

Submission to the Select Committee on Cost of Living

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Overview

Volunteers provide essential services and contribute vital supports to communities. However, financial pressures are a major barrier to volunteering and cause significant challenges for volunteers, volunteer involving organisations, and communities across Australia. Measures to address the current cost of living crisis must consider the challenges for volunteers and the needs of volunteer involving organisations.

- Financial pressures are a significant barrier to volunteering, especially among younger people. 25.5 per cent of people aged 18 to 34 years indicated 'financial reasons' as a reason they did not volunteer in 2022.
- Volunteer involving organisations are also under significant financial strain, which affects their capacity to deliver services and safely and effectively engage their volunteers.
- Just over half (54 per cent) of volunteers incur out-of-pocket expenses through their volunteering role.

To address these considerations, Volunteering Australia makes the following recommendations to the Select Committee on Cost of Living:

1. Deliver a permanent increase to income support payments in the 2023-24 Federal Budget.
2. Review the impact of cost of living pressures for volunteer involving organisations and consider additional supplementation payments for eligible volunteer involving organisations to keep up with ongoing inflationary pressures.
3. Consider ways to reduce out-of-pocket expenses for volunteers through the tax and transfer system.

Introduction

About the Inquiry

On 28 September 2022 the Senate established a select committee, to be known as the Select Committee on the Cost of Living, to inquire into and report on:

- a. the cost of living pressures facing Australians;
- b. the Government's fiscal policy response to the cost of living;
- c. ways to ease cost of living pressures through the tax and transfer system;
- d. measures to ease the cost of living through the provision of Government services; and
- e. any other related matter.

About this submission

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

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, the rate of volunteering has decreased considerably over the past two decades. The rate of formal volunteering has been gradually declining from around one-third of adults in 2002 to around one-quarter currently.¹ COVID-19 has also caused a sharp decline in formal volunteering in recent years. The proportion of adults who had volunteered in the previous 12 months declined from 36.0 per cent in 2019 to 26.7 per cent in April 2022.² Whilst there has been a small increase in the last year, this equates to around 1.86 million fewer volunteers at the start of 2022 compared to pre-COVID-19.³ These numbers illustrate the scale of change in volunteering rates, 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 that rely on volunteers. In 2022, 88 per cent of volunteer involving organisations surveyed as part of the Volunteering in Australia research identified COVID-19 as a key driver of change, and 83 per cent reported that they need more volunteers immediately or in the near future.⁴ This trend has significant implications for government-funded programs in key sectors. 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 can be delivered and supported in the future.

If volunteering is to recover and thrive in communities across Australia, targeted investment for the volunteering ecosystem is needed as a matter of urgency and must be sustained into the future. Faced with these challenges, recent increases in cost of living have placed further strain on the volunteers and volunteer involving organisations.

Cost of living and volunteering

Financial strain and volunteering

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.⁶ Financial

¹ <https://volunteeringstrategy.org.au/wp-content/uploads/2022/10/Volunteering-in-Australia-2022-The-Volunteer-Perspective.pdf>

² *ibid*

³ *ibid*

⁴ <https://volunteeringstrategy.org.au/wp-content/uploads/2022/10/Volunteering-in-Australia-2022-The-Organisation-Perspective.pdf>

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

⁶ <https://volunteeringstrategy.org.au/wp-content/uploads/2022/10/Volunteering-in-Australia-2022-The-Volunteer-Perspective.pdf>, 36

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.⁷

These costs can significantly inhibit people's capacity to volunteer. A sector survey undertaken by Volunteering Queensland in late 2022 found that rising cost of living was one of the most significant challenges facing volunteer involving organisations, with almost half (43 per cent) reporting that cost of living pressures on volunteers were affecting their ability to commit or turn up. Of these organisations, 92 per cent indicated that this issue was getting worse.⁸

To minimise the negative impacts on volunteering in Australia, financial support is urgently needed to ease cost of living pressures, particularly among those most affected. Australia compares very unfavourably to other OECD countries on the generosity of income support payments, with the second lowest level of payments.⁹ Volunteering Australia supports calls from the Australian Council of Social Service for a permanent increase to income support payments to at least \$70 a day and indexing them to wages as well as prices.¹⁰

Cost of living pressures for volunteers

Volunteers also incur costs through their engagement as volunteers. In 2022, just over half (54 per cent) of volunteers incurred out-of-pocket expenses through their volunteering role.¹¹ Of these, 41.0 per cent indicated that reimbursement was not available or offered, and 31.5 per cent did not apply for reimbursement even though it was offered. Among those who incurred costs, the average amount that volunteers spent personally on volunteering over the past 12 months (after reimbursement) was \$582.83.

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 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).¹² 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. This should include modelling of the potential benefits of making expenses incurred through volunteering tax deductible.

⁷ *ibid*

⁸ Data provided by Volunteering Queensland

⁹ <https://www.businessthink.unsw.edu.au/articles/jobseeker-australia-unemployment-benefits-oecd>

¹⁰ <https://www.acoss.org.au/election-2022/election-social-security-net/>

¹¹ <https://volunteeringstrategy.org.au/wp-content/uploads/2022/10/Volunteering-in-Australia-2022-The-Volunteer-Perspective.pdf>, 62

¹² <https://volunteeringstrategy.org.au/wp-content/uploads/2023/02/National-Strategy-for-Volunteering-2023-2033.pdf>, 47

Cost of living pressures for volunteer involving organisations

Volunteer involving organisations are under significant financial strain. Research has shown that the not-for-profit sector, which engages 3.4 million volunteers in Australia,¹³ was already facing significant financial pressure prior to recent cost of living increases. A recent survey found that one third of not-for-profit organisations believe that COVID-19 created a significant threat to their viability, and 78 percent experienced a downturn in revenue due to COVID-19, with 40 percent reporting a revenue decrease of more than 15 percent.¹⁴ The most recent edition of the Australian Charities Report found that the net income of the sector decreased by \$1.2 billion in the 2020 reporting period.¹⁵ These challenges, combined with increased demand for services, place significant pressure on many volunteer involving organisations.

Cost of living pressures can affect the capacity of volunteer involving organisation to deliver services and limit the amount of resourcing available to manage and coordinate their volunteers.

Supplementation payments provided to community sector organisations through the implementation of the 2022-23 October Budget measure *Support for Community Sector Organisations*¹⁶ have helped to ease the pressure on these organisations, many of which involve volunteers. However, cost of living remains a significant issue and upcoming changes, such as the interim pay increase of 15 per cent for aged care workers recently announced by the Fair Work Commission and increasing demand for community services, will increase financial strain in the near future.¹⁷

The financial impacts on community sector organisations should be reviewed on an ongoing basis, and consideration should be made to future support measures.

Recommendations

Based on the information presented on the impact of current cost of living pressures on volunteers and volunteer involving organisations, we make the following recommendations:

1. Deliver a permanent increase to income support payments in the 2023-24 Federal Budget.
2. Review the impact of cost of living pressures for volunteer involving organisations and consider additional supplementation payments for eligible volunteer involving organisations to keep up with ongoing inflationary pressures.
3. Consider ways to reduce out-of-pocket expenses for volunteers through the tax and transfer system.

¹³ <https://www.acnc.gov.au/tools/reports/australian-charities-report-8th-edition>

¹⁴ <https://www.mckinsey.com/au/our-insights/building-from-purpose-unlocking-the-power-of-australias-not-for-profit-sector#/>

¹⁵ <https://www.acnc.gov.au/tools/reports/australian-charities-report-8th-edition>, 15

¹⁶ <https://ministers.dss.gov.au/media-releases/10286>

¹⁷ <https://www.fwc.gov.au/documents/sites/work-value-aged-care/decisions-statements/2022fwcfb200-summary.pdf>

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.

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