

Initial Submission to the Productivity Inquiry

March 2022

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Overview

Volunteering contributes significantly to Australian life, including to the social and economic functions which support Australia's productivity performance and the wellbeing of Australians. The omission of the productive contribution of volunteering in the recommendations delivered by the previous Productivity Inquiry was a significant shortcoming. If the current Productivity Inquiry is to fulfil its remit to make recommendations to enhance productivity in Australia, the essential role of volunteers in key sectors must be considered.

This submission provides evidence on the value of volunteering to productivity in Australia, both in support of critical functions like the emergency management and care and support sectors, and as a unique form of social and productive activity. It concludes with recommendations for consideration in the Productivity Inquiry, including measures to support volunteering in Australia and regulatory changes which could remove barriers to volunteer involvement. The role of volunteering across policy areas should be considered in the Inquiry going forward. Volunteering Australia highlights the following points:

- Volunteers add significant value to the Australian economy, with the most recent official estimate valuing the annual contributions of volunteers in non-profit institutions at \$17.3 billion.
- The economic contribution of volunteers must be acknowledged, and consideration given to the impact of the sharp decline in formal volunteer participation across Australia in the examination of any major sectors (such as emergency management or care and support) in the Productivity Inquiry.
- Current regulatory requirements can be an impediment to volunteer effort in key sectors. Positive reforms, with the aim of reducing administrative requirements and streamlining processes for volunteers and volunteer involving organisations, have the potential to greatly improve the efficiency and effectiveness of volunteer involvement in Australia.
- While many volunteers contributed to Australia's COVID-19 response, the lack of ongoing support for charities and not-for-profits, poor strategic planning, and inconsistent consideration of volunteers in official guidance and communications frustrated volunteer involvement in the pandemic response. Reforms which address these shortfalls could greatly improve surge capacity, community service delivery, and social connectedness outcomes in future crises.

Introduction

About the Productivity Inquiry

The purpose of the Productivity Inquiry, currently being undertaken by the Productivity Commission, is to review Australia's productivity performance and provide recommendations on productivity-enhancing reform. This is the second in a series of five-yearly reviews of Australia's productivity, the first of which was completed in 2017. The 2017 report identified five areas in need of reform, namely: healthier Australians, future skills and work, better functioning towns and cities, improving the efficiency of markets, and more effective governments.

According to the Terms of Reference, the Productivity Inquiry report should examine both market and non-market sectors, identify forces shaping Australia's productivity challenge as a result of the

COVID-19 pandemic and policy response, consider opportunities created for improvements in productivity as a result of Australia's experience with COVID-19, identify priority sectors for reform, examine the factors that may have affected productivity growth, prioritise and quantify the benefit of potential policy changes to improve Australian economic performance and the wellbeing of Australians, and revisit key recommendations and themes from the previous five-yearly review where relevant.¹

Each recommendation should qualitatively and quantitatively estimate the benefit of making the reform and identify an owner for the action and a timeframe in which it might occur.

About this submission

This submission highlights the contributions of volunteering to productivity in Australia. It addresses the economic value of volunteering, the contributions of volunteers to key sectors which are crucial to Australian society and to the wellbeing of Australians, the potential for productivity-enhancing reforms in the regulation which governs volunteer involvement, and the impact of COVID-19 and the government's policy response on volunteering. It argues that recommendations which support the contributions of volunteering to Australia's productivity should be considered by the Commission and included in the final recommendations of the Productivity Inquiry.

Volunteering Australia intends to provide an additional submission with further input on how to include volunteering in the Commission's final recommendations on improving Australia's productivity performance.

Volunteering in Australia

Australian society relies on volunteers to provide a myriad of activities and programs, in our schools and hospitals, residential and home care settings, playing fields, and community centres. Many sectors, such as mental health, disability support, food and emergency relief, arts and heritage, and sports, depend heavily on volunteer involvement. Further, through the resilience and innovation of volunteers and volunteer involving organisations, voluntary action has been a vital pillar in supporting communities through recent challenges.

However, volunteering has been badly impacted by COVID-19. A study conducted by the Australian National University Centre for Social Research and Methods found that the proportion of adult Australians engaging in formal voluntary work, which is done through an organisation or group, fell from 36.0 per cent in late 2019 to 24.2 per cent in April 2021.² Further, only slightly more than half (56.4 per cent) of those who stopped volunteering in 2020 resumed in the 12 months leading up to April 2021, despite the easing of lockdowns and social distancing restrictions in many jurisdictions at that time.³ Figures from the Australia Bureau of Statistics (ABS) also suggest that the proportion of Australians who volunteer through an organisation or group has been declining steadily since 2010.⁴

¹ <https://www.pc.gov.au/inquiries/current/productivity/terms-of-reference>

² <https://csrsm.cass.anu.edu.au/research/publications/volunteering-during-first-year-covid-19-pandemic-april-2021>

³ *ibid*

⁴ <https://www.aihw.gov.au/reports/australias-welfare/volunteers>

These numbers illustrate the scale of change in volunteering rates over the past decade, and how the COVID-19 pandemic has accelerated this trend.

The decline in formal volunteering in Australia has had a direct impact on the programs and services which rely on volunteers. For example, the number of volunteers in Commonwealth Residential Aged Care programs fell from 23,537 in 2016 to 11,980 in November 2020—a decrease of 49 percent.⁵ The reduced capacity of crucial programs and services, many of which are the responsibility of the Commonwealth Government (such as aged care, disability support, education, and hospitals), and state and territory governments (such as seniors, children in care, emergency services, and animal welfare), raises the question of how these programs will be funded and delivered in the absence of volunteer participation.

If volunteering is to recover as the nation learns to live with COVID-19, targeted investment for the volunteering ecosystem is needed as a matter of urgency and must be sustained into the future.

The economic value of volunteering

Volunteering contributes significantly to the Australian economy. Estimates of the economic value of volunteering vary depending on the valuation method used. The most common method is the monetary value of volunteers' time based on a notional hourly wage rate. Many organisations use the average hourly part-time wage of a person of their age in their state or territory of residence, plus 15 per cent employer on-costs (inclusive of superannuation, payroll tax, and administration expenses). However, different figures are used to calculate the amount of voluntary work being done, the hourly wage rate, and projections of future growth in volunteering. There is also a broader debate about how to calculate a dollar figure for the social and cultural value of volunteering.

According to the Australian National Accounts: Non-Profit Institutions Satellite Accounts for the 2012-13 financial year (the most recent official estimate of the direct contribution that volunteers in non-profit institutions make to the Australian economy, including gross value added and gross domestic product), volunteering was estimated to have an imputed value of **\$17.3 billion**.⁶

However, this figure likely underestimates the broader economic value of volunteering. For example, this valuation does not account for the preventive health and wellbeing benefits of volunteering, through its facilitation of community and social connection. Volunteering also supports the broader not-for-profit sector, which employs 1.38 million people, about 11 per cent of all employees, in Australia.⁷ These roles are supported by the efforts of 3.6 million volunteers in Australian charities.⁸ When the broader commercial and civic benefits of volunteering were considered, a recent valuation

⁵ <https://www.volunteeringaustralia.org/wp-content/uploads/AGED-CARE-CENSUS-2020-factsheet-Final.pdf>

⁶ <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-non-profit-institutions-satellite-accounts/latest-release>

⁷ https://www.acnc.gov.au/sites/default/files/documents/2021-07/de-30058_-_acnc_australian_charities_report_-_7th_edition_final_2.pdf, 11

⁸ *ibid*

of volunteering in the New South Wales State of Volunteering report found that every dollar invested in volunteering generated a social return on investment of \$3.30.⁹

These figures suggest that if volunteering in Australia continues to decline, the burden on public health and social welfare systems and on the not-for-profit sector would be significant and costly.

The value of volunteering and the Volunteering in Australia research

Volunteering Australia is currently leading the development of a National Strategy for Volunteering (the National Strategy). The National Strategy will be designed and owned by the volunteering ecosystem and will provide a blueprint for a reimagined future for volunteering in Australia.

As part of the National Strategy project, Volunteering Australia is undertaking the Volunteering in Australia research, which will include a systematic review of current methodologies for valuing volunteer effort and indicative valuations of formal and informal volunteering in Australia. This research will offer a robust and up-to-date indication of the economic contributions of volunteering to productivity in Australia. Volunteering Australia hopes to provide insights from this research in a follow-up submission to the Productivity Inquiry later in 2022.

Volunteering and productivity

Volunteers support major sectors which are crucial to productivity in Australia. Of particular significance to the broader health of the Australian economy and to the wellbeing of Australians are emergency management and care and support services.

Emergency management

Volunteers are crucial to the Australian emergency services sector. According to the Report on Government Services 2022, there are 233,284 volunteers in government emergency services.¹⁰ This includes:

- 144,159 volunteer firefighters
- 56,621 volunteer fire service support staff
- 25,076 operational and support volunteers in State and Territory Emergency Service organisations
- 6,594 volunteer ambulance operatives
- 834 volunteers in operational/corporate support in ambulance service organisations

Many others are engaged in organisations which provide emergency relief and facilitate recovery, such as Red Cross and BlazeAid, or aid informally during disasters. BlazeAid, for example, engaged 10,255 volunteers who contributed 125,358 volunteer days to disaster relief efforts in 2020.¹¹ The

⁹ <https://www.volunteering.com.au/wp-content/uploads/2021/07/NSW%20State%20of%20Volunteering%20Report.pdf>

¹⁰ <https://www.pc.gov.au/research/ongoing/report-on-government-services/2022/emergency-management>

¹¹ <https://blazeaid.com.au/wp-content/uploads/2021/09/Overview-Statistics-2009-11-12-13-14-15-TO-BE-UPDATED.pdf>

total number of volunteers in the emergency services sector in Australia is estimated at 247,300 as of 2020.¹²

The role of volunteers in emergency services has been the subject of significant discussion in ongoing reform at the national level. This includes the implementation of the recommendations delivered by the Royal Commission into National Natural Disaster Arrangements, which proposes a ‘whole-of-nation’ approach and refers to volunteers specifically in two of its recommendations.¹³ Efforts to improve the efficiency of Australia’s emergency response arrangements must consider measures to promote the effective and safe engagement of volunteers in the sector.

The care economy

Care and support work is a major component of the Australian economy. The Health Care and Social Assistance industry is Australia’s largest by employment, accounting for 14.4 per cent of Australia’s total workforce.¹⁴ The ABS estimates that a total of 606,700 volunteers worked in a health or welfare organisation in 2020.¹⁵ Volunteers contribute significantly to care and support, with:¹⁶

- 64,811 volunteers in mental health and crisis intervention charities and not-for-profits.
- 59,254 volunteers in charities and not-for-profits which identified people with disability as their main beneficiaries.
- 43,521 volunteers in charities and not-for-profits which identified veterans and/or their families as their main beneficiaries.
- 30,883 volunteers across Commonwealth aged care services.¹⁷

The productivity of each of these sectors is vital to the wellbeing and quality of life of Australians. As such, acknowledging and supporting volunteering in care and support is of critical concern.

A focus on the care and support sector is an opportunity to review the ‘healthier Australians’ theme examined in the 2017 Productivity Review in the context of current policy developments such as the Royal Commission into Aged Care Quality and Safety, the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability, and the development of the new National Mental

¹² Australian Bureau of Statistics (June 2021) ‘Table 10.1 Persons aged 15 years and over who have undertaken unpaid voluntary work through an organisation in last 12 months, Characteristics of voluntary work—By Sex, estimate’ [data set], *General Social Survey*, Australia, <https://www.abs.gov.au/statistics/people/people-and-communities/general-social-survey-summary-results-australia/latest-release>

¹³ <https://naturaldisaster.royalcommission.gov.au/system/files/2020-11/Royal%20Commission%20into%20National%20Natural%20Disaster%20Arrangements%20-%20Report%20-%205Baccessible%5D.pdf>, 32

¹⁴ <https://lmip.gov.au/default.aspx?LMIP/GainInsights/IndustryInformation/HealthCareandSocialAssistance>

¹⁵ Australian Bureau of Statistics (June 2021) ‘Table 10.1 Persons aged 15 years and over who have undertaken unpaid voluntary work through an organisation in last 12 months, Characteristics of voluntary work—By Sex, estimate’ [data set], *General Social Survey*, Australia, <https://www.abs.gov.au/statistics/people/people-and-communities/general-social-survey-summary-results-australia/latest-release>

¹⁶ <https://data.gov.au/dataset/ds-dga-34b35c52-8af0-4cc1-aa0b-2278f6416d09/distribution/dist-dga-1da3681e-6149-45db-8458-9173947bd5bc/details?q=acnc>

¹⁷ <https://www.health.gov.au/sites/default/files/documents/2021/10/2020-aged-care-workforce-census.pdf>

Health Workforce Strategy.¹⁸ To maximise the gains to efficiency to be gained by promoting an integrated care and support system, volunteers and the supports they facilitate must be considered.

Other key sectors

Volunteers also contribute extensively to education and training, community services, parenting, children, and youth organisations, sports, and arts and heritage, each of which engage over 200,000 volunteers in Australia.¹⁹ Any consideration of these sectors in the Productivity Inquiry must consider efforts to facilitate volunteer engagement.

The decline of formal volunteering

As the figures presented above demonstrate, many sectors which are critical to Australia's productivity rely heavily on volunteer involvement. However, these contributions are not possible if volunteers are not offered safe, well-supported, and meaningful roles.

If volunteer involvement continues to decline in Australia, the costs for government to replicate the services currently supported by volunteers would be significant. Beyond labour replacement costs, voluntary roles contribute to surge capacity in key sectors, foster community connection, and support the mental health and wellbeing of volunteers themselves.²⁰ Supporting a reinvigoration of volunteering in Australia is therefore critical to preserving the vital functions in facilitates for Australia's productivity.

The regulatory environment and volunteering

Alignment of regulation, with the aim of reducing red tape and increasing volunteer engagement, could greatly improve efficiency across the volunteering ecosystem. This is significant for volunteering in particular, due to differences in the policy approach to volunteering across sectors and between states and territories.

For example, regulatory alignments are currently underway across the aged care, disability support, and veterans' care sectors. Despite their extensive involvement in aged care, disability support, and veterans' care, whether and how volunteers are included under relevant regulation varies across the three sectors. In disability support, volunteers are explicitly included among those employed or otherwise engaged by providers, including in registered and unregistered National Disability Insurance Scheme (NDIS) providers and in other Commonwealth programmes in the disability services space.²¹ The aged care sector similarly includes individuals engaged on a voluntary basis in

¹⁸ <https://www.pc.gov.au/inquiries/completed/productivity-review/report/productivity-review.pdf>

¹⁹ Australian Bureau of Statistics (June 2021) 'Table 10.1 Persons aged 15 years and over who have undertaken unpaid voluntary work through an organisation in last 12 months, Characteristics of voluntary work—By Sex, estimate' [data set], *General Social Survey, Australia*, <https://www.abs.gov.au/statistics/people/people-and-communities/general-social-survey-summary-results-australia/latest-release>

²⁰ <https://www.volunteeringaustralia.org/wp-content/uploads/Evidence-Insights-Volunteering-and-mental-health-Final.pdf>

²¹ <https://consultations.health.gov.au/++preview++/aged-care-reform-compliance-division/care-and-support-sector-code-of-conduct->

providers of residential, home, and flexible care, as workers.²² In veterans' care, however, volunteers are not specified as part of the workforce, or noted to be among those engaged by care providers in the sector.²³ As workforce definitions are used to distinguish who is covered under relevant regulatory frameworks, whether volunteers are included under aligned regulation, such as the proposed Care and Support Sector Code of Conduct, would vary by sector.²⁴ Efforts to simplify service provision across sectors must therefore be clear regarding the inclusion of volunteers.

Lack of clarity in this respect can place significant strain on volunteer involving organisations, especially when decision-makers overlook volunteering in their assessments of proposed changes. For example, insufficient understanding of the workforce and the role of volunteers in the disability sector caused significant issues with the NDIS Worker Screening Check process in Victoria. The process requires applications to be sent to a central help desk to be approved manually, which has caused significant delays due to the large number of volunteer applicants who need clearance.²⁵

Similarly, the requirements for worker screening checks vary among the states and territories. For example, Volunteer Working with Children Checks and NDIS Worker Screening Checks are free in New South Wales, Victoria, Queensland, South Australia, and the Australian Capital Territory, but are still subject to charges in Tasmania and Western Australia. In 2018, South Australia went further to make all volunteer checks free – including National Police Checks.²⁶ Ensuring that volunteers can access the worker screening process efficiently and without personal cost across Australia would reduce administrative barriers to volunteer involvement.

The examples above highlight the importance of strategic consideration of volunteering in government regulation. Where the relevant regulation is inconsistent or ambiguous in its inclusion of volunteers, or where the unique dynamics of volunteer engagement are not adequately considered, current regulatory requirements can be an impediment to volunteer effort in key sectors. Positive reforms, with the aim of reducing administrative requirements and streamlining processes for volunteers and volunteer involving organisations, have the potential to greatly improve the efficiency and effectiveness of volunteer involvement in Australia.

Volunteering and COVID-19

Throughout the COVID-19 pandemic, volunteers have contributed immensely to service delivery, including the provision of essential services. The demand for services delivered by volunteers, which include emergency and food relief, crisis support, domestic/family/gender-based violence hotlines, aged care, disability care, and mental health support, has been high throughout the pandemic. A

consultati/supporting_documents/Care%20and%20Support%20Sector%20Code%20of%20Conduct%20Consultation%20Paper.pdf, 10-11

²² *ibid*

²³ *ibid*

²⁴ *ibid*

²⁵ Information on the experience of volunteers and volunteer involving organisations with the NDIS Worker Screening Check process provided by Volunteering Victoria

²⁶ <https://screening.sa.gov.au/fees-payments>; <https://www.police.sa.gov.au/services-and-events/apply-for-a-police-record-check>

recent survey found that a majority (59 per cent) of for-purpose organisations that engage volunteers were experiencing a demand for volunteer-led services.²⁷

In some states, volunteers also contributed directly to the provision of COVID-19 relief efforts. In Queensland, for example, spontaneous volunteers were recruited through the Care Army platform to provide social connection and essential services such as the delivery of groceries and medicines, particularly for older and vulnerable people.²⁸ As of 2021, 29,643 volunteers registered with the Care Army, of which 1,052 were deployed to Community Vaccination Hubs.²⁹

Despite these contributions, Australia's experience of COVID-19 has revealed opportunities for major improvements in the government's approach to volunteering during a national crisis. These concern both efforts to enable volunteers to contribute to the crisis response, including through the provision of essential services, and measures to ensure that volunteering is safe, practical, and well-supported by relevant relief arrangements.

Throughout the pandemic, support for volunteering has not been considered strategically in the government's response. The following policy shortcomings were particularly challenging for the volunteering ecosystem:

- Lack of clarity regarding the inclusion of volunteers in official guidance and communications, which caused frequent challenges for volunteer involving organisations adapting their operations to comply with government regulations and to ensure COVID-safe practices. This was particularly relevant with regards to COVID-19 vaccine mandates and essential worker definitions, which often neglected to specify whether volunteers were included.
- Inadequate planning for the inclusion of volunteers in the provision of COVID-19 response and relief efforts, such as community vaccination hubs, food relief, and the delivery of essential services like groceries and medicines to vulnerable members of the community.
- A lack of support for charities and not-for-profits to resource volunteer involvement, including through the implementation of COVID-safe practices.

Volunteering also has an important role to play in Australia's recovery from COVID-19. Volunteers play vital roles in aged care, disability services, health and welfare, sports, arts and culture, environmental protection, and disaster response, recovery, and resilience. Volunteering also supports the mental health of volunteers and builds social cohesion and community resilience, which will be crucial to recovery in the coming years. Ensuring that these contributions are supported by appropriate policy, and are not inhibited by inefficient regulation, will be necessary to facilitate the recovery of these sectors.

²⁷ https://www.csi.edu.au/media/uploads/final_report_pulse_of_the_for-purpose_sector_wave_2.pdf

²⁸ <https://volunteeringqld.org.au/covid-19/for-volunteers/join-the-care-army-to-help-isolated-older-people>

²⁹ https://volunteeringqld.org.au/docs/2021/Volunteering_Qld_AnnualReport_2021.pdf, 8

Recommendations

Given the evidence presented above, Volunteering Australia recommends that the following considerations, which would support the efficiency and productivity of volunteer efforts, be made by the Productivity Commission:

1. The economic contribution of volunteers must be acknowledged, and consideration given to the impact of the sharp decline in formal volunteer participation across Australia in the examination of any major sectors (such as emergency management or care and support) in the Productivity Inquiry.
2. Any recommendations on simplifying or aligning government regulation to reduce red tape should consider the effect on volunteers and aim to encourage reforms which support volunteer involvement and reduce administrative burden on volunteer involving organisations.
3. Recommendations which address the challenges to Australia's productivity as a result of COVID-19 should consider the ways that the volunteering ecosystem has been impacted by the pandemic and suggest ways to better engage volunteers in future crises.

Authorisation

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



Mr Mark Pearce
Chief Executive Officer

Endorsements

This submission 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 strong, connected communities through volunteering. Our mission is to lead, strengthen, promote, and celebrate volunteering in Australia.

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