

# Final Submission to the Productivity Commission Review of Philanthropy

February 2024

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## Overview

Volunteering Australia and the State and Territory volunteering peak bodies welcome the release of the *Future foundations for giving* Draft report released by the Productivity Commission in November 2023. The draft report includes a number of recommendations which, if implemented, would greatly strengthen the volunteering ecosystem and progress the national vision for volunteering, to make volunteering the heart of Australian communities. The final report should consider the impacts of all recommendations, including those focused on philanthropic giving of money and assets, for the volunteering ecosystem. Further efforts could also be made to align the recommendations with the Strategic Objectives of the National Strategy for Volunteering (2023-2033).

To address these considerations, we make the following recommendations to the Productivity Commission:

1. Include *draft recommendation 7.5: Explicitly consider the effects on volunteers when designing policies and programs* in the final report.
  - To strengthen this recommendation and progress the National Strategy for Volunteering (2023-2033), the Commission should recommend that responsibility for considering volunteering in the design of policies and programs be formally embedded in government. This could be achieved through the Office of Impact Analysis by including volunteering explicitly in Policy Impact Analysis guidance. The establishment of an Inter-Departmental Committee on volunteering would further embed the consideration of volunteering in policy and program design across all government departments and agencies.
2. Include *draft recommendation 9.5: Improve the usefulness of public information sources on volunteering* but amend the recommendation to include the collection of official data on volunteering through a more suitable survey, which provides more accurate data on formal and informal volunteering.
3. Include a new recommendation that government funding for volunteering programs should be increased to properly cover the full costs of running programs, including volunteer management, in alignment with Strategic Objective 3.3: Commit to Strategic Investment of the National Strategy for Volunteering (2023-2033).
4. Include a new recommendation to explore ways to use the tax and transfer system to reduce costs of volunteering, for example, by making out-of-pocket expenses incurred while volunteering tax deductible.
5. Explicitly mention volunteering in all relevant recommendations.
  - For example, the wording of *draft recommendation 9.3* could be amended to specify volunteering:
    - *Draft recommendation 9.3: Introducing enhanced disclosure and reporting of corporate giving, including volunteering.*

## Introduction

### About the Productivity Commission Review of Philanthropy

The Australian Government has committed to working with the philanthropic, not-for-profit (NFP), and business sectors to double philanthropic giving by 2030. It has asked the Productivity

Commission to undertake an inquiry to analyse motivations for philanthropic giving in Australia and identify opportunities to grow it further.

The terms of reference assign the Commission three broad tasks:

- analyse trends in philanthropic giving in Australia and the drivers of these trends
- identify opportunities for, and obstacles to, increasing philanthropic giving in Australia
- recommend ways to respond to these opportunities and obstacles.

The Call for Submission identifies that this inquiry coincides with other government policy development processes related to the NFP sector and philanthropy, including the implementation of the National Strategy for Volunteering (2023-2033).<sup>1</sup>

### About this submission

This submission responds to the *Future foundations for giving* Draft report released by the Productivity Commission in November 2023. It provides feedback on the draft recommendations related to volunteering and the key findings included in the draft report. This submission also provides input on how to align the recommendations of the Philanthropy Inquiry with those of the recent National Strategy for Volunteering (2023-2033).

This submission was drafted by Volunteering Australia in collaboration with the State and Territory volunteering peak bodies.

### The National Strategy for Volunteering (2023-2033)

The new National Strategy for Volunteering (2023–2033) is a ten-year blueprint for a reimagined future for volunteering in Australia. It is the first National Strategy for Volunteering in a decade, providing a strategic framework for enabling safe, supported, and sustainable volunteering. The National Strategy for Volunteering was developed through a 12-month co-design process with members of the volunteering ecosystem.<sup>2</sup> The National Strategy aims to complement and strengthen state and territory volunteering strategies, providing a national strategic framework for enabling safe, supported, and sustainable volunteering.

The Productivity Commission Review of Philanthropy should consider how its recommendations will align with and support the National Strategy for Volunteering (2023-2033). Five of the Strategy's strategic objectives are particularly relevant to the scope of this inquiry, namely:

- Strategic Objective 1.1: Focus on the Volunteer Experience
- Strategic Objective 1.2: Make Volunteering Inclusive and Accessible
- Strategic Objective 2.2 Reshape the Public Perception of Volunteering
- Strategic Objective 3.1: Make Volunteering a Cross-Portfolio Issue in Government

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<sup>1</sup> <https://www.pc.gov.au/inquiries/current/philanthropy/call-for-submissions/philanthropy-call-for-submissions.pdf>, 1

<sup>2</sup> <https://volunteeringstrategy.org.au/the-strategy/>

- Strategic Objective 3.3 Commit to Strategic Investment

The recommendations included in this submission are guided by the National Strategy for Volunteering and aim to ensure that any recommendations made by the Productivity Commission align with the strategic objectives outlined in the National Strategy.

## Philanthropy and volunteering

Volunteering Australia and the State and Territory volunteering peak bodies support the definition of volunteering used by the Productivity Commission and the delineation of volunteering from the giving of money and assets. This framing aligns the draft report with the National Strategy for Volunteering and facilitates clear and useful recommendations for volunteering and the giving of money and assets respectively.

## Draft recommendation 7.5: Explicitly consider the effects on volunteers when designing policies and programs

This recommendation is welcomed, and we strongly support its inclusion in the final report.

The Commission suggests that the regulatory burden on volunteers should be eased.<sup>3</sup> The Commission further notes that it is not clear that regulatory impact statements, where they are done, always consider the effect of new policy proposals on volunteering, and any consequences for charities and the community.<sup>4</sup> Improving policy on volunteering requires consistent and explicit consideration of volunteering across government portfolios. This consideration, alongside increased consultation with the volunteering ecosystem, must inform the design and implementation of policies and programs across government portfolios that relate to volunteering or affect volunteers. This aligns with Strategic Objective 3.1: Make Volunteering a Cross-Portfolio Issue in Government, of the National Strategy for Volunteering (2023-2033).

To strengthen this recommendation and progress the National Strategy for Volunteering (2023-2033), the Commission should recommend that responsibility for considering volunteering in the design of policies and programs be formally embedded in government. This could be achieved through the Office of Impact Analysis by including volunteering explicitly in Policy Impact Analysis guidance. The establishment of an Inter-Departmental Committee on volunteering would further embed the consideration of volunteering in policy and program design across all government departments and agencies.

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<sup>3</sup> <https://www.pc.gov.au/inquiries/current/philanthropy/draft/philanthropy-draft.pdf>, 33

<sup>4</sup> <https://www.pc.gov.au/inquiries/current/philanthropy/draft/philanthropy-draft.pdf>, 238

## Draft recommendation 9.3: Introducing enhanced disclosure and reporting of corporate giving

The Commission recommends that the Australian Government should introduce a requirement for listed companies to publicly report itemised information on their donations of money, goods, and time to entities with deductible gift recipient status. This would enhance accountability to shareholders, consumers, employees, and other stakeholders within the community. It is also recommended that the Australian Taxation Office (ATO) should regularly publish aggregate information on corporate giving in Australia (for example, in the Australian Taxation Statistics) including, at a minimum, donations by company size, taxable status, and industry.

Improved data on corporate volunteering would be greatly beneficial to the development of employee volunteering programs in the future. This recommendation is welcomed, and we support its inclusion in the final report.

## Draft recommendation 9.5: Improve the usefulness of public information sources on volunteering

The draft report recommends that the Australian Bureau of Statistics (ABS) should improve the usefulness of public information sources on volunteering by amending the questions on volunteering in the Census to collect data on informal volunteering and time spent volunteering.<sup>5</sup> While more useful data on volunteering through public information sources is a highly relevant and important initiative, the addition of these questions to the Census may not be the best way to achieve this.

The Australian Bureau of Statistics (ABS) has analysed the volunteering data produced in the Census and the General Social Survey (GSS) to assess the merits of each and demonstrate which provides more accurate data on volunteering in Australia.<sup>6</sup> While both data sources are highly valuable and have different strengths, the GSS was deemed to produce a more accurate estimate of the rate of volunteering than the Census. According to the ABS:

“...the personal interview approach of the GSS provides a better quality estimate of the rate of volunteering compared with the single question in the Census. This is due to a number of reasons: the person answers on behalf of themselves and thus should know whether they volunteer; the detailed questions in the GSS are designed to elicit an accurate response; and the survey also allows for prompting and clarification by the interviewer which cannot be done in a self-completed Census form.”<sup>7</sup>

This suggests that the Census significantly under-reports the number of people who volunteer in Australia due to the data collection methodology. While Census data on volunteering is highly

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<sup>5</sup> <https://www.pc.gov.au/inquiries/current/philanthropy/draft/philanthropy-draft.pdf>, 49

<sup>6</sup> <https://www.abs.gov.au/statistics/people/people-and-communities/comparison-volunteering-rates-2006-census-population-and-housing-and-2006-general-social-survey/latest-release>

<sup>7</sup> *ibid*

valuable, as it can be used to understand differences between geographical areas, including at the local level, it does not provide the most accurate estimate of the number of people who volunteer in Australia. For this reason, including additional questions in the Census is not sufficient nor suitable to produce more useful data on volunteering.

Official data on volunteering in Australia should be collected through the GSS or another nationally representative survey of the population conducted by the ABS. This data should complement sector-led data collection efforts, such as the recent State of Volunteering reports produced by many of the State and Territory volunteering peak bodies in 2023, and the Volunteering in Australia research led by Volunteering Australia in 2022. These projects have produced novel and up-to-date findings on volunteering in Australia and complement official data sources. However, they are not funded on an ongoing basis. To better enable data-driven policy and program design, official data collection initiatives should produce reliable data on volunteering both nationally and for each state and territory. Official data should also be collected on the type of organisation people volunteer for, the kinds of activities undertaken, motivations for volunteering, barriers to volunteering, time spent volunteering, informal volunteering activity, costs of volunteering, mode of volunteering activities, who people volunteer with, and other data as needed to inform policy and program design.<sup>8</sup> Accurate data on volunteering is central to key government initiatives, such as the Measuring What Matters Framework, which includes data on formal and informal volunteering from the GSS as indicators of social connections.<sup>9</sup>

Additional data on volunteering could also be collated by the Australian Government, drawing on existing datasets made by other organisations to support policy-making in particular areas. For example, the draft report suggests that the Australian Government should create more value for the public from the data collected about charities by improving the Australian Charities and Not-for-profits Commission (ACNC) charity register, and collecting and publishing additional data on ancillary funds, corporate giving, volunteering, and charitable bequests.<sup>10</sup> The ACNC Annual Information Statement (AIS) database is a key resource for data on charities in Australia, and could provide valuable data on volunteering to support better policymaking in the sector and facilitate alignment between ongoing reforms of the charities and not-for-profit sector and strategic policy for the volunteering ecosystem, such as the National Strategy for Volunteering (2023-2033). Volunteering Australia and the State and Territory volunteering peak bodies support this suggestion.

Draft recommendation 9.5 also suggests that following engagement with communities, the ABS should develop methodologies that enable better measurement of volunteering by Aboriginal and Torres Strait Islander communities and culturally and linguistically diverse communities.<sup>11</sup>

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<sup>8</sup> <https://www.abs.gov.au/statistics/research/collection-volunteering-data-abs>; some of this data has previously been collected through the 2014 General Social Survey, and through sector-led projects such as the State of Volunteering and Volunteering in Australia research projects

<sup>9</sup> <https://treasury.gov.au/policy-topics/measuring-what-matters/dashboard/social-connections>

<sup>10</sup> <https://www.pc.gov.au/inquiries/current/philanthropy/draft/philanthropy-draft.pdf>, 47

<sup>11</sup> <https://www.pc.gov.au/inquiries/current/philanthropy/draft/philanthropy-draft.pdf>, 49

Volunteering Australia and the State and Territory volunteering peak bodies welcome this recommendation and support its inclusion in the final report.

Until there is an increased understanding of the myriad of ways that volunteering takes place across Australia, much of the work of volunteers in First Nations, multicultural, and multifaith communities will continue to go unrecognised, unmeasured, and unsupported at a national level. Like First Nations people, volunteers in multicultural communities do not necessarily resonate with the term volunteering and more commonly use words such as ‘giving’, ‘helping’, and ‘sharing’ to describe their voluntary activities.<sup>12</sup> Some cultures do not even have an equivalent word for volunteering and volunteer work undertaken by Australians born overseas often takes place within ethnic, cultural, or religious communities.<sup>13</sup> Faith-based and culturally-nuanced expressions of volunteering may be more fluid, unbounded, and value-driven than formal, role-based positions in established organisations.<sup>14</sup> Diversifying the understanding of volunteering is important for several reasons, including the collection of accurate data to inform relevant policy, to ensure equity in access to funding and other support, and to dispel myths about volunteering. We suggest that the Productivity Commission should also recommend additional funding to the ABS to collect data on volunteering with a larger sample size that ensures better representation of Aboriginal and Torres Strait Islander communities.<sup>15</sup>

## Supporting volunteering through the tax and transfer system

Making out-of-pocket expenses incurred while volunteering tax deductible is not adequately considered in the report, and could generate significant benefits to volunteers. We recommend that the Productivity Commission, in consultation with the volunteering peak bodies, more thoroughly explores the potential benefits of offering tax rebates or deductions for expenses incurred through volunteering and includes a relevant recommendation in the final report.

Financial strain is a significant barrier to volunteering in Australia. The Volunteering in Australia research, which informed the development of the new National Strategy for Volunteering, found that 16.6 per cent of people did not volunteer in the past 12 months for financial reasons.<sup>16</sup> Financial barriers were more significant for young people, with 25.5 per cent of those aged 18 to 34 years indicating that they did not volunteer for financial reasons.<sup>17</sup>

Volunteers also incur costs through their engagement as volunteers. According to the 2023 NSW State of Volunteering Report, significant direct and subsidised costs were incurred by volunteer

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<sup>12</sup> <https://www.nsw.gov.au/sites/default/files/2023-06/NSW-Multicultural-Volunteering-Report-2022.pdf>

<sup>13</sup> [https://volunteeringstrategy.org.au/wp-content/uploads/2023/05/VRP\\_Volunteering-within-ethno-religious-community-contexts-Empirical-insights-with-a-focus-on-Muslim-intra-community-engagement-in-Australia.pdf](https://volunteeringstrategy.org.au/wp-content/uploads/2023/05/VRP_Volunteering-within-ethno-religious-community-contexts-Empirical-insights-with-a-focus-on-Muslim-intra-community-engagement-in-Australia.pdf)

<sup>14</sup> <https://www.volunteeringaustralia.org/wp-content/uploads/The-Story-Project-FINAL.pdf>

<sup>15</sup> The sample size of the GSS was not considered large enough to represent characteristics of smaller populations <https://www.abs.gov.au/statistics/research/collection-volunteering-data-abs>

<sup>16</sup> <https://volunteeringstrategy.org.au/wp-content/uploads/2022/10/Volunteering-in-Australia-2022-The-Volunteer-Perspective.pdf>, 36

<sup>17</sup> *ibid*

managers in NSW in the performance of their duties. 11 per cent of paid managers and a significant 24.7 per cent of unpaid volunteer managers personally absorb the costs of volunteer activity.<sup>18</sup> A further 13.1 per cent of paid managers and 18.1 per cent of unpaid managers pay for the costs up-front and are later reimbursed by their organisations. This means that a total of nearly a quarter of paid volunteer managers (24.1 per cent) and nearly half of unpaid volunteer managers (42.8 per cent) in some way pay up-front for volunteering activity.

Whilst volunteers do not expect to be rewarded or remunerated for their contribution, ensuring that volunteers are not out-of-pocket for contributing their time, and for maintaining relevant qualifications, certifications, and worker screening checks, is essential to protecting the interests of volunteers. This is a key consideration in Strategic Objective 1.3: Ensuring Volunteering is Not Exploitative, outlined in the National Strategy for Volunteering (2023-2033). In progressing this objective, the Australian Government should consider ways to reduce out-of-pocket expenses for volunteers through the tax and transfer system. For example, the possibility of offering tax rebates or deductions for expenses incurred while volunteering could be explored. We recommend that the Productivity Commission, in consultation with the volunteering peak bodies, more thoroughly explores the potential benefits of offering tax rebates or deductions for expenses incurred through volunteering.

#### **Draft finding 4.2: A personal income tax deduction is likely to be an effective way to encourage giving**

In consideration of the effectiveness of personal income tax deductions to encourage giving, the Commission states:

Whether a tax deduction or tax credit would encourage more people to volunteer is highly uncertain, but they would likely increase tax integrity risks and compliance costs given volunteer work and expenses are often undocumented or informal. Government grants to support volunteering where there is a clearly identified need would likely generate greater net benefits to the community than tax incentives for volunteering, if properly targeted and evaluated.<sup>19</sup>

As discussed above, tax deductions or an alternative mechanism could help address out-of-pocket expenses, which is a significant barrier to volunteering. We reiterate that this option should be more thoroughly explored in the final report.

However, we welcome the Commission's consideration of the distinct nature of volunteering in this draft finding. We also welcome the acknowledgement of the benefits generated by government grants to support volunteering, and note that efforts to improve the effectiveness of government grants should align with National Strategy for Volunteering Strategic Objective 3.3: Commit to Strategic Investment. Currently, the volunteering ecosystem is hindered by low investment in

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<sup>18</sup> <https://www.volunteering.com.au/wp-content/uploads/2023/12/NSW-State-of-Volunteering-Report-2023.pdf>, 28

<sup>19</sup> <https://www.pc.gov.au/inquiries/current/philanthropy/draft/philanthropy-draft.pdf>, 38



capacity and capability-building initiatives.<sup>20</sup> Volunteering requires fit-for-purpose infrastructure, including policy, research and data, systems, tools, and resources. Supporting sustainable volunteering requires efforts to build or enhance common infrastructure, reduce duplication, and routinely invest in improvements to enable impactful volunteering.<sup>21</sup> Further, it is essential that government funding for volunteer programs should properly cover the full costs of running programs, including volunteer management.

## Implications of draft recommendations on volunteering

The draft report includes a number of recommendations which have implications for both volunteering and philanthropic giving of money and assets. Many of these recommendations affect the charities sector and volunteering more broadly. For example, *draft recommendation 9.3: Introducing enhanced disclosure and reporting of corporate giving* suggests that the Australian Government should introduce a requirement for listed companies to publicly report itemised information on their donations of money, goods, and time to entities with deductible gift recipient status. This means data would be collected on corporate volunteering, as well as donations of money and assets.

Where relevant, all recommendations in the report should consider the impact on volunteers and volunteer involving organisations and specify whether *volunteering* would be affected or included. We welcome relevant policymakers to meet with the volunteering peak bodies to inform consideration of these impacts.

## Recommendations

Volunteering Australia and the State and Territory volunteering peak bodies make the following recommendations to the Productivity Commission:

1. Include *draft recommendation 7.5: Explicitly consider the effects on volunteers when designing policies and programs* in the final report.
  - To strengthen this recommendation and progress the National Strategy for Volunteering (2023-2033), the Commission should recommend that responsibility for considering volunteering in the design of policies and programs be formally embedded in government. This could be achieved through the Office of Impact Analysis by including volunteering explicitly in Policy Impact Analysis guidance. The establishment of an Inter-Departmental Committee on volunteering would further embed the consideration of volunteering in policy and program design across all government departments and agencies.
2. Include *draft recommendation 9.5: Improve the usefulness of public information sources on volunteering* but amend the recommendation to include the collection of official data on

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<sup>20</sup> <https://volunteeringstrategy.org.au/wp-content/uploads/2024/01/National-Strategy-for-Volunteering-2023-2033.pdf>, 60

<sup>21</sup> <https://volunteeringstrategy.org.au/wp-content/uploads/2024/01/National-Strategy-for-Volunteering-2023-2033.pdf>, 59-60

volunteering through a more suitable survey, which provides more accurate data on formal and informal volunteering.

3. Include a new recommendation that government funding for volunteering programs should be increased to properly cover the full costs of running programs, including volunteer management, in alignment with Strategic Objective 3.3: Commit to Strategic Investment of the National Strategy for Volunteering (2023-2033).
4. Include a new recommendation to explore ways to use the tax and transfer system to reduce costs of volunteering, for example, by making out-of-pocket expenses incurred while volunteering tax deductible.
5. Explicitly mention volunteering in all relevant recommendations.
  - For example, the wording of *draft recommendation 9.3* could be amended to specify volunteering:
    - *Draft recommendation 9.3: Introducing enhanced disclosure and reporting of corporate giving, including volunteering.*

## Appendix: Alignment with other initiatives

Volunteering Australia and the State and Territory volunteering peak bodies support the identified national policy areas that intersect with the Productivity Commission Review of Philanthropy. Please see our recommendations on each of the relevant initiatives below.

- [Measuring what Matters](#)
- [A stronger, more diverse and independent community sector](#)
- [Not-for-Profit Sector Development Blueprint](#)

## Authorisation

This submission has been authorised by the Chief Executive Officer of Volunteering Australia.

Mr Mark Pearce

Chief Executive Officer

## Endorsements

This position statement has been endorsed by the seven State and Territory volunteering peak bodies.



## About Volunteering Australia

Volunteering Australia is the national peak body for volunteering, working to advance volunteering in the Australian community. The seven State and Territory volunteering peak bodies work to advance and promote volunteering in their respective jurisdictions and are Foundation Members of Volunteering Australia.

Volunteering Australia's vision is to promote a strong, connected, and resilient Australian community through volunteering. Our mission is to lead, strengthen, and celebrate volunteering in Australia.

## Volunteering Australia Contacts

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## State and Territory Volunteering Peak Bodies

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