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23 July 2009

BATTLING CHARITIES BRACE FOR FUNDING SHORTFALL

Sixty per cent of Australian charities report falling revenues in the past six months and two thirds are predicting a further loss of income during the next twelve months as the global financial crisis impacts the not-for-profit (NFP) sector. A new survey by PricewaterhouseCoopers (PwC), the Centre for Social Impact (CSI) and the Fundraising Institute Australia (FIA), highlights that declining sources of funding and rising costs are key challenges for the sector.

CSI spokesperson and report co-author Dr Peter Shergold said, "The survey results are worrying for the NFP sector. Many community organisations are experiencing significantly declining incomes, rising costs and greater demand for their services. They expect the next year to be even tougher."

"With one third of organisations suffering a drop in income of more than 10 per cent, and fearing a further decline next year, the results confirm the Global Financial Crisis is creating a challenging period for NFPs" Dr Shergold said.

"This survey gives us a clear understanding, for the first time, of how NFPs intend to meet the financial challenges they face."

According to the survey government funding accounts for 45 per cent of income for not-for-profits and is expected to be the most stable form of income during the next twelve months.

Dr Shergold said, "In the current environment many not-for-profit organisations are relying on government funding for stability."

"With the drop in revenue from other funding sources reliance on the government for funding is growing. It is pleasing that three quarters of organisations report funding from government has remained steady over the past six months," said co-author Rick Millen, partner, PricewaterhouseCoopers.

"The not for profit sector is an important provider of health, disability, aged care and other social services, and a major contributor to the Australian economy, employing more than 880 000 people," said Dr Shergold.

"It's critical that we act to support the sector and in turn, provide assistance to those in our community who need it the most," he said.

"In this tough economic climate pressure on the services that not-for-profit organisations deliver will undoubtedly grow. Organisations will need to reassess how they cope with this in the face of declining revenues." Mr Millen said.