

# **The Rising Costs of Volunteering**

**A report prepared by the  
Costs of Volunteering Taskforce**

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# The rising costs of volunteering in Australia

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## Executive summary

Over the past six years consultation and research within the volunteering sector has consistently provided evidence that the rising cost of volunteering to the individual is becoming an issue of some concern. Australia is in the fortunate position of having high levels of volunteer involvement in the adult population with the numbers currently sitting at around 41 percent. Whilst we are cautiously confident that at this stage Australians are more engaged and enthusiastic about volunteering than ever before we bring to government's attention the recent experiences of the UK, Canada and the USA where volunteer numbers declined before significant government intervention and funding support to the volunteering sector halted the process.

Recent surveys have shown that some volunteers are considering either reducing their involvement or ceasing involvement altogether. Much anecdotal evidence would support these findings.

In 2001 Volunteering Australia undertook a comprehensive national consultation, as did the emergency management volunteer sector; both consultations uncovered a level of dissatisfaction among volunteers about the cost of volunteering and the unrecognised impact of this by the rest of the community, in particular government.

In the second half of this year Volunteering Australia brought together a small taskforce of experts to look at the issue of rising costs of volunteering and to determine some possible solutions.

The taskforce has identified six options that government might consider when addressing the escalating issue of volunteer expenses. Each option was considered against the principles of: equity, universality, simplicity for volunteers, simplicity for organisations, simplicity for government, transparency, not undermining the Principles of Volunteering, positive impact on recruitment and retention of volunteering, cost and availability of new funding.

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The taskforce identified the broad areas where volunteers incur costs as: transport (petrol/vehicle/public transport), telephone, safety equipment and clothing (including uniforms and their maintenance), and training.

The taskforce also recommends criteria to ensure that expenses:

- are not already reimbursed
- are directly connected with the volunteer work as set down by the organisation (working within agreed parameters)
- are not deemed to be personal expenses of the volunteer (ie: the volunteer has incurred the expense only as a result of their volunteering activity).

The six options were divided into two categories: reimbursement to the volunteer through the organisation for which they work and personal reimbursement direct to the volunteer:

### Organisational reimbursement options:

1. A grant process similar to the existing volunteer small equipment grant (VSEG) program through which organisations would apply for funding on the basis that they have reimbursed, or intend to reimburse, volunteer out-of-pocket expenses.
2. Government requirement for volunteer reimbursement budget in funding applications from not-for-profit organisations.
3. Tax credit to the not-for-profit organisation – this would most effectively be administered through the Goods & Services Tax (GST) system as an offset on the Business Activity Statement (BAS) given that most not-for-profit organisations are income tax exempt.

### Personal reimbursement options:

4. A personal tax rebate.
5. A personal tax reduction.
6. A personal grant / claim process that the volunteer would apply for directly to the relevant government agency, for example, the Health Insurance Commission (ie: Medicare Offices) and provide evidence of relevant expenses.

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The taskforce recommends that for all options that deductible gift recipient (DGR) status be used in the first instance as the criteria by which organisations would qualify themselves or their volunteers for reimbursements.

Additionally, the taskforce recommends that the amount of reimbursement per volunteer per year be capped at a nominal amount, for example, \$300.

The taskforce is not in a position to provide a costing for any of these proposals nor does it identify a preferred option. It does however strongly recommend that government considers all options carefully and implements some form of assistance to volunteers to ensure that Australia does not experience a significant downturn in volunteer involvement.

## Introduction

In Australia there are over six million active volunteers over the age of 18. They make up around 41% of the adult population and between them provided approximately 836 million volunteer hours in 2005<sup>1</sup>. Ironmonger (2000) estimates that volunteering is responsible for around \$42 billion of economic activity annually<sup>2</sup>. In 2000 the Australian Bureau of Statistics calculated the direct value of volunteer work was \$8.9 billion.

Australia also has anywhere between 500,000 and 700,000 third-sector organisations (Lyons, 2001) the majority of which involve volunteers in some capacity. The ABS tells us that although most of these organisations do not have paid staff, they are responsible for 3.3% of GDP, and if one includes the financial value of volunteer activity, the figure rises to 4.7%<sup>3</sup> of GDP. This is serious business: not-for-profits make an economic contribution larger than the communications industry, about equal to that of the agriculture industry; or a contribution almost twice as large as the entire economic contribution of the state of Tasmania.

Australia is also in the envious position of steadily increasing its volunteer workforce over the past decade against world trends in developed countries; the British, Canadian and US governments have all addressed the downturn in volunteering as an issue of concern by introducing policies supportive of volunteering which have assisted in creating an enabling environment in which organisations and volunteers can operate. Clearly Australians are good volunteers, embracing the notion of community participation with enthusiasm and dedication. Some volunteer involving organisations are in an excellent position to provide excellent working conditions; they are well resourced and make an investment in their paid and volunteer workforce. Others simply do not have the resources to adequately reimburse their volunteers. This may be because they are small or newly emerging or they may work in an area that finds it difficult to attract funds due to the nature of the cause they support. In such cases, the work of the

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<sup>1</sup> Department of Family, Community and Indigenous Affairs, *Giving Australia. Research on Philanthropy in Australia. Survey of Business*. Canberra.

[http://www.partnerships.gov.au/philanthropy/philanthropy\\_research.shtml#FinalReports](http://www.partnerships.gov.au/philanthropy/philanthropy_research.shtml#FinalReports)

<sup>2</sup> Ironmonger, D (2000) *Volunteers and Volunteering* Federation Press

<sup>3</sup> Australian Bureau of Statistics, *Non-profit Institutions Satellite Account, Australian National Accounts 1999/2000*. Catalogue No. 5256.0, ABS, Canberra, 2002.

organisations is no less important, but they are heavily reliant on the goodwill of volunteers to keep their organisations active. To many organisations the issue of volunteer costs and reimbursements has never even been thought of because their work is almost entirely volunteer based.

This wonderful diversity in nonprofit organisations is the very thing that allows small communities to tackle local issues and develop local facilities but when volunteers start making the decision to give up volunteering because the cost is too great it is time for governments to act.

This paper does not seek to provide one solution for the rising costs of volunteering but rather several possibilities to address what could become a serious barrier to volunteering. The taskforce that is responsible for this paper is not in a position to cost some of the options it has suggested but offers government any assistance it can in developing these proposals further.

It should be noted that while this submission is intended for the Australian Government to consider options at the Commonwealth level, the taskforce acknowledges that governments of all jurisdictions have a responsibility for supporting volunteering. State and local governments that fund programs and services delivered by volunteers should also consider how they can support volunteers and the organisations they fund to meet the costs of out-of-pocket volunteer expenses.

### Issues impacting on volunteering

In 2001, the Australian Community Council for the United Nations International Year of Volunteers undertook a nation-wide consultation to ascertain the major issues confronting volunteering in the new decade. Volunteering Australia co-chaired the committee with Australian Volunteers International and both organisations were present at the consultations.

Apart from the face to face consultations in all the capital cities and a number of regions over 17,000 questionnaires were distributed with a 10% return rate. A number of issues were consistent across the country and these eventually provided the basis of the document *A National Agenda: Beyond the International Year*<sup>1</sup>. The *National Agenda*

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dealt with a number of issues including the legislative framework within which volunteers work, the lack of public recognition of the value of volunteering to the Australian community and the unintentional disincentives and barriers to volunteering.

Not surprisingly the cost of volunteering came out as one of the major issues in the consultations; this was reinforced at the Emergency Management Volunteers Summit '*Value your volunteers or lose them*' in 2001.<sup>ii</sup> It was even more of a concern for the volunteers at the Emergency Management Volunteer Summit in 2005. Consistently through all of the consultations volunteers mentioned the cost of volunteering and many suggested that these should be mitigated through the taxation system. There was however recognition that dealing with volunteer expenses through the tax system would be inequitable for some as many volunteers are not part of the tax system, for example, young people not yet in the workforce, some of those in receipt of government benefits and many older volunteers.

More recently many volunteers, particularly those required to wear uniforms, use safety equipment or travel great distances to and from the volunteer workplace, have suggested that these costs are becoming prohibitive.

Last year Volunteering Australia surveyed 841 volunteers, 609 nonprofit organisations and 15 corporations with employee volunteering programs on the price of petrol and its impact on volunteering. The results of that survey predictably highlighted that the rising cost of petrol was acting as a deterrent to a significant number of volunteers. In tandem, nonprofits reported a downturn in volunteer involvement as volunteers felt the effect of rising petrol prices in travelling to and from their volunteer work.<sup>iii</sup> The preliminary findings of the current Volunteering Australia on-line survey *The Costs of Volunteering* show similar results.

Also in 2005 the Scout Association of Australia, an organisation supporting 60,000 young Australians with some 20,000 volunteer adult leaders, completed a major review of adults in scouting. A key finding from this review was that one of the major problems was not recruitment but retention of leaders. One theme to emerge in relation to retention was that all adult members require support and one aspect of support they were seeking was a mechanism to reduce the costs for volunteers. The costs in

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question were travelling, using either their own transport or public transport, to attend meetings and run adventure activities for young members, telephone costs, training costs, use of their own office equipment, uniforms and increases in the costs of insurance.

Towards the end of 2006 the Australian Emergency Management Volunteer Forum (AEMVF) is intending to release the findings of research into the costs associated with volunteering in the emergency management sector; early indications from the research show that this cost is sizeable especially considering this is *volunteer* work in essential service areas. Items that have incurred cost for emergency management volunteers include such things as training, telephone costs and use of office equipment such as internet, software, fax and stationery, meals whilst away from home, petrol and associated travel costs, use of own vehicle including repairs and maintenance, childcare and most disturbingly, safety and other personal equipment including protective clothing needed to provide the service, as well as dress uniforms and their maintenance.

The other major costs to the individual, especially those on call, are largely around using annual leave entitlements, taking leave without pay or for the self employed the loss of income or the cost of casual staff to keep their business running. Many emergency service volunteers are also dependent on the goodwill of employers to release them from the workplace at short notice; this in itself has an impact on the economic viability of small business in rural communities.

Along with the very real impact of rising costs and the various suggestions on how to offset these is the equally compelling argument that volunteers are not seeking to be fully reimbursed but rather seek a nominal reimbursement from governments as recognition or a 'gesture' as some have termed it. Many volunteers feel that government needs to acknowledge the work and cost of volunteering in some tangible way; this being in addition to the reimbursements received from the 'employing organisation'. Some volunteers from the emergency management sector have pointed out that, unlike many volunteer positions, their role is indistinguishable from paid workers during an emergency and yet paid workers can claim tax deductions for expenses incurred in the course of pursuing an income where they cannot.

### Finding a solution

In September 2002 the Western Australian Minister for Police and Emergency Services gained support to look at the issue of tax concessions for emergency service (management) volunteers. An options paper was prepared for the Fire and Emergency Services Authority of Western Australia (FESA) by PKF Chartered Accountants, examining three potential methods to achieve national recognition for emergency services volunteers. Of the three options considered in that paper, a tax rebate was recommended as the most affordable as well as the most equitable, and the most efficient to administer. A tax rebate was also strongly supported by emergency services agencies nationally during the consultation period coordinated by FESA.

The report from the Commonwealth Government's National Inquiry on Bushfire Mitigation and Management also endorsed the PKF Chartered Accountants recommendation but the proposal did not get the necessary support and subsequently lapsed.

Also in 2002 Guy Barnett, Liberal Senator for Tasmania, put up a proposal to the Commonwealth Government entitled *Volunteering in Australia How Can We Help?* in which he called for volunteer costs to be dealt with through the taxation system. Earlier this year Senator Barnett, with the support of Volunteering Australia, relaunched his proposal in Parliament House<sup>iv</sup> and subsequently gained significant support and interest within government for this.

Volunteering Australia invited a number of experts to be part of a taskforce chaired by Professor Myles McGregor Lowndes, Director, Centre of Philanthropy and Nonprofit Studies, Queensland University of Technology to examine the proposal of personal taxpayer deduction, or other methods of reimbursement, for volunteers who have incurred expenses solely in relation to their volunteering activities for a nonprofit organisation and to subsequently provide advice to Government. The taskforce comprises of a diverse group of eminent professionals who bring many years of experience in tax law and the nonprofit sector to the table. The taskforce has come up with a set of options for government to review, however it was not within the scope of the taskforce to cost any of the recommendations.

### Practices in other countries

Only one OECD country has been identified that provides significant support to mitigate the cost of volunteering through the taxation system; in the US, a taxpayer who itemises their tax return may be able to deduct some amounts they pay in giving services to a qualified nonprofit organisation. The amounts must be:

- Unreimbursed,
- Directly connected with the services,
- Expenses the taxpayer had only because of the services the taxpayer gave, and
- Not personal, living, or family expenses.

A taxpayer who itemise their deductions can deduct the cost and upkeep of uniforms that are not suitable for everyday use and that they must wear while performing donated services for a charitable organisation. Those that do not itemise deductions are able to claim a standard offset for all deductions.

*'A taxpayer can deduct unreimbursed out-of-pocket expenses, such as the cost of gas and oil that are directly related to the use of your car in giving services to a charitable organisation. A taxpayer cannot deduct general repair and maintenance expenses, depreciation, registration fees, or the costs of tires or insurance. Instead of deducting the actual expenses, a taxpayer can use a standard mileage rate of 14 cents a mile. There is a further deduction of parking fees and tolls. Reliable written records of car expenses must be kept'.<sup>v</sup>*

In October of this year the New Zealand Government released a discussion paper *Tax Incentives for giving to charities and other non-profit organisations* in which they give good recognition to the successful measures taken by the Australian and UK governments to encourage corporate and personal philanthropy. Chapter 3 of the document outlines some of the possible ways in which the New Zealand Government could recognise the contribution of volunteers<sup>vi</sup>.

A number of the issues in the New Zealand discussion paper are under consideration by the Volunteering Australia taskforce and will be dealt with later in this report. In the main, the chapter on recognising the contribution of volunteers promotes a rebate for volunteer

time given as the most effective way of recognising volunteers' costs or failing that a grant to the charity for which they work. This option has not been considered by the Australian Taskforce. One of the difficulties identified in the New Zealand document is the treatment of such things as honoraria under a taxation system; issues that have already been effectively dealt with by the Australian Taxation Office<sup>vii</sup>.

The government in the United Kingdom does provide certain amounts through grants processes under the compact with the community and voluntary sector that are intended for "capacity building purposes" including support for volunteers.

### The work of the Cost of Volunteering Taskforce

The taskforce, which includes **Professor Myles McGregor Lowndes** from QUT and expert in taxation and nonprofits, **John Emerson**, partner at Freehill's and tax and charity law specialist, **Paul Drum**, Senior Tax Counsel CPA Australia, **Ian Langford Brown**, National Chairman of The Scout Association of Australia and previously the Tax Counsel for the Institute of Chartered Accountants in Australia, **Major General Hori(rie) Howard**, Chair Australian Emergency Management Volunteer Forum, **David Thompson**, CEO Jobs Australia and Chair of the Nonprofit Roundtable, **Sha Cordingley** CEO Volunteering Australia, and **Kylee Bates**, Deputy CEO Volunteering Australia, has met a number of times.

The tasks which the taskforce set itself to consider were:

1. Whether the taxation system can be used to deal efficaciously with the costs/out-of-pocket expenses incurred by volunteers in the course of providing volunteer services to the Australian community; and
2. What other mechanisms might be available to address the issue of reimbursement of volunteer expenses.

Drawing upon a range of documents and information arising from consultations and surveys the taskforce discussed a number of ways in which the costs to volunteers could be addressed through the taxation system and it became apparent early on that there were a number of complex issues embedded in this solution. Volunteer costs are dealt

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with in a number of ways with wide discrepancy even across like organisations; some volunteer expenses are fully reimbursed whilst other volunteers receive partial or no reimbursement.

Serious discussion of the issue around non reimbursement or under reimbursement has in the main confined itself to areas where volunteers provide public or essential services and has been expressed most vocally through the emergency management sector volunteers and to a lesser extent through support services provided through Home and Community Care (HACC) programs. As previously mentioned in 2002 PKF Chartered Accountants developed an options paper for the Fire and Emergency Services Authority of Western Australia 'Regarding tax concessions for emergency service volunteers' The paper was put out for consultation in 2003 and in 2004 its recommendations gained the support of the members of the National Bushfire enquiry chaired by Stuart Ellis, AM.

The report *National Inquiry on Bushfire Mitigation and Management* supported the notion of special treatment under the taxation system for emergency service volunteers recognising that 'Volunteers are firm in their view that they don't want to be paid for their services because it undermines the volunteer ethos.....on the other hand, volunteers don't want to be out of pocket'. The inquiry saw emergency service volunteers as warranting special consideration because their services 'are not common in the volunteering sector. For example:

- The demand for them to volunteer may occur at any time of the night or day, which precludes any ability to plan the timing and impact of their voluntary commitment.
- Hazard reduction and response activities expose volunteers to danger. Emergency service volunteers generally face greater dangers in the course of their volunteering than do other volunteers.
- Working conditions can be difficult, even severe, requiring extreme physical exertion and exposing volunteers to heat, smoke, and often long periods of discomfort.
- The operational environment of a fire ground exposes volunteers to liability.

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- Attainment and maintenance of compulsory basic and advanced firefighting competencies require significant training and time commitment.<sup>14</sup>

The Bushfire Inquiry panel received advice from the Australian Government Department of Treasury that it did not support such a measure for a number of reasons. The reasons are itemised in Chapter 12 of the *National Inquiry on Bushfire Mitigation and Management* report and mainly address the issue that tax deductions are generally allowable only where the expense is incurred in gaining or producing assessable income and the inequitable outcome of making provisions for reimbursement of volunteer cost under the current tax system.

Also in 2002 the NSW Department of Ageing, Disability and Home Care commissioned the Bradfield Nyland Group to survey Home and Community Care funded organisations to develop a profile of volunteer support and to quantify the costs incurred by volunteers. The report, which was published in November 2002, highlights the critical importance of volunteers working in the HACC arena as well as diverse reimbursement arrangements that are in place in HACC services.

As with research into emergency service volunteers this research found that volunteers made a substantial contribution to the delivery of essential services and similarly reveals the limitations in the methods and levels of reimbursement of volunteer expenses. Amongst the recommendations in the *Volunteers in HACC Funded Services*<sup>5</sup> report are suggestions that: all volunteer expenses are reimbursed, that there is a consistent approach to reimbursement and that reimbursements for actual or imputed costs by volunteers needs to be clearly distinguished from a nominal wage or benefits provided in appreciation of volunteers.

An example of the demand for volunteer training and the need for adequate resources to enable this to occur is the Scouts Australia Institute of Training, established as a registered training organisation in 2004. Each year the Institute delivers some 2,000

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<sup>4</sup> Ellis, S, Kanowski, P and Wheelan, R. 2004 National Inquiry on Bushfire Mitigation and Management. Commonwealth of Australia, Canberra

<sup>5</sup> Bradfield Nyland Group. *Volunteers in HACC Services: Survey of Home and Community Care funded organisations to develop a profile of volunteer support and quantify the costs incurred by volunteers.* November 2002

courses to more than 30,000 adults. This is done by qualified volunteer trainers. Recently the Institute has received requests from other youth organisations including St John Ambulance, Guides Australia and Surf Lifesaving Australia, as well as the Australian Defence Forces to provide assistance in their own training. Training costs are currently met by those attending the training courses, either directly or indirectly.

### Principles and definitions

All the available research indicates that while volunteers work in a variety of situations and services there is remarkable consistency in the types of costs they are incurring on behalf of the organisation and ultimately on behalf of the Australian community. The research and literature also reveals that there is little consistency or equity in the way that volunteers' expenses are dealt with.

#### Assessment Principles

The taskforce, cognisant of the issues for volunteers that were uncovered in the various surveys and recommendations, developed a set of principles against which each option for dealing with volunteer expenses could be judged. They are as follows:

1. Equity
2. Universality
3. Simplicity for volunteers
4. Simplicity for organisations
5. Simplicity for government
6. Transparency
7. Not undermining the Principles of Volunteering
8. Positive impact on recruitment and retention of volunteering.
9. Cost
10. Availability of new funding

### Types of Costs

The taskforce also recognised that there was consistency around the types of costs volunteers were incurring:

1. Transport/petrol/vehicle costs
2. Telephone
3. Safety equipment/clothing
4. Training
5. Uniforms and maintenance

### Eligibility for Reimbursement

The taskforce gave serious consideration to the matter of which type of organisations would be eligible, or qualify their volunteers, to receive reimbursements for out-of-pocket volunteer expenses. One of the considerations was the ability of any administrative process to ensure the veracity of the claims lodged. The taskforce was conscious of the desire to ensure that as many volunteers who are engaged in formal volunteering activities with not-for-profit organisations would be eligible to receive some reimbursement of any out-of-pocket costs they incurred, while weighing this with the need to ensure that the process of reimbursement is not unduly cumbersome or administratively complex.

On this basis, the taskforce felt it prudent to recommend that organisations holding deductible gift recipient (DGR) status be eligible for reimbursements or qualify their volunteers to receive reimbursements directly. It was recognising that not all not-for-profit organisations qualify for DGR status under current rules and therefore only some volunteers would be eligible to attract reimbursement of expenses. It was the view of the taskforce that DGR status should be a starting point only, with a further expansion of qualifying organisations considered following the implementation of any of the options outlined below.

### Amount of Reimbursement

The taskforce identified that one of the key factors that would affect any administrative arrangements and budgetary impact of measures to address the costs of volunteering is the total value of costs that would in some way be reimbursed. The taskforce gave serious consideration to the issue and agreed that a flat-rate maximum amount per volunteer should be applied to any claims for reimbursement of out-of-pocket volunteer expenses. In this way, the administrative processes for providing the reimbursement could be streamlined, while ensuring that some tangible recognition of the costs incurred in volunteering is provided.

While a definitive conclusion was not reached as to the appropriate level at which this maximum should be set, a review of the preliminary findings of Volunteering Australia's recent (unpublished) *Costs of Volunteering* survey shows that in any one category of expenses the majority of respondents in each category incurred expenses of less than \$300 in out-of-pocket expenses in the past 12 months..

### The Options

The taskforce looked at six options, three of which would be delivered through the organisation for which the individual volunteers worked and three of which are personal reimbursements to the volunteer. Each option has a complex set of issues around it and are discussed below and appended to this paper in matrix form. (Appendix 1)

The taskforce also recommends criteria to ensure expenses:

- are not already reimbursed
- are directly connected with the volunteer work as set down by the organisation (working within agreed parameters)
- are not deemed to be personal expenses of the volunteer (ie: the volunteer has incurred the expense only as a result of their volunteering activity)

### The organisational reimbursement options

#### **Option 1: Government grant**

This option would parallel or build upon existing grant processes for example the Volunteer Small Equipment Grants (VSEG) currently administered through FACSIA. Organisations would apply for a grant on the basis that they have provided, or estimate that they will provide, reimbursement of expenses to their volunteers up to a certain amount each year. As an option this would be relatively simple for government if aligned with existing programs, but would create an additional process for organisations wishing to apply for a grant. This option is dependent on the organisation making the effort to apply for funds and is out of the control of the individual volunteer.

#### **Option 2: Government requires a reimbursement budget in funding applications**

This option would require an additional investment of funds from government but would be a relatively easy process both for government and organisations once established. The advantage of this option is it requires some recognition from organisations of the costs that their volunteer staff incur. It would also allow for some standardisation for reimbursement amounts say for example mileage. The amount reimbursed to volunteers would also be a reportable item in any grant acquittal processes thus giving volunteers a degree of certainty that their costs would be reimbursed.

This option could readily be implemented in tandem with Option 1 so that organisations already funded by government would receive an additional funding component for budgeted reimbursements under their existing funding agreements, while smaller non-funded organisations could apply for a grant through Option 1.

#### **Option 3: Tax Credit / GST offset**

This option involves organisations receiving a tax credit for the amount of funds they reimburse volunteers for qualifying out-of-pocket expenses incurred in the course of their volunteering. This would be provided through organisations being able to claim an offset amount for volunteer reimbursement on their Business Activity Statement (BAS) form.

Whilst attractive from an organisational perspective and needing only minor change to the BAS forms it does require some change to government processes. This would appear to be a relatively simple option for government once the process change was made.

This option does hold a couple of difficulties in that some organisations may not be registered for GST or lodge a BAS. If organisations are registered this is still no guarantee that volunteers will gain the benefit; one of the uncertainties for volunteers is that reimbursement from this source could be directed to volunteers at the discretion of the organisation.

### The personal reimbursement options

#### **Option 4: Personal tax rebate / offset**

Of the personal reimbursements through the taxation system this appears to be the most equitable although not universally available if there is restriction, say DGR status, on the type of organisation for which the individual volunteers. One of the recommendations for all options is that payments are capped. From an organisations point of view this probably creates extra work if expenses needed to be verified or organisations tax status needed to be demonstrated.

For government the downside to this option, as with a personal tax deduction is that it requires legislative change and is not easily quantifiable in terms of anticipated take-up.

#### **Option 5: Personal tax deduction**

This option has been suggested many times but interestingly has been largely discredited by volunteers themselves who recognise that it is inequitable for a great number of volunteers who do not pay tax. It is also widely recognised that volunteers with the highest income are the greatest beneficiaries of this particular treatment of costs. As the cost of volunteering is now identified as one of the disincentives to participation this measure has little currency with the general volunteering population.

### **Option 6: Personal grant administered through an existing government agency**

Under this option volunteers would be responsible for lodging their 'request for reimbursement' via a claims process that could be administered through an agency such as the Health Insurance Commission. Similar to Medicare rebates, this option would require the volunteer to lodge a claim for reimbursement, along with required evidence or statement of their expenditure, and the relevant amount of reimbursement (up to the capped maximum) would be paid direct to the volunteer's nominated bank account or paid by cheque. It is envisaged that this claim process would be an annual one only.

The criteria for all other options would apply here, for example the capping of the amount to be reimbursed, verified expenses, registered organisation etc. This option would naturally create some changes in procedures in the administering agency, additional funding from government would be required as would proper record keeping by volunteers and verification procedures from organisations. It meets the principles of equity, although given the restriction on organisation types like all other options does not provide universal advantage to volunteers.

### **Recommendations**

The taskforce recommends that government consider the options outlined here and adopt one or a combination of these for implementation in order to support the work of volunteers by providing tangible recognition of the costs they incur in volunteering.

### Conclusion

Clearly the cost of volunteering is not an issue to be ignored. The value of volunteering to the Australian community and economy is staggering. Australians are enthusiastic volunteers embracing the notion of shared responsibility for the kind of Australia we want for ourselves and others. Rising costs of volunteering however are becoming a disincentive to potential volunteers and creating problems for the already committed volunteer.

Much of the research and literature tells us that volunteers work in all types of organisations and under a variety of conditions. Now is the time to offer some form of assistance and recognition to volunteers who are keeping our essential services going, maintaining community services and adding levels of vibrancy in our small rural communities. The taskforce hopes that government will consider these options for dealing with the rising costs of volunteering and implement one or more of the suggestions to alleviate the pressure volunteers are experiencing.

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<sup>i</sup> A National Agenda: Beyond the International Year was the resulting documentation from the nation-wide consultation in 2001. The Agenda was intended as a legacy of the International Year of Volunteers and was reprinted in 2006. The reference to taxation and costs of volunteering are dealt with under Objective 4 page 7 (Appendix 1)

<sup>ii</sup> The Emergency Management Volunteer Summit was held in Canberra in 2001 under the auspices of Emergency Management Australia. The documentation and recommendations from this summit can be found on the EMA website [www.ema.gov.au](http://www.ema.gov.au) (follow the tab to volunteers).

<sup>iii</sup> The research bulletin *Impacts of petrol prices on volunteering Nov 2005* is currently being repeated. (Appendix 2)

<sup>iv</sup> A copy of this proposal is attached; it is an updated version of the 2001 proposal but the only substantive changes have been made around updated statistical information and the question in the Census. (Appendix 3)

<sup>v</sup> Excerpt from the IRS Department of the Treasury *Charitable Contributions* (Appendix 4)

<sup>vi</sup> See Tax incentives for giving to charities and other non-profit organisations: A government discussion document October 2006. Policy Advice Division of the Inland Revenue Department. Government New Zealand. (Appendix 5)

<sup>vii</sup> The ATO has produced a document on this for the use of nonprofit organisations.