PwC-CSI Community Index
Not-for-profit sector survey results
**Sector-wide analysis**

**Key trends:**

**Funding:** The funding score has improved on average since the previous survey, however this has affected some industries more than others. Industries with an improved outlook plan to grow their commercial funding and donations in light of strengthening economic conditions, and have fewer concerns about cuts to government funding.

**Demand:** Demand has increased since the previous survey, and overall organisations are more concerned about their ability to meet it.

**People:** The people score has improved slightly since the first survey, due to improved perceptions of the sector’s ability to attract and retain paid employees.

**Relationships:** Views about relationships remain similar to the previous survey across all key stakeholder groups.

**PwC-CSI Community Index Score**

The not-for-profit sector has a PwC-CSI Community Index score of -3%, an improvement of 2% since the previous survey in June 2012.
Characteristics of respondents

The PwC-CSI Community Index survey is one of the most comprehensive surveys of the not-for-profit sector in Australia. In total 362 chief executives and executive managers were asked in February/March 2013 about their outlook over the next six months, over the key areas of funding, people, demand and relationships.

The survey reflects a diverse range of opinions across a variety of industries, organisation sizes and states.

Number of respondents by revenue
The PwC-CSI Survey is primarily targeted at economically significant not-for-profit organisations, but includes organisations of all sizes. Note that each respondent is weighted according to its revenue when calculating the confidence index.

Number of respondents by industry
The organisations surveyed span the 10 key industry groups recognised in the International Classification of Not-for-Profit Organisations (ICNPO). Note that each industry is weighted according to its level of economic activity when calculating the confidence index.

PwC-CSI Community Index Score

Four components make up the total score for the Sector-wide analysis:
Breakdown of respondents by state
The survey includes organisations from all states and territories, as well as a large number of national organisations and a smaller number of Australian based international organisations.

What’s changed?
Confidence in the not-for-profit sector has increased slightly since the previous survey, with an improvement from -5% to -3%. You can see the changes to each component of the index opposite.
A grey bar indicates an improvement since the previous survey, and a rose bar indicates a deterioration. The size of the bar shows the impact on the confidence index.

Funding
The sector is more optimistic about funding than it was six months ago, with an increase in the funding score from -1% (“neutral”) to +8% (“somewhat confident”). This improvement was mainly seen in the Education & Research, Philanthropy & Volunteerism and Social Services industries.
There were two key drivers of increased optimism among these industries. The first was a general improvement in organisations’ opinion of the Australian economy, which some industries are able to capitalise on by growing their commercial revenue and investment returns.
The second driver of an improved funding score in some industries was a view that government budget cuts are easing, with a somewhat less negative outlook than in the previous survey (conducted just prior to the release of the 2012/13 Federal Budget).
Demand
The demand score declined between the two waves of the survey, to some extent offsetting the increase in the funding score. This was driven by expectations of increased demand over the next six months, with organisations more concerned about meeting this demand than in the first survey.

People
The sector’s people score improved slightly over the last six months, driven by an improvement in the sector’s ability to attract and retain paid employees. The outlook for volunteers remains the same as in the previous survey.

Relationships
The relationships score remains in line with the previous survey, with only a very small negative impact on the confidence index.

Results by industry
More industries have a negative confidence score than a positive score (7 out of 10 are negative)
Education & Research and Philanthropy & Volunteerism have risen in confidence since the previous survey, and are now the two most confident industries in the sector. This was driven by a more optimistic funding outlook for both industries.
The Development & Housing, Law & Advocacy and Religious industries continue to have lower confidence than the rest of the sector.
The International and Environment industries have both declined in confidence, mainly driven by worsening funding scores. The drop was particularly strong for the Environment industry, which was the most confident industry in the previous survey.

“Our organisation is investing now, with expectations of growth around our collaborative funding model.”
– A small Western Australian not-for-profit

“The lack of social housing stock is continually failing to meet the rising demand.”
– A NSW Development & Housing organisation

Comparison of PwC-CSI Index scores by industry
Results by state
Confidence varies significantly between the states.
Organisations operating at a national level are more confident than those that only operate in certain states or territories.
Queensland and South Australia have the highest levels of confidence. In Queensland, this is driven by a strong people score (+12% compared to the sector average of -6%). In South Australia, it is a positive funding outlook (+24% compared to the sector average of +8%).
Tasmania and the Northern Territory have the lowest levels of confidence. This is mainly the result of higher demand, and a reduced ability to meet this demand. In the Northern Territory this situation is compounded by declining funding for the sector.

“Our capacity to meet the demand is tied directly to funding opportunities – which are frustratingly few.”
– An NT-based organisation in the International industry

Comparison of PwC-CSI Index scores by state
Results by size
Confidence is negative for organisations of all sizes

Very large organisations (more than $25 million turnover) are more confident than in the previous survey – they were the least confident group, but are now close to the sector average. This has been driven by improving people and funding scores.

By contrast, small and very small organisations (up to $1 million revenue) are slightly less confident than in the previous survey, due to weaker people and demand scores.

Medium and large organisations ($1 million to $25 million turnover) had a similar level of confidence to the first survey.

“All volunteers are a critical part of our labour force. We could not exist without them.”
– An Environment organisation with > $25 million turnover

Comparison of PwC-CSI Index scores by revenue
Social Services industry

Key findings:

Improving confidence: confidence in the Social Services industry has shown a strong improvement, moving from -15% to -8% between the two rounds of the survey. This improvement was seen across all four components of the index.

Expects funding to increase: the funding score has improved solidly since the previous survey, due to expectations that cuts to government spending would begin to ease over the next six months. Growth in commercial revenue is expected to generate a modest increase in funding for the industry over the next six months.

Continues to struggle with high demand: the industry remains very concerned about the level of demand for its services and its ability to meet this demand. It has the third weakest demand score in the sector, and has a far lower demand score than any other industry of comparable size.

PwC-CSI Community Index Score

The Social Services industry has a PwC-CSI Community Index score of -8%, an improvement of 7% since the previous survey in June 2012. This means the industry is somewhat unconfident.
**Key industry statistics**

The Social Services industry provides critical services such as child, youth and family support, services for the disabled and the elderly, disaster relief, temporary shelter and refugee assistance.

The Social Services industry employs around 221,500 people and is supported by 1.5 million volunteers, with a 25% share of the sector’s workforce. It contributes **$6.6 billion** to the economy per annum, making it the third largest industry in the sector.

Around 65% of survey respondents in the Social Services industry are large organisations, 88% are service providers and just over half are based in a single state. Government revenue is the primary source of funding at 62%. Supplementing this is a mix of other revenue streams, including commercial revenue, fundraising and support from philanthropic trusts.

The largest source of labour for the Social Services industry is paid employees, followed by skilled volunteers.

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**Sources of funding in the Social Services industry**

- Philanthropy 4%
- Public fundraising 13%
- Commercial revenue 13%
- Government 62%
- Other* 8%

* Other revenue includes corporate sponsorship, investment earnings and membership revenue

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**Social Services industry**

Labour sources in the Social Services industry

- Paid employees
- Skilled volunteers
- Unskilled volunteers
- Corporate volunteers

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**PwC-CSI Community Index Score**

Four components make up the total score to the Social Services industry:

- Funding score: 0%
- People score: -6%
- Relationships score: +26%
- Demand score: -33%

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- Funding score: 0%
- People score: -6%
- Relationships score: +26%
- Demand score: -33%
**Change in survey results**

Changes in the confidence index compared to the first survey are displayed opposite. A grey bar indicates an increase in confidence compared to the first survey, while a rose bar indicates a decrease. The size of the bar shows the impact on the confidence index.

Overall, confidence in the Social Services industry improved from -15% to -8% between the first and second surveys. The strongest improvement was in the funding score, which increased from -6% to +5%. This was primarily driven by expectations that cuts to government funding would begin to ease over the next six months, with other sources of revenue remaining largely unchanged.

The people score has also showed a significant improvement. This was due to reduced concern about attracting and retaining paid employees, the industry’s largest labour source. Social Services is currently seeking to grow its workforce, and is more optimistic about its ability to do so than it was in the previous survey.

**Social Services industry**

**Contribution of each component to change in the confidence index**
**Comparison of results against the not-for-profit sector**

The Social Services industry is less confident than the overall not-for-profit sector, with a score of -8% compared to -3% for the sector.

Social Services continues to have a much lower demand score than the not-for-profit sector as a whole, reflecting very high levels of demand and concern about meeting it. Its demand score is far weaker than any other industry of comparable size, and it has the third weakest demand score overall. Demand for social services remains a significant area of unmet need in Australia.

Despite the strong improvement in the funding score, the industry remains below the sector average in this area. While the outlook is now positive, reflecting expectations of growth in funding for the sector over the next six months, social services funding is expected to grow more slowly than in the rest of the sector.

Social Services now has a similar outlook to the rest of the sector in terms of the people score, following the improvement since the last survey.

Its relationship score is higher than the sector average, primarily due to strong relationships with clients (whom it considers its most important stakeholder).

Overall the Social Services industry is confident in its ability to carry out its mission over the next six months to two years, but less so than the not-for-profit sector on average.

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“Sector capacity is not sufficient to meet demand, even if the funding was available”

– A large WA provider of disability services
PwC-CSI Community Index

Environment industry survey results
Industry analysis

Environment industry

Key findings:

Above average confidence: The Environment industry is slightly more confident than the overall not-for-profit sector, with a score of -1% compared to -3% for the sector.

Confident about its paid and voluntary workforce: The Environment industry's people score is the highest in the not-for-profit sector and continues to be well above the not-for-profit sector average. Organisations in the Environment industry are confident in their ability to attract and retain paid employees and manage volunteers.

Weaker funding score than the last survey: While overall expectations about funding are neutral, fears of falling government funding and a reduction in public fundraising have led to a drop in the funding score compared to the first survey.

More concerned about demand: Organisations in the Environment industry are more concerned about the level of demand and their ability to meet it than in the previous survey.

PwC-CSI Community Index Score

The Environment industry has a PwC-CSI Community Index score of -1%, a neutral result. This is a decline in confidence of -7% since the previous survey in June 2012.
**Key industry statistics**

Environmental organisations in the Australian not-for-profit sector are responsible for a broad range of activity including animal protection and natural conservation, veterinary services, campaigning and advocacy, and natural disaster relief.

The Environment industry is significantly smaller than the other industries in the sector. It is considered as part of a group of other smaller industries that include Development and Housing, Law and Advocacy, Philanthropy and International. This group comprises around 110,500 paid employees and 334,000 volunteers across 11,972 organisations.

Two-thirds of organisations surveyed are small to medium in size. Around 60% were service providers and 30% were advocacy organisations, predominantly single state or nationally based. The most significant source of revenue is public fundraising, at 34%. Government funding represents a further 23% of total revenue.

The largest source of labour for the Environment industry is paid employees. This is followed by skilled volunteers, with 30% of the respondents indicating that they are a major labour source.

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**Sources of funding in the Environment industry**

- **Public fundraising**: 34%
- **Government**: 23%
- **Commercial revenue**: 16%
- **Corporate support**: 13%
- **Other***: 14% (Other revenue includes income from investments, philanthropy and corporate support)

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**Labour sources in the Environment industry**

- **Paid employees**
- **Skilled volunteers**
- **Unskilled volunteers**
- **Corporate volunteers**

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**PwC-CSI Community Index Score**

Four components make up the total score for the Environment industry:

- **Funding score**: +14%
- **People score**: +7%
- **Demand score**: -17%
- **Relationships score**: +24%

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**Other**

- **Corporate volunteers**
- **Unskilled volunteers**
- **Skilled volunteers”
- **Paid employees**

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*Other revenue includes income from investments, philanthropy and corporate support*
**Change in results from the first survey**

Changes in the confidence index compared to the first survey are displayed opposite. A grey bar indicates an increase in confidence compared to the first survey, while a rose bar indicates a decrease. The size of the bar shows the impact on the confidence index.

Overall, confidence in the industry decreased from +6% to -1% between the first and second surveys. The environment industry was previously ranked the most confident of all industries but has slipped to fourth in the most recent survey.

The greatest contribution to this change came from the funding score, which decreased due to concern about government funding cuts and an expected reduction in public fundraising and commercial revenue. Demand also contributed to the decline, due to rising levels of demand and increased concern about meeting it.

Relationships and people remained fairly steady, with less than a 1% impact on the confidence index.
Comparison of results against the not-for-profit sector

The Environment industry is slightly more confident than the whole not-for-profit sector, with a score of -1% for the industry compared to -3% for the sector.

The industry’s demand score, while negative, remains in line with the overall not-for-profit sector. Funding however has reduced significantly compared to the sector. For the previous survey, Environment was ranked joint first in this component of the Index. For the current survey, the industry is ranked eighth, with a reduction in confidence since the previous survey compared to an improvement in confidence for the not-for-profit sector as a whole. This has been driven by fears of falling government funding and a reduction in public fundraising, which together account for around 60% of the industry’s total income.

The Environment industry’s people score is the highest in the not-for-profit sector and is well above the not-for-profit sector average. The industry is confident in its ability to attract and retain paid employees, in particular its ability to offer competitive salaries and provide career paths.

The industry’s relationships score is better than the overall sector, consistent with the previous survey. This reflects positive relationships with all key stakeholders.

Finally the Environment industry is slightly confident in its ability to carry out its mission over the next six months to two years, but significantly less so than the not-for-profit sector on average.

“Government grants (particularly Federal) are not always secure, are often provided on an annual basis and are not confirmed until well through the financial year.”

– A single state advocacy organisation
PwC-CSI Community Index
Development and Housing industry survey results
Industry analysis

Development and Housing industry

Key findings:

Least confident industry in the sector: The Development and Housing industry has the lowest confidence score in the sector, with an index score of -17% compared to an average of -3% for the sector.

Faces very high demand: Organisations in the Development and Housing industry are extremely concerned about the level of demand and their ability to meet it when compared to the overall sector.

Concerned about its paid and voluntary workforce: An inability to attract and retain paid employees, which form a significant part of this industry’s workforce, continues to be a problem for this industry. The use of volunteers is constrained by the cost of training and lack of resources available to manage them.

Worried about falling government funding: Fears of falling government funding were the main driver of a drop in the funding score compared to the first survey.

PwC-CSI Community Index Score

The Development and Housing industry is very unconfident, with a PwC-CSI Community Index score of -17%. This is a decline in confidence of -6% since the previous survey in June 2012.

Industry score

17%

Sector score

3%
Key industry statistics

Development and housing organisations tackle a broad range of activities including economic and social development programs, housing, vocational guidance and counselling, and support for disadvantaged groups.

The Development and Housing industry is significantly smaller than the other industries in the sector. It is considered as part of a group of other smaller industries that include Environment, Law and Advocacy, Philanthropy and International. This group comprises around 110,500 paid employees and 334,000 volunteers across 11,972 organisations.

More than half the survey respondents within the industry were large organisations and the majority were service providers based in a single state. The survey shows that the industry receives considerable support from government, at 59% of total funding. Commercial revenue represents a further 33%.

The industry’s main source of labour is paid employees. Volunteers are not a significant source of labour for this industry.

Sources of funding in the Development and Housing industry

- Membership revenue: 1%
- Investment: 5%
- Commercial revenue: 33%
- Government: 59%
- Other*: 2%

* Other revenue includes income from investments, philanthropy and corporate support

Labour sources in the Development and Housing industry

- Paid employees
- Skilled volunteers
- Unskilled volunteers
- Corporate volunteers

PwC-CSI Community Index Score

Four components make up the total score for the Development and Housing industry:

- Funding score: +5%
- People score: -14%
- Demand score: -36%
- Relationships score: +22%

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Change in results from the first survey
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Overall, confidence in the industry decreased from -11% to -17% between the first and second surveys. The greatest contribution to this change came from the people score. Confidence in the ability to attract and retain quality employees has fallen since the previous survey. The cost of training and the lack of resources to manage volunteers is also constraining organisations in this industry.

The funding score has declined due to concern about government funding cuts in the next six months. The demand score also decreased due to rising levels of demand and increased concern about meeting it.

Relationships remained fairly steady, with less than a 1% impact on the confidence index.
Comparison of results against the not-for-profit sector

The Development and Housing industry is less confident than the whole not-for-profit sector, with a score of -17% for the industry compared to -3% for the sector.

The Development and Housing industry has very strong demand for its services and is extremely unconfident in its ability to meet it. Its demand score of -39% is significantly worse than the overall not-for-profit sector, similar to the previous survey.

The industry’s people score is substantially lower than the rest of the not-for-profit sector, driven by difficulties in attracting and retaining paid employees. The gap between the industry and the overall sector has widened.

The Development and Housing industry is less optimistic about funding than the rest of the not-for-profit sector. The key driver of this is poor expectations of access to government funding compared to the rest of the sector, which makes up 58% of industry funding.

In the medium term, the two year funding outlook is slightly more optimistic than the next six months.

The industry’s relationships score is slightly above the overall sector, particularly reflecting positive relationships with government stakeholders.

Overall, the Development and Housing industry is confident in its ability to carry out its mission over the next six months to two years, but less so than the not-for-profit sector on average.

“It is hard to attract human resources as the community sector is very low paid compared to the private sector. Volunteers are only available for the short term and are a significant training cost to the organisation.”

– A small ACT service provider
PwC-CSI Community Index / Survey results May 2013

PwC-CSI Community Index
Law and Advocacy industry survey results
Industry analysis

Law and Advocacy industry

Key findings:

Second lowest confidence score in the sector: The Law and Advocacy industry is less confident than most other industries, with only Development and Housing having a lower score.

Faces extremely high demand: The industry has the highest demand score in the sector, with around 64% of organisations reporting a “very high” level of demand.

Impacted strongly by falling government funding: Law and Advocacy has the second lowest funding score in the industry, driven by a strong dependence on government funding in an environment of declining government spending.

Worried about attracting and retaining employees: The industry’s people score is well below the sector average. It is more concerned than any other industry about offering competitive wages and attractive career paths to employees.

PwC-CSI Community Index Score

The Law and Advocacy industry has a PwC-CSI Community Index score of -16%, in line with its score in the first survey in June 2012. This means the industry is very unconfident.
**Key industry statistics**

Law and Advocacy organisations include those that provide legal services and advice, crime prevention, public safety and victim support. Law and Advocacy is considered as part of a group of smaller industries that include Environment, Development and Housing, Philanthropy and International. This group comprises around **110,500** paid employees and **334,000** volunteers across **11,972** organisations.

The majority of survey respondents within the industry were state based small organisations. Respondents were generally split between advocacy organisations and service providers.

The survey shows the Law and Advocacy industry is highly dependent on government funding, with 85% of revenue coming from government. It receives a small amount of additional revenue from membership fees and philanthropy.

Paid employees form the bulk of the industry’s labour force, with 95% of respondents identifying employees as a major labour source.

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**Sources of funding in the law and advocacy industry**

- **Membership revenue** 45%
- **Philanthropy** 5%
- **Government** 85%
- **Other** 6%

* Other revenue includes income from investments, philanthropy and corporate support

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**Law and Advocacy industry**

Labour sources in the Law and Advocacy industry

- **Paid employees**
- **Skilled volunteers**
- **Unskilled volunteers**
- **Corporate volunteers**

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**PwC-CSI Community Index Score**

Four components make up the total score to the Law and Advocacy industry:

- **Funding score** -3%
- **People score** -16%
- **Demand score** -39%
- **Relationships score** +16%

**PwC-CSI Community Index** -16%

**Current** | **Previous**
---|---
Funding score | -2%
People score | -16%
Demand score | -44%
Relationships score | +16%

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**Sources of funding in the law and advocacy industry**

- **Membership revenue** 45%
- **Philanthropy** 5%
- **Government** 85%
- **Other** 6%

* Other revenue includes income from investments, philanthropy and corporate support

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**Law and Advocacy industry**

Labour sources in the Law and Advocacy industry

- **Paid employees**
- **Skilled volunteers**
- **Unskilled volunteers**
- **Corporate volunteers**

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**PwC-CSI Community Index Score**

Four components make up the total score to the Law and Advocacy industry:

- **Funding score** -3%
- **People score** -16%
- **Demand score** -39%
- **Relationships score** +16%

**PwC-CSI Community Index** -16%

**Current** | **Previous**
---|---
Funding score | -2%
People score | -16%
Demand score | -44%
Relationships score | +16%
Change in survey results
Changes in the confidence index compared to the first survey are displayed opposite. A grey bar indicates an increase in confidence compared to the first survey, while a rose bar indicates a decrease. The size of the bar shows the impact on the confidence index.

Overall, confidence in the Law and Advocacy industry remained at the same level (-16%) as in the previous survey. The largest change was in the people score, due to greater perceived difficulties attracting and retaining paid employees than in the first survey.

This was offset by an improvement to the demand score, resulting from a reduction in the level of concern about meeting demand. Despite the slight improvement, the industry on the whole still remains very concerned about demand.

The funding and relationships scores remained fairly steady, with less than a 1% impact on the confidence index.
Comparison of results against the not-for-profit sector

The Law and Advocacy industry is the second least confident industry in the sector, with a score of -16% compared to -3% for the sector. It has lower scores across all four components of the index.

As in the previous survey, the industry has the lowest demand score in the sector. This reflects an extremely high level of demand and deep concern about meeting it, with 64% of respondents facing “very high” levels of demand.

Law and Advocacy also has the second lowest funding score in the sector. This is the result of the industry’s strong dependence on funding from government in an environment of declining government spending. The industry sees its lack of funding persisting over the long term – it believes government funding will continue to fall over the next 2 years, and is the only industry expecting a deterioration in its overall financial position over the same time frame.

Alongside the low demand and funding scores, Law and Advocacy also rates below sector average in people. It remains very concerned about attracting and retaining paid employees, and feels more constrained than any other sector by an inability to offer competitive wages and attractive career paths to employees.

The industry’s relationships score is its only positive score, however this too is below industry average. It is less positive about its relationships with clients and business than the sector as a whole.

Overall the Law and Advocacy industry is confident in its ability to carry out its mission over the next six months. The industry is significantly less confident over the next two years however, the largest difference in the short to medium term across all industries.

“...We anticipate that a change in government at either (or both) the State or Federal level will adversely impact on our funding...”

– A small Tasmanian law and advocacy organisation
Industry analysis

Culture and Recreation industry survey results

Key findings:

Above average confidence: The industry is more confident than the overall not-for-profit sector, with a score of +1% compared to -3% for the sector.

Concern about the level of demand: Organisations in the industry are more concerned about the level of demand and their ability to meet it than in the previous survey, but still remain significantly more confident than the not-for-profit sector average (-18%).

Greater reliance on paid employees: A decrease in the people score reflects a greater reliance on paid employees instead of volunteers, who generally are harder to attract and retain.

Improved funding outlook: Overall expectations about funding are positive for the next six months and have improved since the previous survey.

PwC-CSI Community Index Score

The Culture and Recreation industry has a PwC-CSI Community Index score of +1%, which is a neutral result. This is a slight deterioration in confidence of -1% since the previous survey in June 2012.
Key industry statistics
The not-for-profit Culture and Recreation industry includes sport and recreation clubs, training facilities, art galleries, museums, performance art and cultural venues, zoos and aquariums.

The Culture and Recreation industry employs around 100,000 people and more than two million volunteers. It is a significant contributor to the Australian economy, with an estimated $6.6 billion of gross value added.

Two-thirds of survey respondents within the Culture and Recreation industry were medium to large organisations, 80% were service providers and 75% based in a single state.

The survey shows that the most significant sources of revenue in the industry are government funding (32%) and commercial revenue (30%). The industry has one of the highest proportions of funding from commercial revenue in the not-for-profit sector.

The largest source of labour for Culture and Recreation industry organisations is paid employees, followed by skilled volunteers.

Sources of funding in the Culture and Recreation sector

Labour sources in the Culture and Recreation sector

PwC-CSI Community Index Score
Four components make up the total score for the Culture and Recreation industry:
**Change in results from the first survey**

Changes in the confidence index compared to the first survey are displayed opposite. A rose bar indicates an increase in confidence compared to the first survey, while a grey bar indicates a decrease. The size of the bar shows the impact on the confidence index.

Overall, confidence in the industry decreased slightly from +2% to +1% between the first and second surveys. The greatest change came from the demand score, which fell due to rising levels of demand and increased concern about meeting it. The people score also decreased due to a greater reliance on paid employees instead of volunteers, who generally are harder to attract and retain.

This was partly offset by an improvement in funding confidence due to an expected increase in commercial revenue, corporate support and investment income over the next six months. Relationships remained fairly steady, with a minor impact on the confidence index.
Comparison of results against the not-for-profit sector

The Culture and Recreation industry is more confident than the whole not-for-profit sector, with a score of +1% for the industry compared to -3% for the sector.

While negative, the demand score for the industry is significantly higher than the overall not-for-profit sector, similar to the previous survey. Demand is expected to increase over the next six months but less so than the average of the not-for-profit sector. Organisations in the culture and recreation industry also have greater confidence in their ability to meet this demand than the sector as a whole.

The Culture and Recreation industry is less optimistic about funding than the rest of the not-for-profit sector. The industry has lower confidence in receiving government funding in the next six months than other industries in the not-for-profit sector.

The decline in confidence in the people category since the previous survey has brought the industry in line with the average of the not-for-profit sector.

The industry’s relationships score is similar to the overall sector, reflecting positive relationships with all key stakeholders.

The Culture and Recreation industry is confident in its ability to carry out its mission over the next six months to two years, but less so than the not-for-profit sector on average.

“Confidence over the next two years is subject to successfully raising additional resources to help meet demand and realise opportunities.”

– A large national service provider
Industry analysis

International industry

Key findings:

Neutral confidence: Confidence in the International sector is neutral as in the previous survey. The industry’s confidence score is also very similar to the average level of confidence in the sector as a whole.

Less optimistic about funding: The industry is expecting a decline in government funding and philanthropy over the next six months. This has led to a less optimistic funding outlook than in the first survey.

Seeking to expand its workforce: Organisations in the International industry are more likely to be expanding their workforce than organisations in other industries. This is supported by the industry’s positive people score, which reflects optimism about attracting and retaining staff.

Faces high demand: The International industry has the fourth highest demand score in the sector. This reflects a very high level of demand and concern about the industry’s ability to meet this demand.

PwC-CSI Community Index Score

The International industry has a neutral PwC-CSI Community Index score of -3%. This is a deterioration of 2% since the previous survey in June 2012.
Key industry statistics

The International industry includes Australian organisations or Australian branches of international organisations that work with individuals, communities, organisations and governments abroad for development assistance, disaster relief, human rights and peace.

The International industry is considered as part of a group of smaller industries that include Law and Advocacy, Development and Housing, Environment and Philanthropy. This group comprises around 110,500 paid employees and 334,000 volunteers across 11,972 organisations.

Around 60% of survey respondents in the International industry are intermediaries and roughly 30% are service providers. Most are large organisations, either internationally or nationally based. Their most significant source of funding is public fundraising (52%), followed by government funding (23%).

The most significant source of labour in the International industry is paid employees, with additional support provided by skilled volunteers.

Sources of funding in the International industry

* Other revenue includes commercial revenue, corporate support and investment returns.

Labour sources in the International industry

PwC-CSI Community Index Score

Four components make up the total score to the International industry:

- Funding score +14%
- People score +2%
- Relationships score +19%
- Demand score -26%

Other* 11%
Membership revenue 5%
Philanthropy 9%
Government 23%

- Public fundraising 52%

- Other revenue includes commercial revenue, corporate support and investment returns.

Paid employees
Skilled volunteers
Unskilled volunteers
Corporate volunteers

Not a labour source Minor labour source Moderate labour source Major labour source
**Change in survey results**

Changes in the confidence index compared to the first survey are displayed opposite. A grey bar indicates an increase in confidence compared to the first survey, while a rose bar indicates a decrease. The size of the bar shows the impact on the confidence index.

Overall, confidence in the International industry deteriorated slightly from -1% to -3%. The greatest contribution to this decline was the funding score, with organisations less optimistic about their funding base than in the first survey. Key drivers of the change were government and philanthropic funding, which are now forecast to decline over the next six months.

The industry also experienced a decline in its relationships score relative to the first survey. This was the result of reduced optimism about relationships with government and the wider not-for-profit sector compared to the previous survey.
**Comparison of results against the not-for-profit sector**

The International industry has a similar level of confidence to the not-for-profit sector as a whole, with both at -3%.

The industry has a stronger people score than the sector as a whole. This reflects a stronger ability to attract and retain staff than in many other industries, and greater success in accessing volunteers. The industry is also currently working to expand its workforce, with more organisations planning an increase in employees over the next six months than in any other industry.

Organisations in the International industry are more concerned about demand than the sector as a whole. This is due to the very high level of demand for the industry’s services (which are provided across the globe), as well as concern about the industry’s ability to meet this demand.

The outlook for funding and relationships remains in line with the not-for-profit sector average. As with the rest of the sector, some funding increases are expected over the next six months. The industry expects the bulk of this growth to come from fundraising, which is its main source of income.

The positive relationships score indicates that relationships with key stakeholders are improving. Key relationships that are expected to improve include relationships with beneficiaries, philanthropists and international government bodies.

Overall the International industry is confident in its ability to carry out its mission over the next six months to two years, in line with the not-for-profit sector average.

“The European and North American economic crisis means that supports to overseas projects have decreased.”

– A small international organisation in NSW
Industry analysis

Health industry

Key findings:

Less confident than the sector as a whole: The Health industry is slightly less confident than the overall not-for-profit sector, with a score of -5% compared to -3% for the sector.

Demand has increased since the first survey: Organisations in the Health industry are more concerned about the level of demand and their ability to meet it than in the previous survey.

Concerned about attracting and retaining paid employees: An inability to attract and retain paid employees, which form a significant part of this industry’s workforce, continues to be a problem for this sector. This is driven by an inability to offer an attractive wage or career path to employees.

Less optimistic about funding: While overall expectations about funding remain positive, fears of falling government funding have led to a drop in the funding score compared to the first survey.
**Key industry statistics**
Not-for-profit health organisations in Australia include specialised mental health hospitals and treatment centres, rehabilitation facilities, emergency and crisis services and public health education.

The health industry comprises 99,700 employees and 389,800 volunteers, around **18%** of the not-for-profit sector workforce employees. It contributes **$3.4bn** to the economy.

Survey respondents are predominantly from large organisations, with 40% having more than $5 million in annual revenue. Respondents were generally state based, with 83% being service providers. The most significant source of revenue in the Health industry is Government funding, at 40%. Public fundraising represents a further 26% of total revenue.

The largest source of labour for Health industry organisations is paid employees, followed by skilled volunteers.

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**Sources of funding in the Health industry**

- **Government**: 40%
- **Commercial revenue**: 16%
- **Public fundraising**: 26%
- **Corporate support**: 7%
- **Other***: 11%

*Other revenue includes income from investments, philanthropy and corporate support

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**Labour sources in the Health industry**

- **Paid employees**: Major labour source
- **Skilled volunteers**: Major labour source
- **Unskilled volunteers**: Minor labour source
- **Corporate volunteers**: Minor labour source

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**PwC-CSI Community Index Score**

Four components make up the total score for the Health industry:

- **Funding score**: +14%
- **People score**: -16%
- **Demand score**: +11%
- **Relationships score**: +26%

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**Other**

- **Commercial revenue**: 16%
- **Corporate support**: 7%

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*Other revenue includes income from investments, philanthropy and corporate support.
Change in results from the first survey

Changes in the confidence index compared to the first survey are displayed opposite. A grey bar indicates an increase in the component compared to the first survey, while a rose bar indicates a decrease. The size of the bar shows the impact on the confidence index.

Overall, confidence in the industry decreased from -2% to -5% between the first and second surveys.

The greatest contribution to this change came from the demand score, which decreased due to rising levels of demand and increased concern about meeting it. Funding also contributed to the decline, with concerns of falling government revenue pushing the score down compared to the previous survey.

Relationships and people remained fairly steady, with less than a 1% impact on the confidence index.

Health industry

Contribution of each component to changes in the confidence index
**Comparison of results against the not-for-profit sector**

The Health industry is slightly less confident than the whole not-for-profit sector, with a score of -5% for the industry compared to -3% for the sector.

The industry's people score is substantially lower than the rest of the not-for-profit sector, driven by difficulties in attracting and retaining paid employees. This has made it difficult for the industry to increase its workforce to meet rising demand – only half of health organisations seeking to expand their workforce over the last six months were able to do so.

The Health industry has a negative demand score in line with the overall not-for-profit sector, similar to the previous survey. This reflects perceptions of increasing demand over the next 6 months, and concern about the sector’s ability to meet this demand.

Consistent with the previous survey, the Health industry is more optimistic about funding than the rest of the not-for-profit sector. The key driver of this is expected growth in commercial revenue and public fundraising, which together make up 40% of industry funding. Notably, while health organisations remain more optimistic about funding than the rest of the sector, concern about a decline in government funding has made them less optimistic than in the previous survey.

The industry’s relationships score is similar to the overall sector, reflecting positive relationships with all key stakeholders.

Overall the health industry is confident in its ability to carry out its mission over the next six months to two years, in line with the not-for-profit sector average.

> “The Federal election plays a key role in our view of future funding.”

– A large NSW service provider
Industry analysis

Philanthropy and Volunteering industry

Key findings:

Second highest confidence score in the sector:
The Philanthropy and Volunteering industry is more confident than most other industries, with only Education and Research having a higher confidence score.

Significantly more optimistic about funding:
The industry’s funding score improved from second-worst in the sector to best in the sector between the two rounds of the survey. This reflects a much better outlook across most major sources of revenue, particularly investment returns, corporate support and fundraising.

Struggling to meet demand despite an otherwise positive outlook: While operating conditions are improving across the three areas of funding, people and relationships, the industry remains more concerned about meeting demand than the sector as a whole.

PwC-CSI Community Index Score

The Philanthropy and Volunteering industry has a PwC-CSI Community Index score of +1%, an improvement of 4% since the previous survey in June 2012. This means the industry has a neutral level of confidence.
Key industry statistics

The Philanthropy and Volunteering industry is made up of foundations that provide support to other not-for-profits and charitable causes. It includes individual, family, community and corporate foundations, as well as organisations that research, facilitate and promote philanthropic activity or volunteering.

The Philanthropy and Volunteering industry is considered as part of a group of other smaller industries that include Development and Housing, Law and Advocacy, Environment, and International. This group comprises around 110,500 paid employees and 334,000 volunteers across 11,972 organisations.

Around 60% of survey respondents are large organisations and 80% were national or single state based. More than half of respondents were trusts or foundations, and around 30% were intermediaries. Investment forms the largest share of income for the industry (29%), followed by government funding (21%).

Most of the industry’s labour is provided by paid employees, with some additional support provided by skilled volunteers.

Sources of funding in the Philanthropy and Volunteering industry

Funding

- Government: 21%
- Investment: 29%
- Corporate support: 14%
- Public fundraising: 14%
- Other*: 20%

* Other revenue includes income from corporate support, philanthropy and membership fees.

Philanthropy and Volunteering industry

Labour sources in the Philanthropy and Volunteering industry

- Paid employees
- Skilled volunteers
- Unskilled volunteers
- Corporate volunteers

PwC-CSI Community Index Score

Four components make up the total score for the Philanthropy and Volunteering industry:

- Funding score: +19%
- People score: +5%
- Relationships score: +30%
- Demand score: -29%
**Change in survey results**
Changes in the confidence index compared to the first survey are displayed opposite. A grey bar indicates an increase in confidence compared to the first survey, while a rose bar indicates a decrease. The size of the bar shows the impact on the confidence index.

Overall, confidence in the Philanthropy and Volunteering industry increased from -3% to +1%. The most significant change since the last survey was a very strong improvement in the funding score. This was the result of more optimistic expectations over the next six months across most major revenue streams, particularly investment returns, corporate sponsorship and fundraising. Greater optimism about the Australian economy than in the first survey, as well as greater than expected growth in funding over the last six months, may have contributed to this improved outlook.

Unlike the funding score, the other three components of the index declined compared to the previous survey. The weaker demand score reflected a more rapid increase in demand than in the sector as a whole, while the weaker people score resulted from greater challenges in attracting and retaining paid employees.
Comparison of results against the not-for-profit sector

The Philanthropy and Volunteering industry is more confident than the not-for-profit sector as a whole, with a score of +1% compared to -3% for the sector. It is the second most confident industry in the sector, after education and research.

Following the strong improvement in the funding score since the first survey, Philanthropy and Volunteering now has the strongest funding score in the sector. Growth is expected to be stronger than the sector average across all sources of revenue, with particularly significant differences in commercial revenue, public fundraising and corporate support.

Despite the recent decline, the industry’s people score remains the second highest in the sector. This mainly reflects less concern than other industries about its ability to offer competitive wages and career opportunities to employees.

The final area where the industry outperforms the sector is in relationships. Philanthropy and Volunteering has the highest relationships score in the sector, reflecting much stronger relationships with other not-for-profits and government than other industries.

Compared to its other three scores, the demand score in the Philanthropy and Volunteering industry is very weak at -29%. This is significantly below the sector average, and reflects a high level of demand for the support it provides and an inability to meet it.

Overall the Philanthropy and Volunteering industry is very confident in its ability to carry out its mission over the next six months to two years, and more confident than the not-for-profit sector on average.

“If we can get a few more blue chip clients on board, the sky’s the limit for us.”

– A medium-sized foundation that operates nationally
PwC-CSI Community Index

Education and Research industry survey results
Industry analysis

Education and Research industry

Key findings:

Most confident industry in the sector:
Education and research organisations have a confidence score of +3% compared to -3% for the sector. This is the highest score in the sector.

Strong improvement in funding outlook:
Overall expectations about funding are now positive, with an improvement in funding outlook across all revenue streams when compared to the previous survey.

More concerned about meeting demand than in the first survey: The industry is more concerned about the level of demand and their ability to meet it than in the previous survey, with a demand score of -11% compared to +1% at the previous survey.

Confident about attracting and retaining staff: The industry is more confident in its ability to attract and retain paid employees, which form a significant part of this industry’s workforce, than the not-for-profit sector average.

PwC-CSI Community Index Score

The Education and Research industry has a PwC-CSI Community Index score of +3%, which is a neutral result. This is an improvement in confidence of +5% since the previous survey.
Key industry statistics

Education and research organisations in the not-for-profit sector include research centres, schools, tertiary education providers (excluding universities) early childhood and adult or continuing learning centres.

The industry comprises 6,621 organisations, 218,000 employees and 608,000 volunteers. It contributes $11bn to the economy and represents around 21% of the not-for-profit sector’s total income.

The majority of survey respondents within the Education and Research industry were medium to large organisations and around 70% were service providers. Respondents were generally split evenly between single state and national organisations.

The survey shows that the most significant source of revenue in the Education and Research industry is Government funding, at 44%. Commercial revenue represents a further 17% of total revenue.

The largest source of labour for Education and Research organisations is paid employees, followed by skilled volunteers.
**Change in results from the first survey**

Changes in the confidence index compared to the first survey are displayed opposite. A grey bar indicates an increase in confidence compared to the first survey, while a rose bar indicates a decrease. The size of the bar shows the impact on the confidence index.

Overall, confidence in the industry increased from -2% to +3% between the first and second surveys. The greatest contribution to this change came from the funding score, which increased due to expected growth in revenue over the next six months. The industry’s funding outlook improved across all revenue streams, with the exception of corporate support which is expected to remain unchanged. Most notably, the industry expects a considerable increase in self-generated income including commercial revenue, membership revenue and investment income, which makes up around 35% of industry funding.

This was partially offset by a decrease in the demand score due to an expected increase in demand and concerns about meeting it. Relationships and people remained fairly steady, with less than a 1% impact on the confidence index.
Comparison of results against the not-for-profit sector

The Education and Research industry is more optimistic about funding than the rest of the not-for-profit sector. This is a significant improvement since the previous survey.

The industry’s people score is higher than the rest of the not-for-profit sector, driven by a higher confidence in their ability to attract and retain paid employees compared to the sector average.

The Education and Research industry remains more confident in its ability to meet demand than the not-for-profit sector average.

The industry’s relationships score is similar to the overall sector, reflecting positive relationships with all key stakeholders.

Overall the Education and Research industry is very confident in its ability to carry out its mission over the next six months to two years, significantly more so than the not-for-profit sector on average.

“An increase in demand demonstrates success; but adds pressure on existing funds.”

– A NSW research organisation
PwC-CSI Community Index

Religious industry survey results
Industry analysis

Religious industry

Key findings:

One of the least confident industries: the Religious industry has the third lowest confidence score in the sector, at -9%.

Expects funding to decrease: Funding is expected to decline over the next 6 months, with a negative funding score of -4%. This is the lowest score in the sector, and reflects concern about the industry’s two largest revenue streams – government funding and membership fees.

Remains very concerned about people: The Religious industry has a much lower people score than the sector average. This reflects concern about attracting and retaining both paid employees and volunteers, which both form a key part of the industry’s workforce.

Relationships expected to improve less than for other industries: The Religious industry also has the lowest relationships score in the sector. This reflects perceptions of a deteriorating relationship with the general public, and little improvement in relationships with beneficiaries.

PwC-CSI Community Index Score

The Religious industry has a PwC-CSI Community Index score of -9%, an improvement of 2% since the previous survey in June 2012. This means the industry is somewhat unconfident.
Key industry statistics

Religious organisations are those whose primary purpose is the promotion of religious beliefs, services and rituals, such as churches, mosques, synagogues and temples.

The Religious industry has approximately 40,700 employees and contributes over $1.3 billion to the economy each year. Although mostly small in terms of revenue and number of employees, there are 12,174 religious organisations in Australia, more than in any other industry in the not-for-profit sector.

Survey respondents within the Religious industry are the most varied of all industries, evenly distributed across size categories and location. Around two-thirds of respondents were service providers, with the remaining being intermediaries. The industry has a diverse funding base, with a mix of government income (30%), membership fees (27%) and several other sources.

It also makes use of diverse sources of labour, with paid employees, skilled volunteers and unskilled volunteers utilised in roughly equal proportions.

Sources of funding in the Religious industry

* Other revenue includes income from investments, philanthropy and corporate support

Religious industry

Sources of labour in the Religious industry

- Paid employees
- Skilled volunteers
- Unskilled volunteers
- Corporate volunteers

PwC-CSI Community Index Score

Four components make up the total score for the Religious industry:

- Funding score
- People score
- Demand score
- Relationships score

* Other revenue includes income from investments, philanthropy and corporate support
**Change in survey results**
Changes in the confidence index compared to the first survey are displayed opposite. A grey bar indicates an increase in confidence compared to the first survey, while a rose bar indicates a decrease. The size of the bar shows the impact on the confidence index.

Overall, confidence in the Religious industry remained fairly consistent between the two surveys, with a slight increase from -11% to -9%. The largest change was a mild improvement to the people score, with the challenge of attracting support from volunteers easing somewhat.

This was offset by a decline in the relationships score. The sector is more concerned than in the previous survey about its relationship with the general public and beneficiaries, which are recognised as its two most important stakeholder groups.

The industry also saw an improved funding score, due to reduced pessimism about government funding, and an improved demand score, with reduced concern about the level of demand.
Comparison of results against the not-for-profit sector

The Religious industry is significantly less confident than the not-for-profit sector as a whole, with a score of -9% compared to -3% for the sector.

This is the result of significantly weaker funding, people and relationships scores than the rest of the sector. The industry has the weakest funding outlook of all 10 industries, and is one of only three industries expecting an overall decline in funding over the next six months. The poor outlook is driven by declines in its two largest funding sources, government revenue and membership fees, with little growth in other areas to offset this.

Despite a small improvement since the previous survey, the religious industry also remains extremely concerned about people. It is the most volunteer-oriented industry in the sector, but continues to struggle to obtain a sufficient supply of volunteers. It struggles to attract and retain paid employees, constrained by an inability to offer attractive wages and career paths.

Its relationships score is the weakest across the sector. This reflects perceptions of a deteriorating relationship with the general public, as well as expectations that relationships with beneficiaries and government will not improve by much over the next six months.

The one area where the Religious industry exceeds the sector average is in demand. Religious organisations are less overwhelmed by the level of demand for their services, and are more confident in their ability to meet demand.

Overall the Religious industry is confident in its ability to carry out its mission over the next six months to two years, but less so than the not-for-profit sector on average.

“So much depends on changes to government and consequent changes to funding.”

– A large NSW service provider