



**The Centre for
Volunteering**

Summary: Future Foundations for Giving Philanthropy Inquiry Report

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Introduction

In 2023, the Federal Government Productivity Commission established an inquiry into philanthropic giving. This inquiry sought to strengthen philanthropic giving in Australia in line with the Government's goal of doubling giving by 2030. The Centre for Volunteering provided advice to Volunteering Australia on their submissions to this inquiry and submitted our own response to the draft released in February 2024.

The final report from the Productivity Commission was submitted to the Government on 10 May 2024 and released to the public on 18 July 2024. This document will summarise the key findings of the report and provide commentary on the recommendations relevant to volunteering. We are particularly pleased to see three of our recommendations preserved in the final report: that better public data be collected on volunteering, that the regulatory and reporting burden on volunteers (such as screening checks) be reduced, and that the government specifically consider how policy changes will impact volunteers.

Key Findings

- Philanthropy contributes to a better society by providing money, time, skills, assets or advocacy for communities and/or groups who lack access to outcomes, goods, and services
 - Within this framework, the Productivity Commission is considering volunteering as a subset of philanthropy. Though The Centre considers volunteering and philanthropy to be separate, though related, topics, we recognise the framework used in the report.
- Philanthropy in Australia is increasing, supported by government policies. The recommendations in this report aim to reinforce the strong foundations of philanthropic giving.
- The deductible gift recipient (DGR) system is not fit for purpose and should be reformed, especially in terms of helping a wider range of charities access tax-deductible donations.
- An independent organisation, led by Aboriginal and Torres Strait Islander people, should be established to strengthen the relationships between Aboriginal and Torres Strait Islander organisations and philanthropic networks.
- Reforms are needed to enhance the regulatory framework for charities and to support high levels of public trust and confidence in charities now and into the future.
- The Commission has designed policy principles to inform the minimum distribution that ancillary funds are required to make each year to charities for the benefit of the wider community.
- The Australian Government should create more value for the public from the data collected about charities and giving.

The full report is a lengthy that covers a wide range of aspects of philanthropy in detail. We will discuss those most relevant to volunteering below and encourage readers who are looking for more information to read the full report.

Volunteering Findings and Recommendations

We are glad to see volunteering be considered so thoroughly in the report and pleased to see that our advocacy and that of our fellow volunteering peak bodies has been taken on board by the Productivity Commission. We will highlight the most relevant findings and recommendations below.

Volunteering as a form of giving (pages 98-100)

The report uses Volunteering Australia's definition of volunteering as "time giving for the common good without financial gain." The report presents a narrative of formal volunteering facing a steep decline alongside a marked increase in informal volunteering and posits the impact of the COVID-19 pandemic and cost of living crisis as contributing factors to this.

We dispute the severity of this decline in formal volunteering based on our disagreements with the methodology for data collected at a federal level. The report acknowledges the discrepancies in different data collection methods in this section and, as we will discuss later, recommends an overhaul of data collection on volunteering as a key means of better understanding the sector. Even with this discrepancy, we agree with the finding that volunteering is widespread in Australia.

A potential tax incentive to encourage volunteering (pages 145-158)

Several submissions, including our own, proposed that the government use some kind of tax incentive to encourage volunteering and relieve the cost burden on volunteers and volunteer-involving organisations. The report notes that several models were proposed and that different arguments in favour of this kind of support.

The report is inconclusive as to whether a tax incentive would work. Though it notes that volunteering peak bodies support this kind of incentive, the report suggests that such an incentive does not relate directly to the main motivations for volunteering and argues that people do not volunteer for financial reasons. The report also raises concerns that tax incentives could lead to substitutions between different volunteering activities as not all activities have the same cost, as well as incentivising more expensive (and therefore deductible) types of volunteering over others, rather than boosting volunteering overall.

The framework of a tax incentive is also noted as not reaching all volunteers, as some, such as retirees, may not have income and therefore not submit a tax return. There could be issues with compliance and integrity when considering informal

volunteering and it is suggested that philanthropy itself could cover some of these expenses. Together with the cost of such an incentive, the report recommends that the government is more likely to be effective through programs such as grants to cover direct costs and does not recommend the adoption of a government tax incentive for volunteering.

While we appreciate the level of consideration given to a tax incentive in this report, we consider that the Commission has not fully engaged with the effects this program would have. Much of the data used to support its argument suffers from the same discrepancies mentioned earlier. For example, the report suggests an annual out-of-pocket cost of \$600 for volunteers, based on Volunteering Australia's submission drawing on the ABS data. Conversely, our 2023 State of Volunteering report found that the average annual cost to volunteers in NSW alone was \$3115.80, increasing from \$1924 in 2020.¹ Further, the report suggests that only 16% of people surveyed cited financial reasons for not volunteering, while 40% cited work or family reasons. While this is broadly consistent with our own data from 2023, we suggest that work reasons or a general lack of time impeding volunteering are related to the overall cost of living. The 2023 NSW State of Volunteering report found that the more paid hours of work done each week, the more likely you were to identify time as a barrier, and that the younger you were the more likely you were to identify cost as a barrier.² When taken alongside other recent reports that identify the cost of living as a reason that people have had to take on additional work,³ we can see that cost has wider impacts on volunteering behaviour and the time that people have to volunteer.

We intend to revise our approach to a tax incentive alongside the other volunteering peak bodies, conduct further research and analysis on how an incentive might work, and advocate to Government that this is reconsidered.

Volunteering and government policy (260-262)

Recommendation 7.7 is that the design of new government policies and programs, as well as impact analysis, should explicitly consider the effects they will have on volunteers. We strongly support this recommendation and are pleased to see that the report recognises the essential and distinct contributions that volunteers make to the charitable sector. We are also pleased to see that the Commission recognises the burden that regulations, reporting, screening checks, and the different requirements posed by different jurisdictions place on volunteers. The report has concrete and specific recognition of some of the issues facing volunteers and provides some suggestions as to how these can be alleviated. We will continue our advocacy alongside the volunteering peak bodies and volunteer involving

¹ Muller, P., Hillier, B., Ijaz, M., and Morris, D. 2023. *NSW State of Volunteering Report*. Sydney: The Centre for Volunteering, p. 39.

² *Ibid.*, p 13.

³ Cortis, N. and Blaxland, M. (2023). *At the Precipice: Australia's Community Sector through the Cost-of-living Crisis*. ACOSS, Sydney.

organisations in this area to ensure that volunteering is made as accessible as possible.

Improving publicly available volunteering data (pages 346-351)

We are pleased to see a detailed consideration of the national data landscape with regards to volunteering, as this formed a large portion of our submission.

Recommendation 9.4 is that the ABS improve the usefulness of publicly available data on volunteering.

The report notes several of the issues with current federal data, especially the limitations with large population surveys such as the General Social Survey (GSS) and the Census. One of its most important observations relates to the definition of volunteering and specifically how it is understood in Aboriginal and Torres Strait Islander communities as well as culturally and linguistically diverse (CALD) communities. Specifically, traditional definitions of volunteering can often exclude or deemphasise the volunteering practices of these communities. The report recommends that the ABS develop methodologies that account for and alleviate these issues so that a better and more holistic understanding of volunteering in Australia can be achieved.

The report provides several options for how large-scale data on volunteering might be collected in the future for consideration by a range of stakeholders and suggests an annual GSS Survey as the best option if it is resumed. It also identifies the following topics as the minimum information that should be collected:

- Formal volunteering
- Informal volunteering, and especially its expressions in First Nations and CALD communities
- The amount of time spent on formal and/or informal volunteering activities

The report is careful to note that its suggestions should not preclude other options for collecting national data on volunteering. We are also providing feedback to Volunteering Australia about how the ABS might improve the GSS questions that relate to volunteering and will continue to advocate for a more effective national data collection process with regards to volunteering.

Direct costs as a barrier to volunteering (pages 357-358)

The final major area that addresses volunteering in the report relates to the impact that direct costs have on volunteering and how some of these costs can act as a barrier to accessing philanthropy. While the report is mostly concerned with the impact of insurance costs to smaller not-for-profit organisations, we suggest that a wider range of costs can impact volunteering. We are pleased to see some recognition of the costs that may inhibit more volunteering and will continue to advocate that the full range of these costs be considered by the Government.

Conclusion

The Productivity Commission report provides a comprehensive overview of the submissions received from a range of organisations that engage with philanthropy. We are pleased to see volunteering considered in as much detail as it is and that sensible and effective recommendations are made to Government regarding volunteering and philanthropy more broadly. This report provides an effective platform for us to target our advocacy and useful information to use in this process.