



**Submission on the Productivity Commission's
commissioned study**

**'Economic Implications of an Ageing
Australia'**

October 2004

About Volunteering Australia

Volunteering Australia is the national peak body for volunteering in Australia. Its mission is to represent the diverse views and needs of the volunteer movement while promoting the activity of volunteering as one of enduring social, cultural and economic value.

Volunteering Australia receives funding from the Commonwealth Department of Family and Community Services (FACS) under the National Secretariat Program (NSP) to represent the interests of volunteers and volunteer involving organisations.

Volunteering Australia's member organisations consist of the state and territory volunteering peak bodies, which in turn represent volunteer-involving organisations and interested individuals. Volunteering Australia works closely with a large network of regional volunteer resource centres (VRC's), other peaks and not-for-profit organisations across all sectors.

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1. Introduction

Australia's population is ageing. Driving this trend are declining fertility rates and the post-World War 2 'baby boomer' generation nearing retirement age. In forty years time, the proportion of Australians over the age of 65 is expected to double to around 25 per cent.¹

The Federal Government estimates spending will exceed tax revenue by around 5 per cent of GDP by 2041-2042². The challenge to policy makers is to meet community expectations regarding standards of living in the context of a narrowing taxation base.

The Federal Government's key strategy to meet these challenges is to generate extra income by pursuing continued economic growth. Increasing labour market participation has been promoted as a means of achieving this growth. Encouraging older Australians to extend their working lives has been promoted as one avenue for increasing labour force participation.

Employers are being encouraged to offer part-time work opportunities to their older employees and changes to the superannuation system have been flagged to enable this brand of part-time worker to supplement their income.³

The terms of reference for the Productivity Commission's *Economic Implications of an Ageing Australia* study ask us to consider:

The potential economic implications of future demographic trends for labour supply and retirement age, and the implications for unpaid work such as caring and volunteering.

The impact of an ageing population on volunteering must be considered in the context of

- the volunteering sectors experience of working with older volunteers;
- the relationship between employment and volunteering; and
- the characteristics of the baby boomer age cohort.

These themes will be explored throughout this submission.

¹ Commonwealth of Australia (2004) *Australia's Demographic Challenges*, pg 1

² *ibid.*

³ Peter Costello MP, Treasurer (2004) *A more flexible and adaptable retirement income system*, pg 6

2. Volunteering in Australia

2.1 Definition of formal volunteering

Formal volunteering in Australia is defined as an activity which takes place through not for profit organisations or projects and is undertaken:

- To be of benefit to the community;
- Of the volunteer's own free will and without coercion;
- For no financial payment; and
- In designated volunteer positions only.⁴

The elements of the definition make volunteering a unique activity that is distinguishable from a number of forms of unpaid work, such as caring, work experience and community service orders.

2.2 Volunteer Network consultation

As peak body, Volunteering Australia's contact with the sector gives us a current and overarching understanding of issues affecting volunteers and volunteer-involving organisations.

In preparing this submission, Volunteering Australia has sought the views of state volunteering peak bodies, volunteer resource centres (VRC's) and volunteer-involving organisations. Twenty-six volunteer-involving organisations provided information regarding their experience in working with volunteers over the age of 65. Stakeholders from several volunteer-involving emergency services also contributed their views. Much of the information put forward through this consultative process has been incorporated into this submission.

3. The economic value of volunteering

Volunteering is a diverse activity that delivers significant economic and social benefits.

Various estimates (using different methodologies) measure the economic value of volunteering in the tens of billions. Duncan Ironmonger estimates that Australian volunteers perform \$42 billion of unpaid labour each year⁵. The Australian Bureau of Statistics (ABS) has estimated the value of volunteer activity at up to \$31 billion per annum⁶.

⁴ Definition of *Formal Volunteering* was developed by Volunteering Australia in 1997 through consultation with the volunteer sector, the unions and government.

⁵ Ironmonger, D. (2000) 'Measuring volunteering in economic terms', pg 56

⁶ Australian Bureau of Statistics (ABS) (2000) 'Unpaid work and the Australian economy', pg 43

The benefits of volunteering are of course not confined to its economic value. Volunteering is an important contributor to social capital, the measure of the connectedness and functionality of our communities.

4. Demography of volunteering

4.1 Age profiles of volunteers

Volunteering is on the increase across all age groups. The 2001 ABS *Volunteer Work Survey* shows 32 per cent of the adult population volunteered within a 12 month period, up from 24 per cent in 1995.⁷ The most recent available data from the ABS (2002) shows this figure has increased to 34.4 per cent⁸.

The total number of volunteers is highest among the age groups encompassing the baby boomer generation. This point has an important qualification however. Volunteering activity tends to peak in the age cohorts when people have dependant children, as volunteering is closely related to their children's and family activities⁹. As children grow up and leave home, these family related volunteering involvements can wane. The 2001 ABS figures cited show the baby boomer generation to be in this category.

While the total number of volunteers in the over 65 age groups is lower than younger cohorts, volunteers over 65 contribute more hours on average.¹⁰ This is consistent with the idea of older people having more time to volunteer.

Some of the challenges of an ageing population for volunteering may be associated with particular types of organisations. The 65 and over age groups are strongly represented in the community/welfare, religious and health areas of volunteer work. Conversely, this age cohort is underrepresented in the areas of sport and recreation and education/training/youth development.¹¹ These types of organisations may experience difficulty in attracting volunteers as the population ages.

4.2 Employment profiles of volunteers

It is worth looking at the employment characteristics of volunteers to consider the potential implications for volunteering if a trend towards employment beyond the current retirement age of 65 emerges.

⁷ ABS (2001) *Voluntary Work Survey*, pg 3

⁸ ABS (2002) *General Social Survey*, pg 15

⁹ ABS (2001) *Voluntary Work Survey*, pg 3

¹⁰ ABS (2001) *Voluntary Work Survey*, pg 15

¹¹ ABS (2001) *Voluntary Work Survey*, pg 23

While there is a lack of reliable data on the employment profile of volunteers over the age of 55, Volunteering Australia's consultation revealed negligible experience of volunteers over the age of 65 being involved in paid work. This suggests either a very limited proportion of this age group being in paid work, a limited amount mixing paid work with volunteering, or both.

The Australian Bureau of Statistics figures suggest that while paid workers are more likely to volunteer, those who are not in paid work tend to devote more hours to their volunteer involvements.¹² Full time workers recorded the lowest median weekly hours. Corporate volunteering programs are one strategy to address the link between employment and a reduction in median weekly volunteer hours.

Volunteering hours also vary according to employment type. Volunteering is generally higher among professionals and white collar workers. This bodes well for volunteering given the emergence of the service industries and the general decline of the manufacturing in Australia. It reinforces the idea of a growing pool of skilled potential volunteers in the baby boomer age cohort.

5. Impediments and barriers to volunteering for older Australians

The Volunteering Australia network identified a range of benefits of involving older Australians. They bring a lifetime of knowledge to their work and often best understand the needs of the older clientele that many volunteer involving organisations serve.

However, it is widely held in the volunteer sector that older Australians can face impediments and barriers to volunteering. These encompass organisational and individual issues¹³. Organisational impediments and barriers sometimes include an ageist culture and/or a lack of appropriate support and training for older volunteers. Individual issues affecting older people's volunteering involvements can include a lack of confidence, transport, costs, health and mobility issues.

In addition, structural issues such as difficulties accessing adequate insurance to cover volunteer's activities sometimes intervene to prevent older Australians from volunteering. Despite Volunteering Australia taking a leadership role in developing the Volunteers Vital Kit with AON insurance brokers, many volunteer-involving organisations report difficulty in finding a range of insurers willing to insure volunteers over the age of 80. The Institute for Volunteering Research (UK) has found that insurers have a varying commitment to insuring older

¹² ABS (2001) *Voluntary Work Survey*, pg 4

¹³ Warburton et al. (2001) 'Differences between older volunteers and non-volunteers: Attitudinal, normative and control beliefs', pg 586-605

volunteers.¹⁴ This has led to the belief among many organisations that adequate insurance cannot be found to cover their activities. Ultimately these organisations discriminate against older volunteers while claiming to act in their interests. There are indications a similar situation exists in Australia.

While these impediments and barriers are serious issues facing the volunteering sector, it is also important to consider how these impediments and barriers may differ between the baby boomer age cohort and the current crop of volunteers over 65.

6. Volunteering and the baby boomer generation

In discussing the impacts of the ageing population on volunteering, we should not assume the baby boomer cohort will exhibit the behaviors and skill characteristics of the current 65 years-plus generation. For example, the baby boomer cohort will bring more developed information technology skills to their volunteering involvements, increasing the potential for older volunteers to build involvements in administration and IT, where volunteers over the age of 65 are currently underrepresented.

The research in this area shows that the baby boomer generation is less accepting of the notion of growing old. The 2001 study 'BOOMNET' concludes,

Any organization that aims to recruit baby boomers now and in the future would be well advised to adopt the strategy of restructuring their recruitment campaign around a more youthful message¹⁵

This finding suggests the types of organizations older volunteers currently favour – religious, health and welfare organizations¹⁶ – may need to consider how to promote such an image to baby boomer volunteers.

The authors also concluded that this generation will demand volunteering positions that are defined, meaningful, flexible and set in a professional environment.¹⁷ They found baby boomers were very open to volunteering, provided the work met these criteria.

The success of organisations in attracting and retaining volunteers will largely rest on their ability and commitment to provide this experience to their volunteers. These organisations need to be supported in achieving this, through access to the best training and skills resources the sector can provide and being otherwise properly funded.

¹⁴ Institute for Volunteering Research (2004), 'Age discrimination and volunteering'

¹⁵ *BOOMNET* (2001), pg 19

¹⁶ ABS (2001) *Voluntary Work Survey*, pg 23

¹⁷ *BOOMNET* (2001), pg 13

7. Implications for rural and regional Australia

Some rural and regional areas are ageing faster than the total population, exacerbated by youth migrating to Australia's cities¹⁸. This means the challenges associated with the ageing population have particular resonance for these communities.

Volunteering is more common in rural and regional areas, with the rate of volunteering around 10% higher in the rural and regional areas of Australia than the capital cities¹⁹. However, the types of volunteering that are most common are also those dominated by the young and middle age cohorts. In rural and regional areas, 39.2 per cent of involvements are in sport/recreation, and 24.5 per cent are in education/training and youth development²⁰. Any decline in these areas raises concerns for the recreational and developmental opportunities for younger people in these communities and the social capital that these areas of volunteering accrue for the entire community.

Rural/regional people are also much more strongly represented in emergency services volunteering. The issue of emergency services volunteering is discussed in more detail in the next section.

8. Emergency services

Many of Australia's emergency services rely on the labour of volunteers. Such services include the various rural ambulance services, fire services and the state emergency services.

The rigorous physical demands of volunteering for the emergency services dictate that much of the work is suited to the younger and middle age cohorts except where technology enables older and less strong people to contribute, or where positions that suit their abilities exist.

The importance of volunteering for the emergency services in rural and regional areas cannot be overstated as these services could not continue to serve their communities in their present form without the contribution of volunteers. Providing paid staff to perform the functions of these services would involve a massive investment. Because much of this type of volunteering involves long periods 'on call' it is not considered a viable option. Victoria's Country Fire Authority (CFA) provides an example:

¹⁸ Commonwealth of Australia (2004) *Australia's Demographic Challenges*, pg 19

¹⁹ ABS (2001) *Voluntary Work Survey*, pg 3

²⁰ ABS (2001) *Voluntary Work Survey*, pg 24

The free labour and other contributions made by volunteers to CFA have been estimated (very conservatively) to save the Victorian community \$470 million per annum.²¹

There are long-held concerns of sustainability among the emergency services, with an ageing population identified for some time as a contributing issue. The CFA's volunteer numbers have been in decline for at least 15 years,

The annual rate of decline is between 4.4 per cent and 4.8 per cent per annum among rural volunteers. At that rate, if unchecked, the volunteer emergency services workforce available to the state in rural and regional areas could be halved in 10 to 15 years and be gone within a generation.²²

Other services are already having serious difficulties in finding the most appropriate volunteers to fill their positions, with impacts on service delivery. Improvements in the technology used may provide some capacity to enable more people with different physical abilities to volunteer. Women are also being increasingly targeted for recruitment.

The emergency services sector face structural issues that have serious implications for the adequacy of emergency services in rural areas. These issues include population ageing, industry restructuring and young people leaving rural areas. The sector readily acknowledges they need to continually work in the areas of recruitment and retaining their volunteers if only to partially address this problem.

9. Indigenous Australians

The population of Indigenous Australians is not ageing. This population is growing so there may be opportunities for this community to build volunteering involvements. Volunteering among Indigenous Australians tends to be informal and occurs primarily within Indigenous communities²³. Indigenous volunteering is an area requiring further research. The knowledge obtained could have wide ranging benefits for Australian communities. It should assist volunteer-involving organisations to facilitate the involvement of more Indigenous volunteers. Indigenous Australians, as members of the broader Australian society, use services that employ volunteers. An increase in their involvement would assist in these services being provided more appropriately to Indigenous people.

²¹ Country Fire Authority (2001) *Impact of structural change in the Victorian economy submission*, pg 3

²² Country Fire Authority (2001), *Impact of structural change in the Victorian economy submission*, pg 8

²³ South Australian Multicultural and Ethnic Affairs Commission (2001) *Experiences and perceptions of volunteering in Indigenous and non-English speaking background communities*, pg 33

10. Conclusion

The ageing population presents a range of opportunities to the volunteering sector, and several challenges.

The emergency services sector is problematic as an ageing population poses some serious questions around sustainability and the adequacy of services delivered to rural and regional populations.

Other challenges appear to be to specific types of organisations that strongly feature volunteering by younger age cohorts, for example sporting organisations. Again, this challenge is especially present in rural and regional areas.

The Volunteering Australia network identified a range of benefits of involving older Australians. Due to their experience and knowledge older volunteers add value to both organisations and communities. This is particularly useful for volunteering involvements that serve older Australians as clients.

It is important to overcome the impediments to older Australians who wish to volunteer. This includes a range of organisational and individual impediments. Structural issues, such as the availability of affordable and appropriate insurance, are also impacting on older Australians ability to volunteer.

The baby boomer generation will represent a pool of volunteers who are highly skilled. By the implementation of best practice standards in volunteer programs, organisations stand to benefit. In turn, organisations need to be supported in achieving this, through access to sound training and skills resources and being otherwise properly funded.

11. References

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