



Media Release  
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## **If governments want to maintain employment – do not cut funding to charities**

The Community Council for Australia has called on all Australian governments to look beyond short-term business stimulus and ensure the biggest industry employer in Australia, the charities sector, can maintain their staff through this period of economic uncertainty.

CCA Chair Rev Tim Costello pointed out today; ***‘Charities employ more than 1.3 million Australians. That is more than the retail sector, more than agriculture, mining, or any other industry. Charities need certainty if they are to maintain their staff. Governments could help with that certainty by guaranteeing not to cut funding for the next 12 months. A 12-month moratorium on funding cuts would provide increased certainty for charities and boost employment.’***

Some governments, including the Federal government, have indicated they may be looking to cut funding to charities as part of their attempts to reduce government expenditure.

CCA CEO David Crosbie said; ***‘Charities are often overlooked when it comes to stimulus packages and economic incentives, despite the fact that they turn over around \$150 billion each year, contribute more than 5% to GDP, and employ 1.3 million Australians, particularly in areas where business employment options can be limited. Already many charities are entering the starvation cycle – we need to ensure they are able to employ the staff they need now and into the future.’***

Charities have been facing ongoing reductions in government income through; efficiency dividends, increased competition for funding, unit cost government funding that does not cover full-service costs, and cutbacks to program funding. This has pushed many charities into a starvation cycle.

The ‘starvation cycle’ is where a charity tries to keep their programs and services running by not investing in their organisational capacity and reducing ongoing commitments especially in employment of staff which is the major expenditure of most charities. In practice this means charities become reluctant to employ or even maintain staff as permanent employees.

Mr Crosbie said; ***‘Charities often face unrealistic pressure to turn programs on and off like a tap. If we want our charities to be there in times of high community need, we must ensure they have the organisational capacity, the staff and the infrastructure required to fulfill their purpose and serve their communities. Short term funding undermines their capacity and reduces employment.’***

Mr Crosbie has recently argued the government should be actively considering a stimulus package for charities, ***‘Following the bushfires and the emerging corona virus pandemic, CCA believes governments could provide more stimulus to the economy, increase employment and strengthen communities by investing more in the capacity of charities to better serve their communities. Stimulus should not just be about small business and tax incentives.’***

**Media Contact: David Crosbie 0419 624 420**