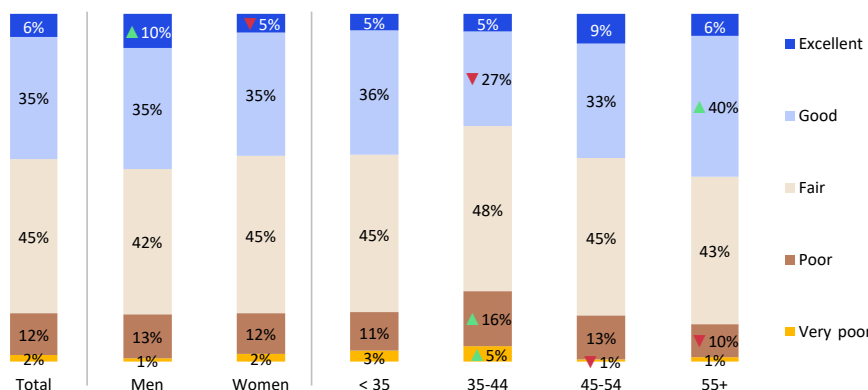


Chart 4: How would you currently rate your overall level of financial wellbeing?

Base: Non-profit employees (n=1,167)

▲▼ Indicates statistical significance compared with other segments at a 95% confidence rate

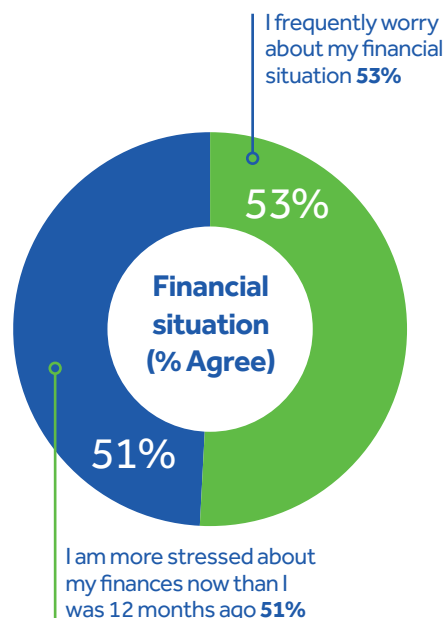


Table 1: To what extent do you agree or disagree with the following? % Selected 4-5 out of 5 (somewhat agree or strongly agree) Base: Non-profit employees (n=1,167)

Unplanned expenses, such as a broken washing machine, medical bills, and household bills are the types of expenses non-profit employees are finding most stressful to manage.

Women are significantly more likely than men to find various expenses stressful, particularly unexpected expenses and household expenses, along with healthcare bills, groceries, transport costs, and entertainment expenses.

Employees aged 55+ are less stressed about a range of expenses when compared with employees under 44, particularly those aged 35 to 44 who are especially stressed about household bills, rent / mortgage payments, groceries, entertainment, and childcare costs.

Employees aged 55+ are less stressed about a range of expenses



	Total	Men	Women	< 35	35-44	45-54	55+
Unexpected expenses	49%	▼ 40%	▲ 52%	56%	53%	50%	▼ 44%
Healthcare and medical bills	47%	▼ 35%	▲ 51%	48%	46%	49%	46%
Household bills	46%	▼ 40%	▲ 48%	48%	▲ 55%	44%	▼ 43%
Rent / mortgage payments	42%	41%	43%	▲ 59%	▲ 55%	46%	▼ 30%
Groceries	36%	▼ 30%	▲ 39%	37%	▲ 45%	35%	▼ 32%
Transport costs	33%	▼ 27%	▲ 35%	▲ 41%	36%	31%	31%
Leisure and entertainment	25%	▼ 17%	▲ 27%	29%	▲ 33%	25%	▼ 20%
Personal debt repayments	25%	24%	25%	27%	28%	25%	22%
Family / childcare expenses	17%	14%	17%	22%	▲ 32%	▲ 20%	▼ 5%
None of the above	15%	▲ 20%	▼ 14%	▼ 8%	12%	14%	▲ 20%

Table 2: What types of expenses, if any, do you find stressful to manage?

Base: Non-profit employees (n=1,167)

Note: Multiple responses allowed therefore responses add up to over 100%

▲▼ Indicates statistical significance compared with other segments at a 95% confidence rate

These insights highlight that non-profit employees are not just concerned broadly about the cost of living and their personal financial situation, rather they are actively struggling to stay on top of everyday costs, bills, and expenses for themselves and their households.

Improving financial wellbeing

To improve financial wellbeing, it is not surprising that over 2 in 3 (68%) non-profit employees indicate that earning a higher salary would help the most, and this is true regardless of their current income.

When looking at how take-home pay can effectively be 'boosted' within existing funding constraints, salary packaging stands out. In practice, salary packaging operates like a pay rise, increasing employees' take-home pay by reducing tax paid on eligible expenses.

Despite this, 1 in 2 (50%) employees indicate that better salary packaging options would improve their financial wellbeing, likely referring to salary packaging limits and caps that have not changed in a number of years, a topic explored in more detail in the report section titled, 'Increasing the impact of salary packaging'.

Employees also indicate that broader employee benefits such as health insurance (39%) and discounts on everyday spending (34%) would improve their financial wellbeing, suggesting a strong appetite for optimised and expanded salary packaging as well as other benefits, not just increasing the base salary.

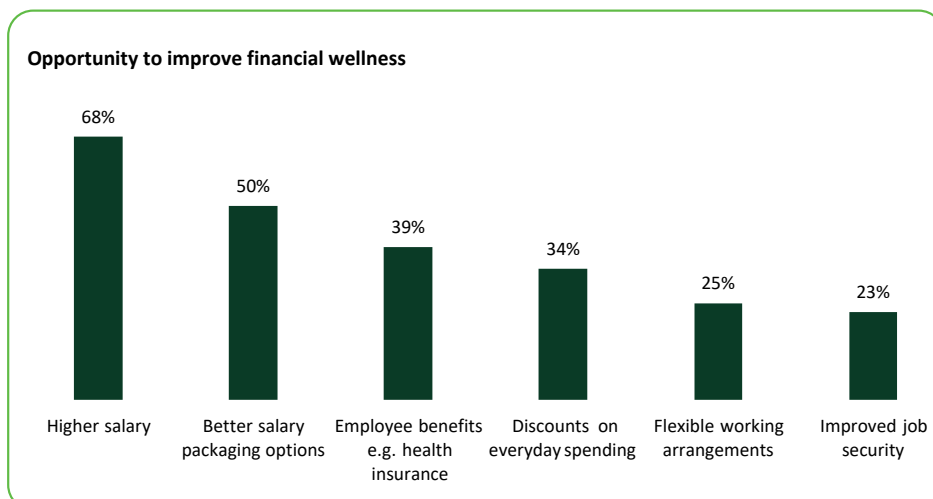


Chart 5: What do you believe could help to improve your financial wellbeing? (Top ranked options 1 to 3)
Base: Non-profit employees (n=1,167)

Employee perspective of work in the non-profit sector

Reasons for choosing and staying in non-profit work

Non-profit employees are typically motivated by purpose and nearly 2 in 3 (64%) chose their role in order to make a positive difference to society or the community. A smaller proportion, 2 in 5 (41%), stay in the sector because they feel passionate about the mission or values of their organisation, which suggests there is still room to deepen employees' connection to organisational purpose. Over half (52%) of non-profit employees chose their role because they simply enjoy it.

This confirms that the purpose of the work and enjoyment of the work itself remain the foundation of the non-profit employee value proposition. However, the mix of motivations differs by generation and tenure, which has implications for how organisations attract and retain staff.

Tenured employees with over ten years sector experience are most likely to have chosen their role because they want to make a positive difference, or because they are passionate about the mission of the organisation. They are less motivated by salary, salary packaging options, and career growth opportunities.

Less tenured employees still care about making a positive difference, but place more weight on salary packaging benefits, career growth and skill development, and salaries that are competitive when compared with for-profit organisations.

In practice, this means organisations cannot rely on purpose alone to win and retain emerging talent, as employees need a value proposition that combines meaning with tangible benefits and development pathways.

The reasons employees stay in the sector mirror the reasons they join. A sense of fulfilment from the work itself (58%) and alignment with personal values (48%) are key reasons many non-profit employees remain in this sector, alongside work-life balance (45%) and feeling part of a supportive and like-minded community (43%).

Importantly, 1 in 2 (50%) employees indicate that access to salary packaging benefits is a key reason they remain in the non-profit sector. It is equally as important as alignment with personal values and sits ahead of work-life balance as a driver of retention, highlighting that salary packaging is not just a financial benefit, but a core part of what keeps employees committed to non-profit work.

Engagement, productivity, and job satisfaction

Despite significant external pressures, self-reported workplace engagement and productivity is relatively strong, with 3 in 4 (76%) employees rating it as somewhat or very high.

Financial wellbeing, however, does make a difference, and financial stress has a known relationship with workplace productivity. When individuals are stressed about their personal finances, it can erode the energy and focus they are able to bring to their roles.

This is true in the non-profit sector, with employees who view their financial wellbeing as good or excellent being most likely to see themselves as highly engaged and productive at work, while those who rate their financial wellbeing as very poor or poor are more likely to report low engagement. This strengthens the case for the prioritisation of workplace financial wellbeing initiatives, including salary packaging benefits.

Overall, job satisfaction is relatively high among non-profit employees, with over 3 in 4 (77%) indicating very or somewhat high satisfaction with current roles.

Reasons for current role

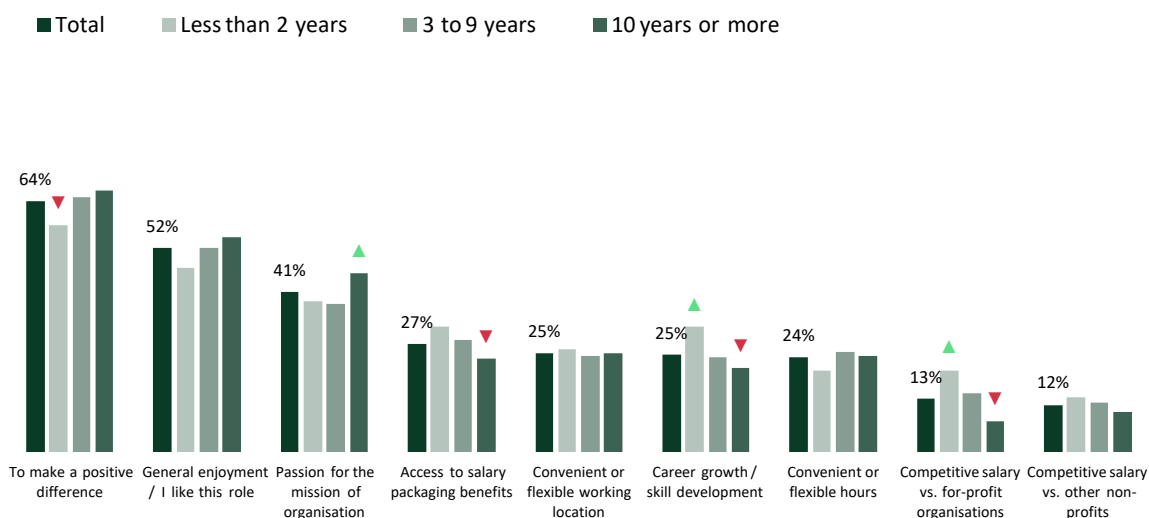


Chart 6: And why did you choose your current role in [current NFP sector]? (Top ranked options 1 to 3)

Base: Non-profit employees (n=1,167)

▲▼ Indicates statistical significance compared with other segments at a 95% confidence rate

Reasons to stay in non-profit

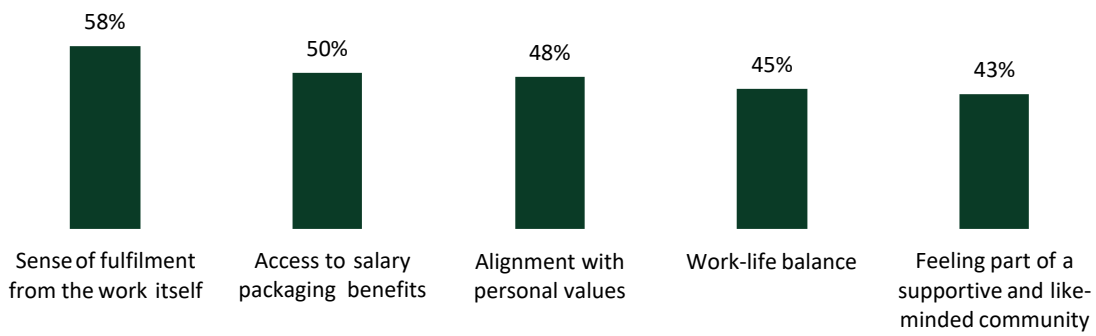


Chart 7: What keeps you working in the non-profit sector?
Base: Non-profit employees (n=1,167)

Engagement and productivity at work By self scored financial wellbeing

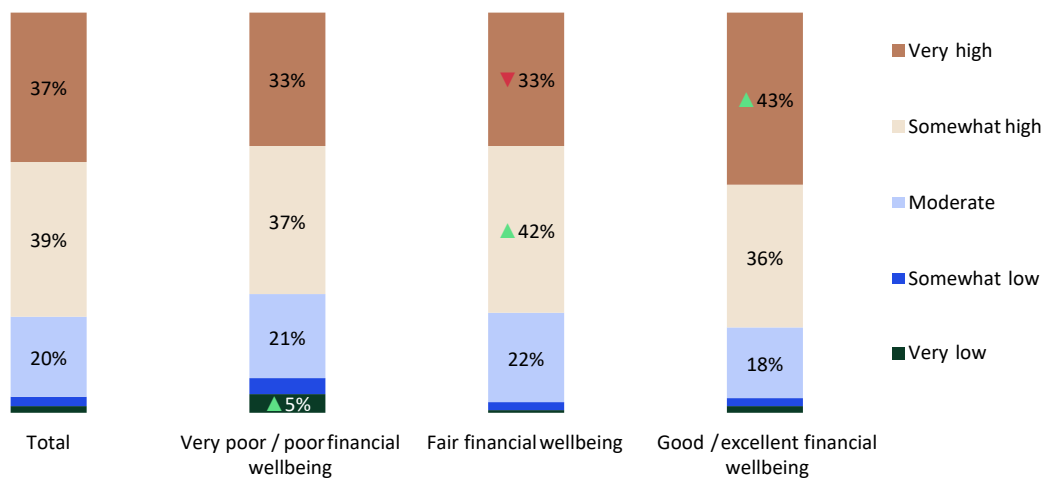


Chart 8: How would you rate your current level of engagement and productivity at work?
Base: Non-profit employees (n=1,167)
▲▼ Indicates statistical significance compared with other segments at a 95% confidence rate



Job satisfaction	
Very dissatisfied	3%
Somewhat dissatisfied	7%
Neither dissatisfied nor satisfied	13%
Somewhat satisfied	43%
Very satisfied	33%

Among those who are satisfied, one reason is the ability to receive salary packaging benefits, with nearly 3 in 4 (73%) stating this as a key reason for their satisfaction. However, non-financial benefits are also important, with employees indicating that work-life balance (66%), autonomy in roles (59%), supportive managers (56%) and positive work culture (54%) are key contributors to their job satisfaction.

Table 3: How satisfied are you with your current role in in [current NFP sector]?
Base: Non-profit employees (n=1,167)

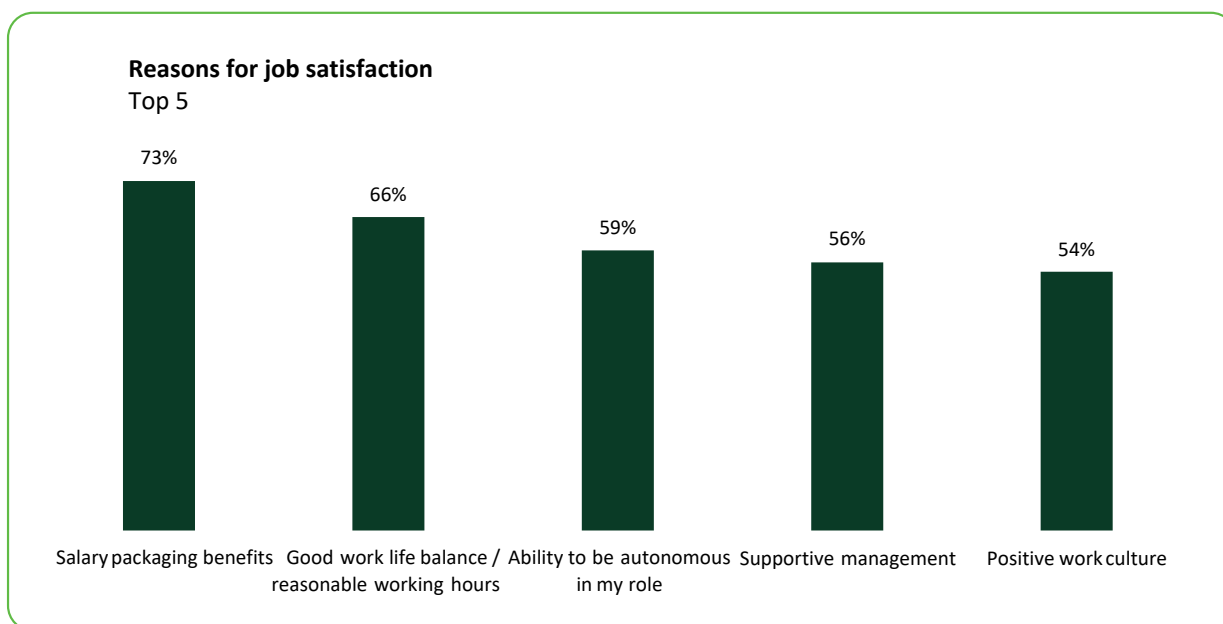


Chart 9: Why are you satisfied with your current role?
Base: Non-profit employees who are satisfied with their current role (n=893)

Job dissatisfaction and retention

Not all non-profit employees are satisfied with their roles, and 1 in 10 (10%) indicate they are very dissatisfied or somewhat dissatisfied with their current role.

For those who are dissatisfied, the main barriers are cultural and structural, particularly a lack of support from management (58%) and a lack of recognition for efforts and achievements (48%). Negative work culture (48%), overwhelming workload (46%), and limited career advancement (40%) are also contributing to dissatisfaction.

At an overall level, less than 1 in 5 (17%) employees say they are likely to leave the non-profit sector in the next 12 months, and this is broadly consistent across gender, age, and tenure.

As one might expect, the risk of leaving increases with dissatisfaction, and employees who are dissatisfied with their current roles are significantly more likely to leave the sector. This suggests that while commitment to non-profit work due to purpose and values is generally strong, poor workplace culture can push employees out of the sector altogether.

For organisations, it is clear that retention risk is concentrated among employees lacking support from management, experiencing poor culture, heavy workloads, and limited career progression. Salary packaging can help to hold people in the sector, but it cannot compensate for unresolved workplace challenges, and retention strategies must address both cultural and financial factors.

For organisations, it is clear that retention risk is concentrated among employees lacking support from management, experiencing poor culture, heavy workloads, and limited career progression.

Job satisfaction	
Very dissatisfied	3%
Somewhat dissatisfied	7%
Neither dissatisfied nor satisfied	13%
Somewhat satisfied	43%
Very satisfied	33%

Table 4: How satisfied are you with your current role in in [current NFP sector]?
Base: Non-profit employees (n=1,167)

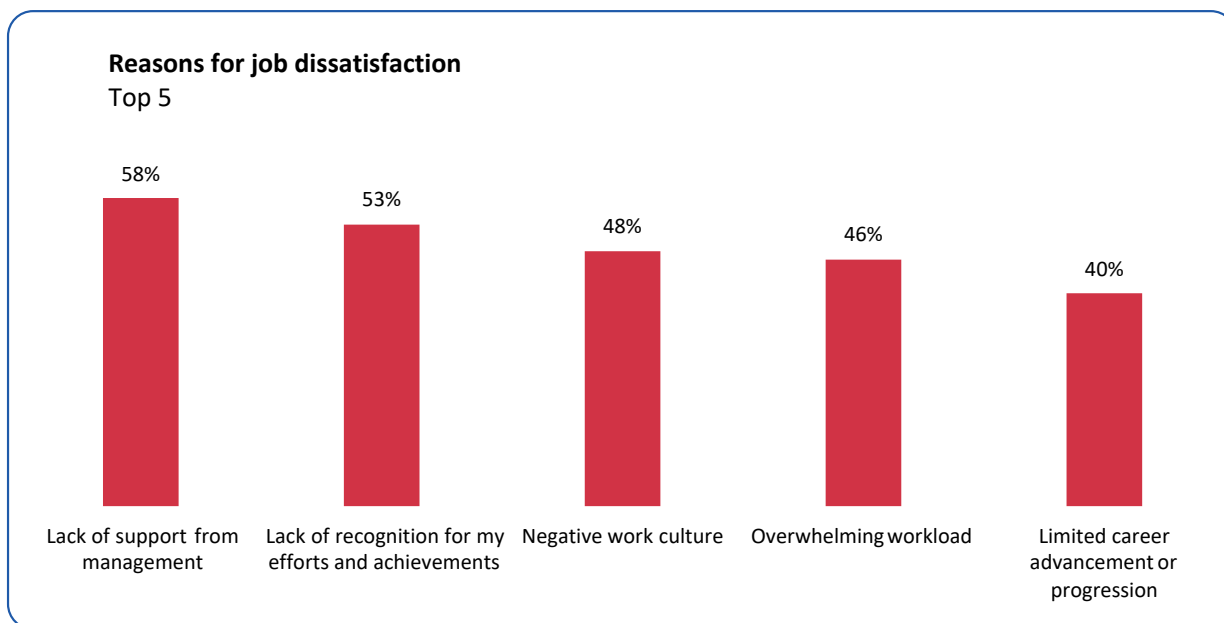


Chart 10: Why are you not satisfied with your current role?
Base: Non-profit employees who are dissatisfied with their current role (n=123)

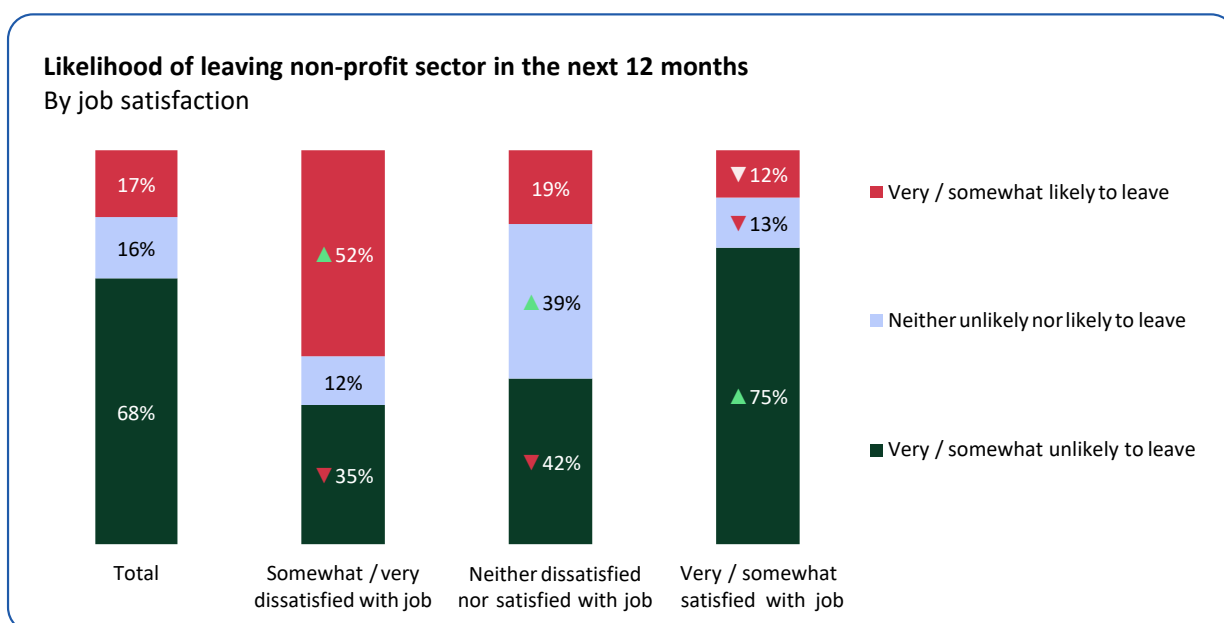


Chart 11: How likely are you to leave the non-profit sector in the next 12 months?
Base: Non-profit employees, 'don't know' responses removed (n=1,037)
▲▼ Indicates statistical significance compared with other segments at a 95% confidence rate

Employee experiences with salary packaging

Awareness and engagement with salary packaging

Salary packaging allows non-profit employees to increase their take-home pay by reducing the tax paid on living expenses and meal and accommodation costs. However, some employees are not fully aware of these benefits, nor are they maximising these to their full advantage.

Employees with over 10 years tenure are the most familiar with salary packaging benefits, with 9 in 10 (92%) indicating they know a lot or a bit about these benefits.

Newer employees with less than 2 years tenure are less familiar, with just over 1 in 4 (27%) stating they know a lot about these

benefits, compared with 1 in 2 (47%) among those with 10 or more years' tenure.

This points to a clear onboarding and education gap, particularly for newer staff who may be earlier in their careers and more financially stretched, and a need for employers to ensure salary packaging is well communicated to new employees.

Most employees are using salary packaging, and 3 in 5 (60%) indicate they fully maximise all available benefits. 1 in 3 (32%) state they are using some benefits but not all of them, suggesting opportunity to broaden adoption and deepen usage.

The categories salary packaging is most commonly used for include rent or mortgage

payments (57%) and meals (57%), followed by everyday expenses (44%) and entertainment (44%). A smaller proportion of employees use salary packaging to pay down personal debt (16%) or for novated leasing (9%).

Considering non-profit employees find rent and mortgage payments, household bills, and everyday expenses among their most stressful costs, this alignment suggests salary packaging is targeting the right areas. At the same time, the relatively low use of options such as debt repayment and novated leasing points to untapped potential among employees who could benefit from them, but may need more awareness, guidance, and support to make full use of these options.

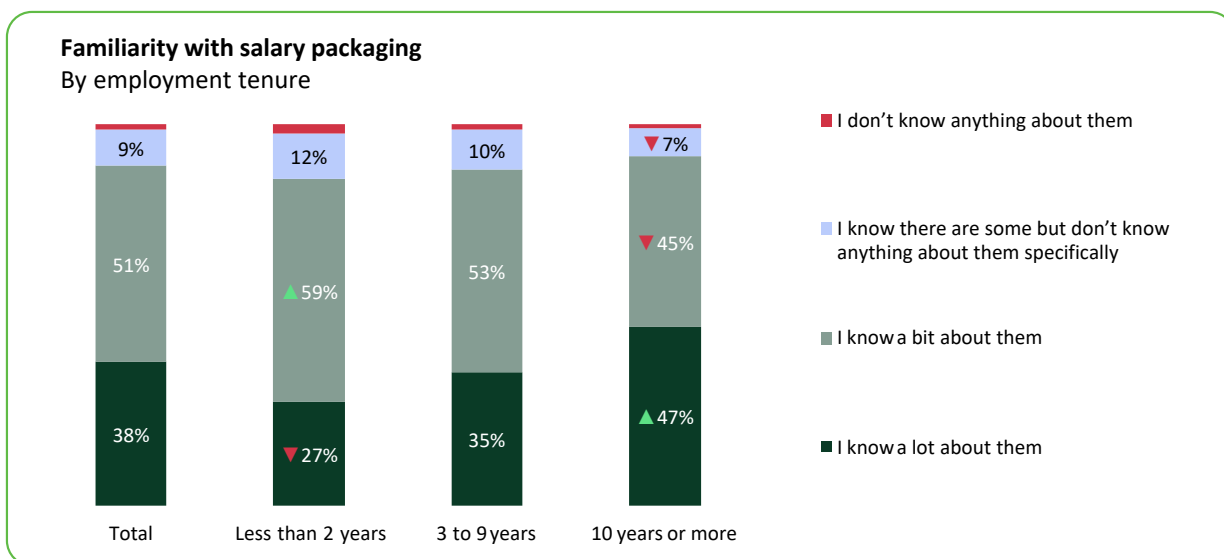


Chart 12: How familiar are you with salary packaging benefits available to you in your current organisation?

Base: Non-profit employees (n=1,167)

▲▼ Indicates statistical significance compared with other segments at a 95% confidence rate

Engagement with salary packaging options	
I fully maximise my available salary packaging benefits and use them as much as possible	60%
I use some of the salary packaging benefits but not all of them	32%
I have started using salary packaging benefits but do not fully understand the options	7%
I have not used any salary packaging benefits yet	1%

Table 5: To what extent are you currently utilising the salary packaging benefits available to you?

Base: Non-profit employees who perceive they have access to salary packaging (n=1,114)

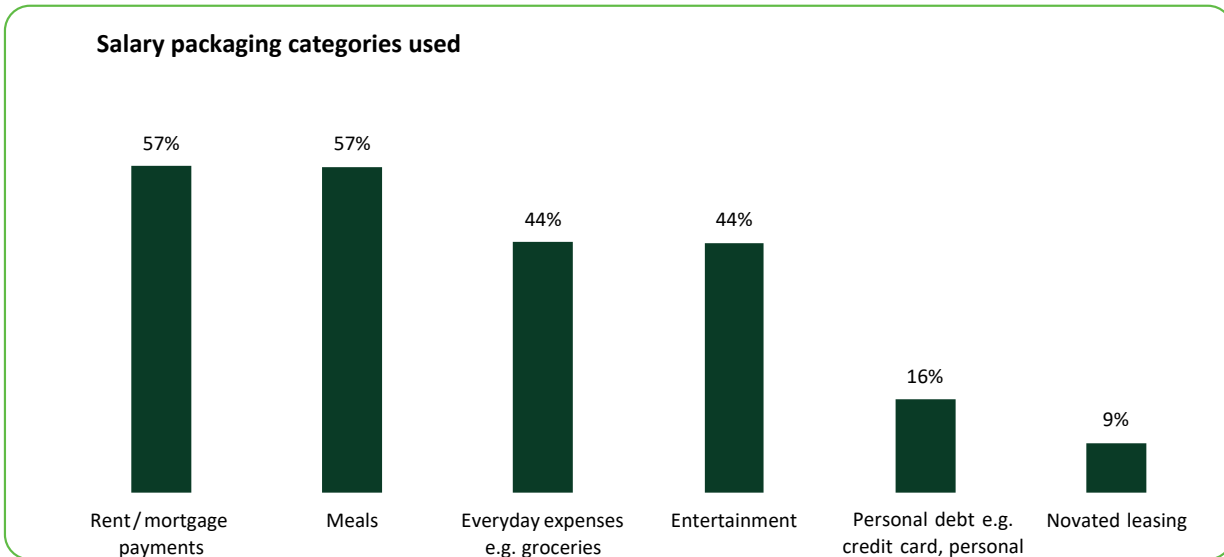


Chart 13: Which of the following categories do you currently use salary packaging for?
Base: Non-profit employees who perceive they have access to salary packaging (n=1,114)

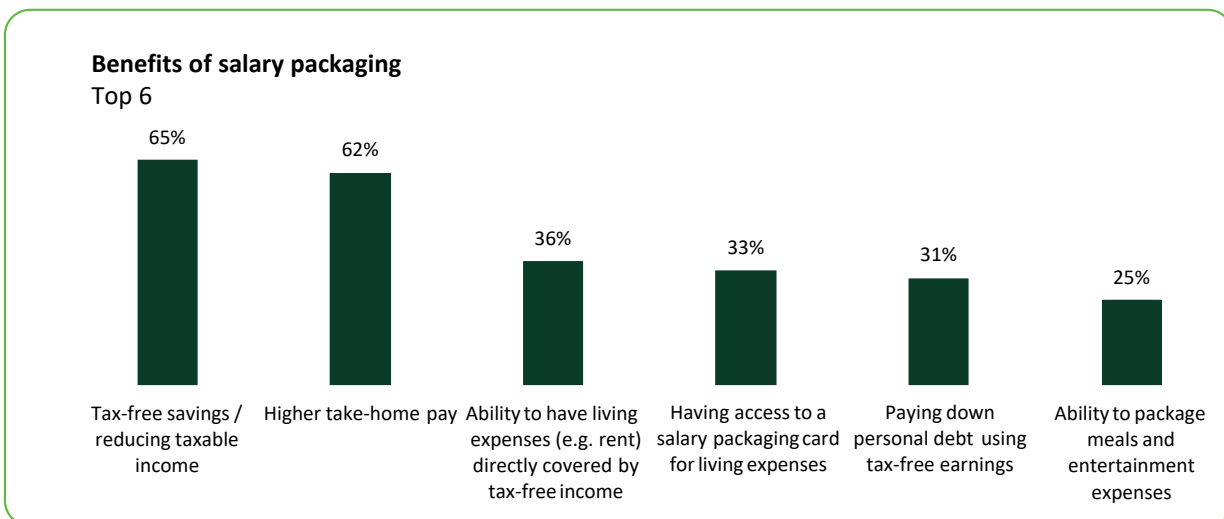


Chart 14: What do you think are the most appealing benefits of salary packaging for employees in non-profit organisations? (Top ranked options 1 to 3)
Base: Non-profit employees who perceive they have access to salary packaging (n=1,114)

Perceived benefits of salary packaging and impact on financial wellbeing

Non-profit employees clearly view salary packaging as financially meaningful. The most appealing benefits are tax-free savings (64%) and higher take-home pay (60%), and the ability to have living expenses directly covered by tax-free income (35%), access to a salary packaging card for living expenses (32%) and being able to pay down personal debt using tax-free savings (30%).

This is reflected in perceived impact, with over 3 in 4 (76%) employees currently using salary packaging, indicating that it has somewhat or significantly improved their financial wellbeing. This rises to 4 in 5 (80%) among those who already feel financially well, suggesting that salary packaging is a core contributor to financial wellbeing for many employees.

These benefits flow onto retention and longer-term financial security, as nearly 2 in 3 (65%) non-profit employees state that salary packaging options encourage them to remain in the non-profit sector.

Over 1 in 2 (56%) employees also agree that salary packaging has helped them be better equipped to manage everyday expenses, bills, and unexpected expenses, and to put more money towards savings and investments (54%). Nearly 1 in 2 (45%) indicate that it has helped them reduce their personal debt.

These findings show salary packaging is simultaneously easing day to day financial pressures, supporting financial wellbeing, and reinforcing employee commitment to the non-profit sector.

Increasing the impact of salary packaging

Although the benefits of salary packaging are clear and most employees understand and use at least some of the options available, there is room for benefits to be used more effectively.

1 in 2 (50%) employees indicated that having regular updates on salary packaging changes or new options would help them to better utilise the salary packaging options available to them. 1 in 3 (36%) would value access to a dedicated mobile app from their salary packaging provider or more information about how salary packaging works (34%). Similar proportions point to having access to online tools or calculators to help estimate savings (31%), or simpler processes to set up and manage salary packaging (31%).

This suggests that the main opportunity is not necessarily to add completely new benefits, but to make existing benefits easier to understand, access, and optimise.



1 in 2 (50%) employees indicated that having regular updates on salary packaging changes or new options would help them to better utilise the salary packaging options available to them.



Agreement statements – % Somewhat / strongly agree	
Salary packaging options encourage me to continue working within the non-profit sector	65%
Salary packaging has helped make me better equipped to manage everyday expenses / bills / unexpected expenses	56%
Salary packaging has allowed me to put more money towards savings / investments	54%
Salary packaging has helped me to reduce my personal debt	45%

Table 7: To what extent do you agree or disagree with the following statements?
Base: Non-profit employees currently using salary packaging (n=1,114)

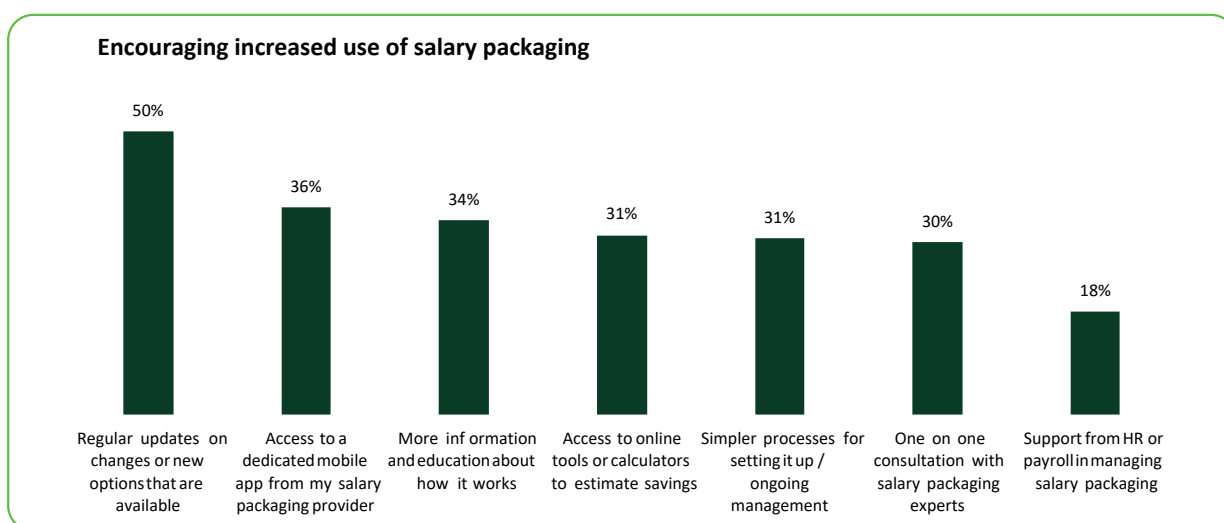


Chart 15: What would help you better utilise the salary packaging options available to you? (Top ranked options 1 to 3)
Base: Non-profit employees (n=1,167)

Challenges for non-profit employers

Organisational financial health and outlook

The opportunity for organisations to enhance salary packaging options sits within a broader context of tight budgets, rising costs, and funding uncertainty. To understand how far salary packaging can realistically be stretched to support financial wellbeing and retention, it is important to consider the employer perspective. This includes how non-profit organisations rate their own financial health, the challenges they are facing, and how they see salary packaging fitting within their overall compensation and workforce strategy.

Financial health in this context reflects an organisation’s ability to manage financial resources in a way that supports its mission, sustains day to day operations, and allows for future planning. It includes having stable revenue, predictable cash flow, capacity to absorb shocks, and using funds efficiently.

On this measure, 42% of non-profit employers describe their organisation’s financial health as ‘Moderate’, meaning finances are balanced but there is limited flexibility for unexpected challenges or growth. A further 2 in 5 (39%) describe their organisation’s financial health as ‘Fairly strong’ or ‘Very strong’, while just under

1 in 5 (19%) rate it as ‘Under pressure’ or ‘Struggling’, indicating financial strain or challenges due to inconsistent revenue streams or cash flow difficulties.

When employers reflect back over the last 12 months, most (69%) say the financial health of their organisation has remained the same, with less than 1 in 5 (16%) saying it has worsened. But when they look ahead 12 months, employers are expecting difficulties, with nearly 2 in 5 (38%) indicating they expect the financial health of their organisation to worsen, and just over 1 in 10 (13%) expect improvements.

Self-rated financial health of the non-profit organisation	
Struggling – experiencing financial strain with concerns about sustainability or meeting obligations	1%
Under pressure – experiencing financial challenges such as inconsistent revenue streams or cash flow difficulties	18%
Moderate – balanced finances but limited flexibility for unexpected challenges or growth opportunities	42%
Fairly strong – stable overall but facing minor challenges, such as reliance on limited funding sources	31%
Very strong – strong financial position with stable cash flow, diverse funding, and adequate reserves	8%

Table 8: How would you currently rate your organisation’s financial health?
Base: Non-profit employers (n=71)

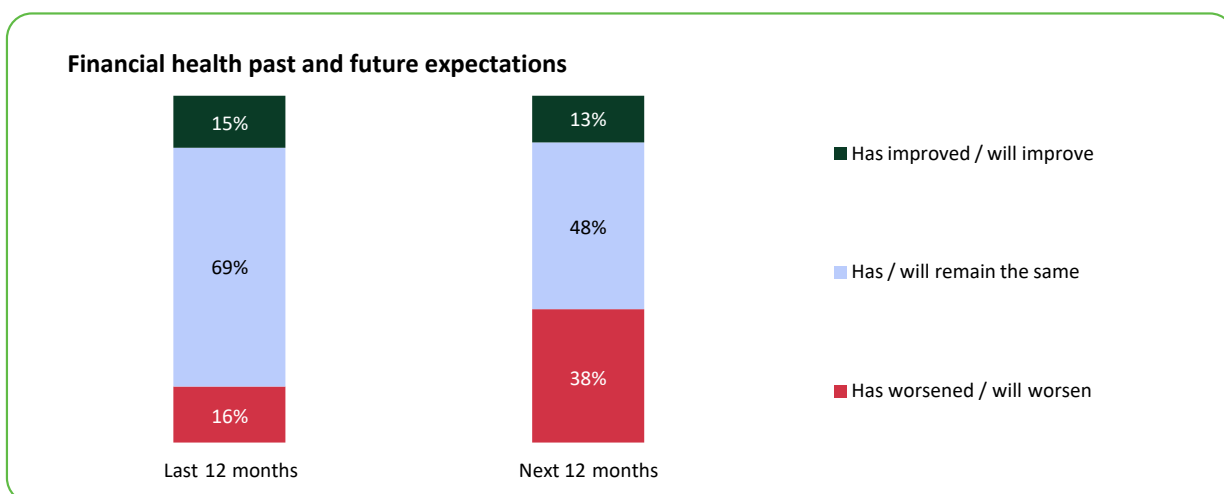


Chart 16: And which of the following is true regarding the financial health of your organisation in the last 12 months? / Are you expecting the financial health of your organisation to improve, stay the same, or worsen in the next 12 months?
Base: Non-profit employers, 'not sure' responses removed (n=60-67)

This shift from stability to a more pessimistic outlook is likely driven by the current economic climate, with nearly 7 in 10 (69%) employers agreeing that rising operational costs limit the resources that are available for employee benefit and salary improvements.

Despite this, most (68%) employers indicate that they have adequate financial reserves to manage unexpected challenges, and nearly 3 in 5 (58%) indicate that their organisation has stable and predictable cashflow. But this sits alongside other challenges: 3 in 5 (57%) employers indicated that it has become harder to recruit and retain employees, while less than half (43%) believe their organisation

is providing adequate support to employees experiencing financial stress.

Financial challenges and pressures

Going beyond these financial health ratings, a common set of pressures emerge. Nearly all employers indicate that increased operational costs (76%) and uncertainty around future funding or grant renewals (75%) are key challenges being faced by their organisation, as well as the impact of inflation (68%) and increased demand for services without a matched increase in funding (67%).

Many organisations are also struggling

with competition for limited funding (47%), pressure to maintain employee wages and benefits amidst rising costs (47%), and difficulty with recruitment and retention (43%).

When asked what would most improve their organisation's financial health, employers identified increased or more stable government funding (76%) as the top priority, followed by greater diversity in funding sources (53%). Other factors include reducing operational costs (38%), more effective fundraising outcomes (35%), and improved talent acquisition and staff retention (32%).

Agreement statements – % Somewhat / strongly agree	
Rising operational costs limit the resources that are available for improved employee benefits and salaries	69%
We have adequate financial reserves to manage unexpected challenges or emergencies	68%
The organisation's cash flow is stable and predictable	58%
Concerns about employee financial wellbeing are a priority for the leadership team	57%
It has become harder to recruit and retain employees in the non-profit sector	57%
Our organisation provides adequate support to employees experiencing financial stress	43%
We actively seek ways to alleviate financial stress for employees	43%
Economic changes have impacted our ability to plan and operate effectively	40%

Table 9: To what extent do you agree or disagree with the following?
Base: Non-profit employers (n=71)

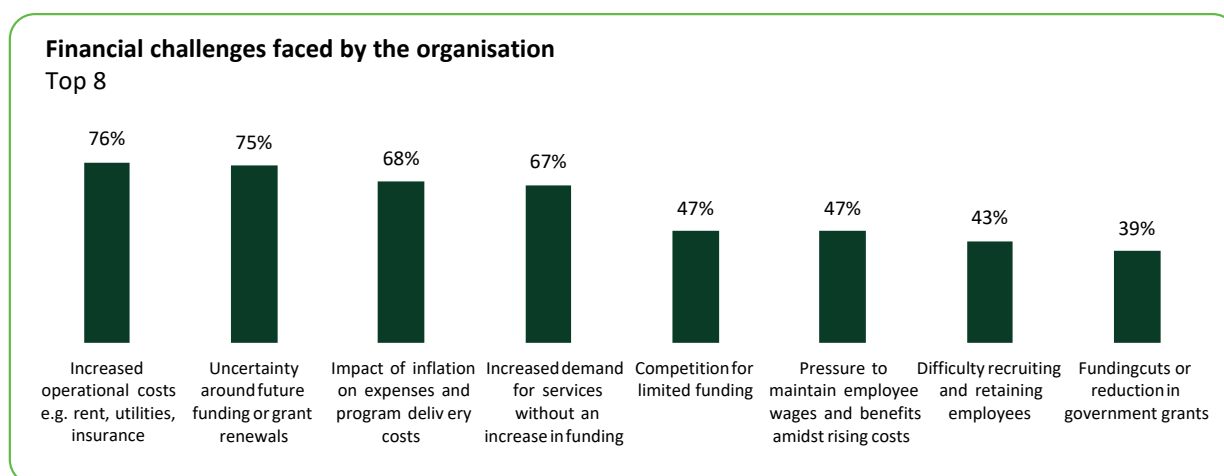


Chart 17: Which of the following challenges, if any, is your organisation currently facing?
Base: Non-profit employers (n=71)

How financial health could be improved

Top 5

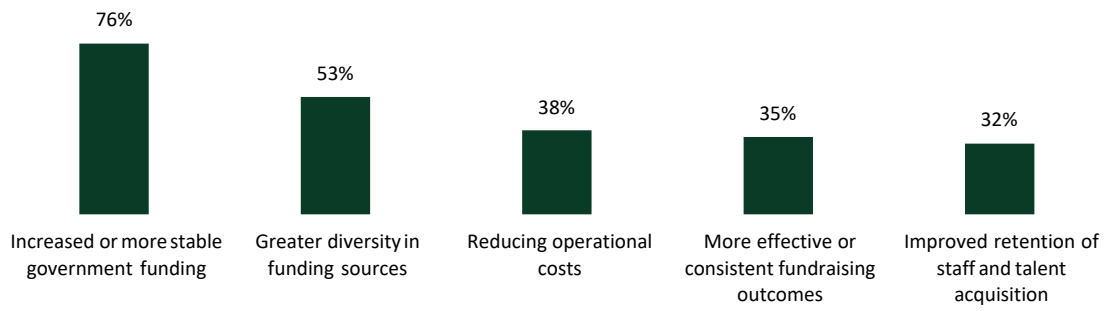
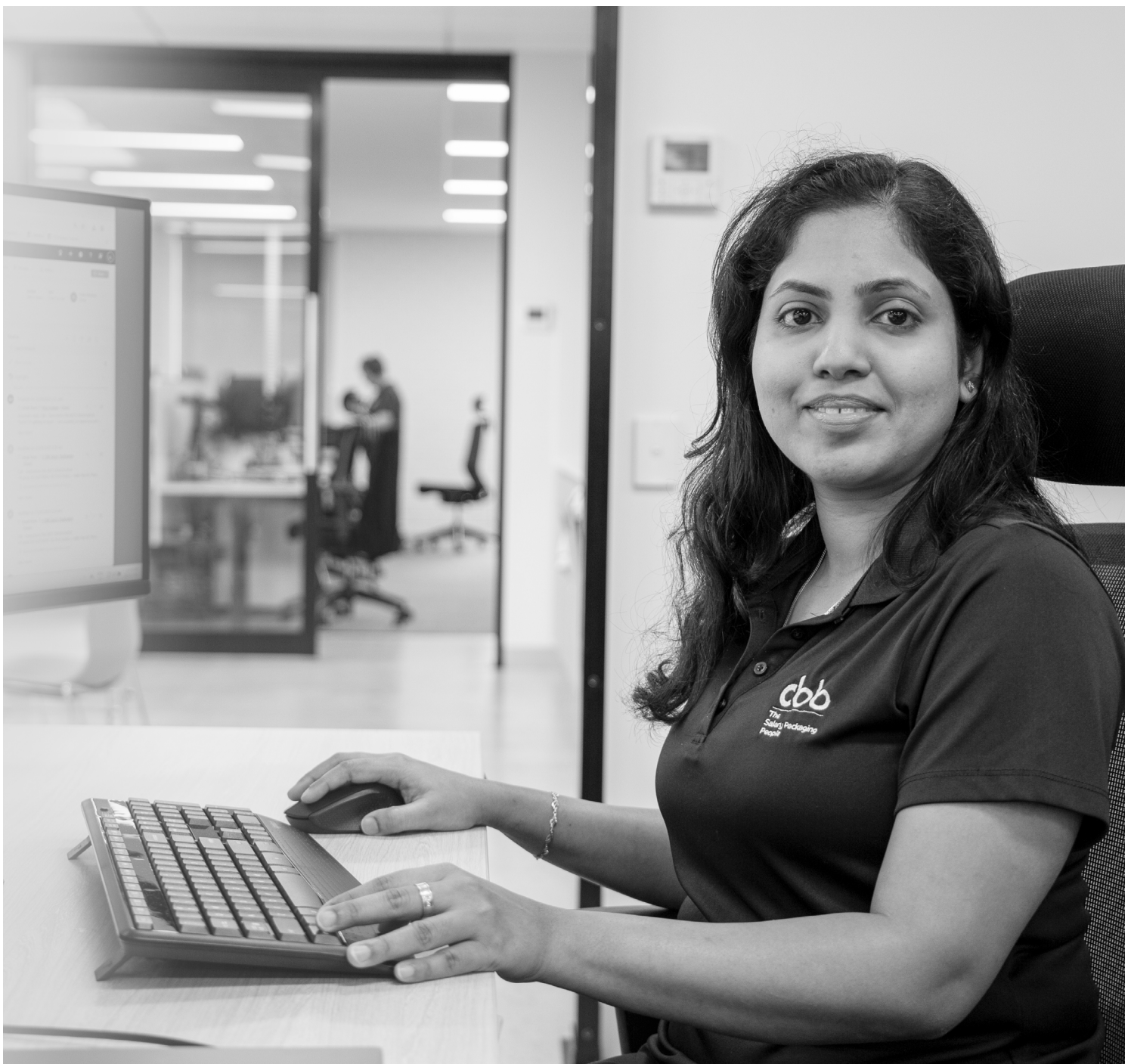


Chart 18: What do you believe could help to improve your organisation's financial health?
Base: Non-profit employers (n=71)



Employer perspective on salary packaging

Perceived value of salary packaging in the compensation strategy

From an employer perspective, salary packaging is seen as a central part of non-profit employment packages, rather than it being a separate add on. 3 in 4 (75%) employers indicate that salary packaging is a very or extremely valuable component of their organisation's compensation strategy, with a further 1 in 4 (24%) describing it as moderately valuable.

This aligns with how employers describe the impact of salary packaging, with nearly all agreeing that it helps to improve employee financial wellbeing (93%) and enhances the overall employee value proposition for the organisation (92%). Many employers also agree that it positively contributes to employee satisfaction and engagement (83%), aligns with the mission and values of the organisation (76%), and is an effective way to attract talent (74%).

Employee utilisation and employer reported challenges

Employers generally believe that salary packaging is well utilised by employees, but there is still room for improvement. 3 in 5 (61%) employers feel that most employees are fully utilising the available salary packaging benefits, while 1 in 3 (34%) feel only some employees are using these benefits. Only 6% feel that only a few employees are using these benefits.

This broadly echoes the employee perspective, where most report using salary packaging and many are fully maximising the benefits, but a sizeable proportion are using only some options or not fully understanding what is available to them.

This highlights that while salary packaging is well embedded in many organisations, there is untapped potential to increase usage and

engagement, particularly among newer employees.

There are some challenges that employers are facing when it comes to salary packaging, but challenges typically are centred around employee awareness gaps rather than administrative issues. Positively, 1 in 3 (32%) employers indicate that they experience no challenges when it comes to salary packaging.

Among those who do experience some challenges, it is typically employee misconception about salary packaging (40%), lack of employee awareness about it (36%), or difficulties explaining the benefits to employees (32%). Just over 1 in 10 (14%) employers indicate that the key challenge is administrative complexity.

Value of salary packaging to overall compensation strategy	
Not at all valuable	1%
Slightly valuable	0%
Moderately valuable	24%
Very valuable	44%
Extremely valuable	31%

Table 10: Overall, how valuable do you believe salary packaging is as part of your organisation's compensation strategy?
Base: Non-profit employers, 'not sure' removed (n=70)

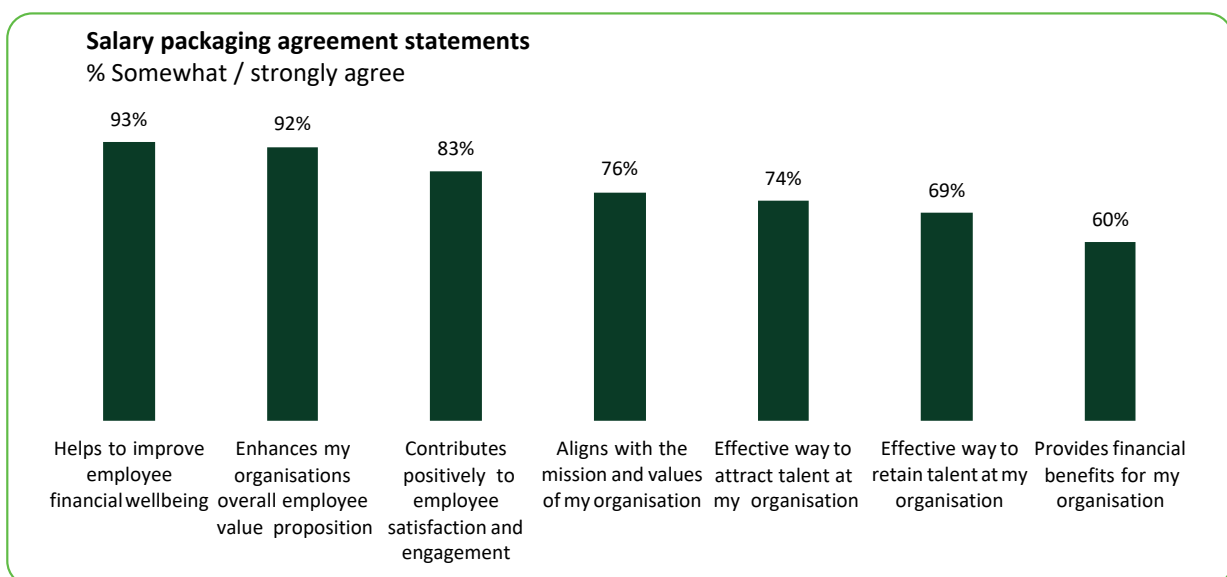


Chart 18: What do you believe could help to improve your organisation's financial health?
Base: Non-profit employers (n=71)

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Opportunities to strengthen salary packaging offerings

Employers are almost unanimous in their view that current salary packaging allowances should be reviewed, with only 1% believing that the allowances are adequate and do not require review.

2 in 5 (41%) believe allowances should be reviewed to assess if they align with current economic conditions, while 3 in 5 (58%) believe these allowances need to be reviewed and increased.

Employee utilisation of salary packaging

Most employees are fully utilising the available salary packaging benefits	61%
Some employees are using salary packaging benefits	34%
Only a few employees are using salary packaging benefits	6%

Table 11: To the best of your understanding, to what extent are employees currently utilising the salary packaging benefits available to them?

Base: Non-profit employers, 'not sure' removed (n=70)

Challenges offering salary packaging

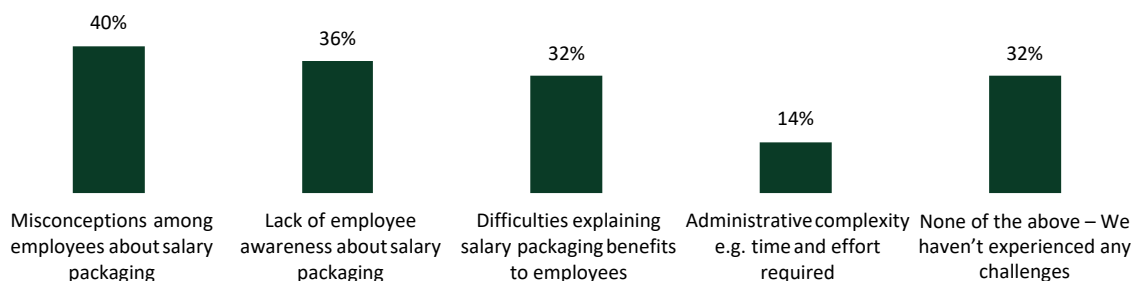


Chart 18: What do you believe could help to improve your organisation's financial health?

Base: Non-profit employers (n=71)

Open ended feedback from employers makes the rationale clear, with employers emphasising rising cost of living alongside salary packaging caps that have not changed, eroding the value of the benefits and weakening the competitive edge in attracting and retaining staff.

When asked how salary packaging could be improved, employers prioritised increasing the salary packaging amount employees can access, with 2 in 3 (64%) indicating this. 2 in 5 (40%) employers also indicated that expanding the range of options available to employees would be a key improvement, as well as providing more proactive support to employees (40%) and increasing employee education and awareness of the benefits (39%). Additionally, 1 in 3 (32%) employers

would like to see salary packaging benefits adapted better to employee needs.

Putting all of this together, a strong pattern emerges. Non-profit employers see salary packaging as a highly valuable tool for improving financial wellbeing, attracting talent, and retaining staff, but outdated packaging caps and employee misunderstandings limit how effective it can be.

Addressing both the policy settings, through review of caps, and the communication and education gap, through clearer, more proactive support for employees, will be critical if organisations are to get the full value from salary packaging as part of their employee strategy.



Need for salary packaging review	
These allowances are adequate and do not need to be reviewed	1%
These allowances should be reviewed to assess if they align with current economic conditions	41%
These allowances should be reviewed and increased	58%
NET: Allowances should be reviewed	99%

Table 12: To the best of your understanding, to what extent are employees currently utilising the salary packaging benefits available to them?

Base: Non-profit employers, 'not sure' removed (n=70)

Open ended feedback on why salary packaging benefits should be reviewed and increased
'Clearly the current economic environment has changed. These have been stagnant for several years now and have lost their previous competitive advantage to attract new and retaining current employees.'
'To maintain their original purpose they should be increased significantly, otherwise we will continue to lose staff to corporate Australia who can afford the much higher salaries.'
'They were set for pricing many years ago. Pricing of goods & services has increased but the benefit has not. It has effectively decreased the benefit.'

Table 13: Why do you think these allowances should be reviewed? (Open end response)

Base: Non-profit employers who indicated that allowances should be increased (n=41)

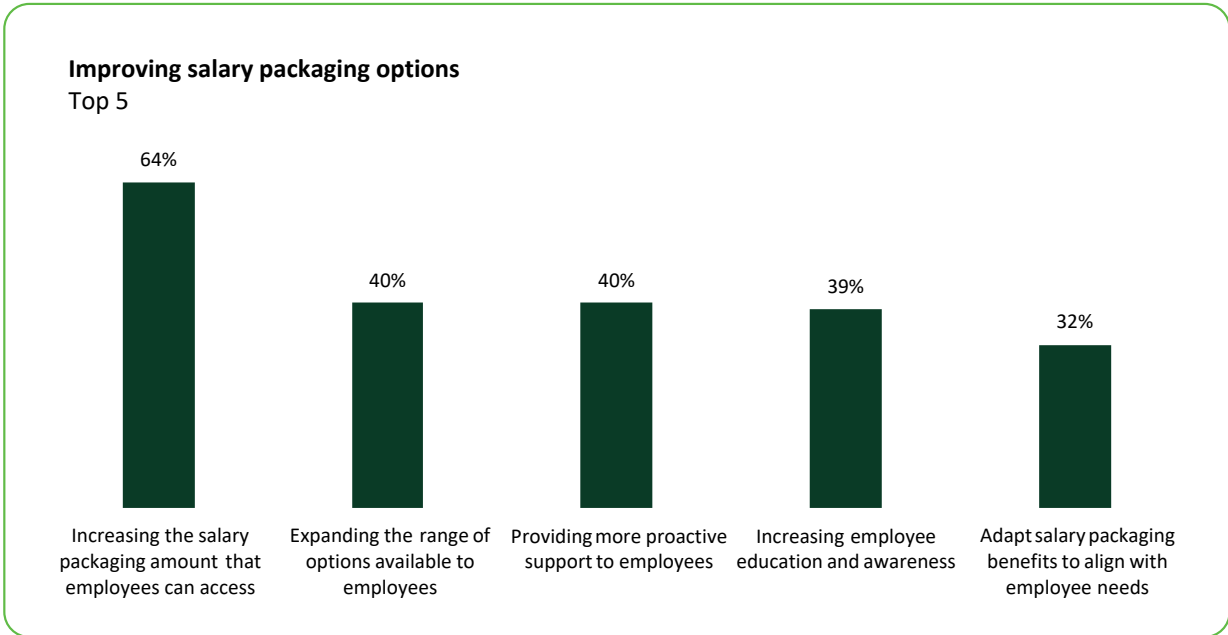


Chart 21: Which of the following do you think would improve salary packaging offerings for your employees? (Top ranked options 1 to 3)
Base: Non-profit employers (n=71)

“
Non-profit employers see salary packaging as a highly valuable tool for improving financial wellbeing, attracting talent, and retaining staff...
”



Aligning employee and employer perspectives

Employees and employers both recognise that the current environment is financially challenging. Employees are feeling the impact directly in their own lives, with over half frequently worrying about their finances and indicating they are more stressed than they were 12 months ago. Expenses such as rent or mortgage payments, household bills, groceries, and unplanned expenses are causing the most strain.

For employers, they see different strains, with many describing their organisation’s financial health as only moderate, and expecting it to worsen over the next 12 months. Increased operational costs, funding uncertainty, inflation, and rising demand for services without increased funding are key challenges organisations are facing.

Both employees and employers agree that salary packaging plays a critical role in the non-profit sector. Employees see it as financially meaningful, and employers see it as a highly valuable component of their compensation strategies, and one of the key ways they can improve financial wellbeing, attract talent, and support retention.

At the same time, there are important gaps and tensions worth noting. A large portion of employees want better salary packaging options and broader benefits such as health insurance, and while employers would like to offer more, rising costs and uncertain funding limit their ability to increase wages.

Nearly all employers believe salary packaging caps should be reviewed, and some feel that static limits are eroding the competitive advantage of these benefits over time as they lag behind increased inflation and cost of living.

Both sides also highlight issues with awareness and understanding when it comes to salary packaging. Employees, particularly those who are newer to the non-profit sector, are not always clear on how salary packaging works or how to maximise it, while employers report employee misconceptions and difficulties explaining the benefits.



Both employees and employers agree that salary packaging plays a critical role in the non-profit sector.



These shared pressures point to key opportunity areas for the sector, and there is value in focusing on:

1. Maximising salary packaging as core to the employee value proposition, including advocating for reviews of packaging caps and better tailoring benefits to employee needs;
2. Addressing non-financial drivers of job dissatisfaction, including lack of management support and recognition, difficult workloads, and limited career progression opportunities; and
3. Strengthening communication, onboarding, and education so employees understand and can fully utilise the salary packaging benefits available to them, in turn better supporting their financial wellbeing.

Conclusion

This research confirms that financial pressure is a defining feature of the current non-profit environment, but also that salary packaging is a powerful strategy for supporting both employees and organisations when base salaries are constrained.

The challenge now is less about proving that salary packaging works and more about making it work harder. There is a need to ensure caps and policy settings keep pace with economic reality, and to close the awareness and education gaps that prevent employees from getting the full value from salary packaging.

Alongside this, non-profit organisations need to continue investing in workplace fundamentals, including supportive leadership, recognition, manageable workloads, and clear pathways for growth, so that financial and non-financial levers reinforce each other.

If these actions are taken together, the sector will be better placed to sustain a committed, financially secure workforce that can continue delivering essential services in a challenging economic climate.



Head office

211 Glen Osmond Rd,
Frewville SA 5063
ABN 57 098 352 150
ARBN 152 972 293
www.cbb.com.au



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