

Media release

For immediate release

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Non profit groups facing increased demand for services and who are struggling to find funding may be able to benefit from a new fund \$40 million fund announced by Minister for Social Services Paula Bennett.

However the fund robs Peter to pay Paul, according to fundraising commentator Heather Newell who says Minister Bennett's announcement clearly signals the end of an initiative by the previous government which would have seen organisations who are contracted to provide social and health services, fully funded for supplying those services.

Heather's company Foresee Communications produces resources and training for the fundraising sector and is a publisher of two monthly fundraising publications.

"Some of those organisations who have been anticipating an increased level of funding from government may now find themselves needing the Community Response Fund instead, particularly if they have not focused on independent fundraising.

"Although a cash injection will be welcomed, it doesn't address the longer term issue for the sector which is about learning self reliance and sustainability from independent sources," said Heather Newell. "Reliance on government funding does not foster the independence that non profit organisations should have. If government is the major source of funding for these organisations, then they have the ability to dictate what services are provided, who should receive those services and what priorities are funded. Organisations in this position are basically captured by the funding body, and they may as well become government agencies. A truly independently funded nonprofit can follow its own priorities and deliver services according to its own values without fear of compromise," she said.

Heather recognises however, that government can't be blamed for offering support. "I would encourage government though, to assist organisations to build their capacity around fundraising, to reduce their overall reliance on government funding. Having one principal founding source is dangerous for the organisation and for its employees. I know of a charitable organisation which receives around \$30million from government contracts and yet seeks only \$600,000 a year from philanthropy. If government priorities change, this organisation and its 700 person workforce will be severely compromised."

The fund announced this week by the Minister will be targeted at those groups facing increased demand for services, or severe financial difficulty due to the recession.”

Applicants to the fund will have to provide critical services to families, children, young and older people and meet a range of criteria. Regional panels with community representation will approve applications.

“We want to set up a fund which will enable communities to help deliver services they believe are critical in their areas. Different communities will have different needs and we want to support them through these tough times,” Ms Bennett said.

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