

# Final Submission to the Productivity Inquiry

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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.

Based on the interim reports produced by the Productivity Commission, this submission addresses the identified areas of policy focus in which volunteering plays a significant role and identifies aspects of volunteering which should be considered in the Productivity Inquiry.<sup>1</sup> In particular, this submission highlights and provides recommendations on the following policy areas:

- Data policy, digital technology and cyber security.
  - o Access to, and use of, robust data on volunteering in Australia is critical to the development of evidence-based policy and the improvement of service delivery across portfolios.
  - o Volunteers add significant value to the Australian economy. However, an official estimate of the annual contributions of volunteers in non-profit institutions has not been produced since the 2012-13 financial year. Up-to-date assessments of the economic contribution of volunteers should be produced, and the impact of the sharp decline in formal volunteer participation across Australia should be modelled to determine future resourcing needs.
- A skilled and educated workforce.
  - o Volunteers play a significant role in Australia's education and training sector. According to the General Social Survey, 946,200 people volunteered for education and training organisations in 2020.<sup>2</sup>
  - o Given the Commission's focus on human capital in the Australian education system and its aim to examine the roles of teachers and other education staff, a more comprehensive understanding of the role of volunteers must be included in the scope of this inquiry.

## 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,

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<sup>1</sup> <https://www.pc.gov.au/inquiries/current/productivity/interim1-key-to-prosperity>

<sup>2</sup> 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 2020, <https://www.abs.gov.au/statistics/people/people-and-communities/general-social-survey-summary-results-australia/latest-release>

namely: healthier Australians, future skills and work, better functioning towns and cities, improving the efficiency of markets, and more effective governments.

Following the initial submission process, the Productivity Commission released a series of six interim reports, which outlined and detailed the areas of policy focus for the Inquiry. The four areas of policy focus are:

- Innovation policy and diffusion of new processes and ideas
- Data policy, digital technology and cyber security
- A productivity-friendly business environment
- A skilled and educated workforce

### About this submission

In response to the interim reports published by the Productivity Commission, this submission provides data and presents recommendations on two of the identified areas of policy focus to which an understanding of the role of volunteering and its unique policy challenges is especially urgent for this inquiry. It identifies key data needs which could elevate the role of volunteering in Australia's productivity. It also notifies the Commission of the need for a more comprehensive understanding of the role of volunteers in the Australian education and training sector.

This submission was prepared by Volunteering Australia.

## 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. The Volunteering in Australia research, which is informing the development of the new National Strategy for Volunteering, recently found that the proportion of adults who have volunteered through an organisation of group (formal volunteering) declined from 36.0 per cent in 2019 to 26.7 per cent in April 2022.<sup>3</sup> 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.<sup>4</sup> 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.<sup>5</sup> 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. 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

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<sup>3</sup> <https://volunteeringstrategy.org.au/wp-content/uploads/2022/10/Volunteering-in-Australia-2022-The-Volunteer-Perspective.pdf>

<sup>4</sup> *ibid*

<sup>5</sup> <https://www.aihw.gov.au/reports/australias-welfare/volunteers>

reported that they need more volunteers immediately or in the near future.<sup>6</sup> 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.<sup>7</sup> 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.

## Data on volunteering and its value

### The value of volunteering data

Access to, and use of, robust data on volunteering in Australia is critical to the development of evidence-based policy and the improvement of service delivery across portfolios.

The lack of available data on volunteer involvement in key sectors has been detrimental to policy formulation. For example, the recent introduction of new national NDIS Worker Screening requirements has caused complications for volunteers in some jurisdictions. Due to an insufficient understanding of the role of volunteers in the disability sector, the screening process for volunteers in Victoria was subject to significant delays. In Victoria, applications for the volunteer fee waiver were sent to a central help desk to be approved manually, rather than through a faster, automated system. This system did not account for the large number of volunteers who needed the check, and a priority process was not in place to expedite clearances for volunteers in priority roles. Data on volunteer involvement in the disability sector, including more detailed data on volunteer roles available at the state/territory level, was needed to estimate the number of expected volunteer applicants more accurately and to design the application process accordingly.

Volunteers are a central component of the workforce in many key sectors, including disability, aged care, veterans' care, community services, emergency management, education and training, health, and sport.<sup>8</sup> The Inquiry's aim to explore new data sharing and integration opportunities and ways to improve government's use of data should consider how proposed initiatives could drive data-informed policymaking on volunteering. To inform decision-making on upcoming government priorities (for example, the current initiative to align regulation across Australia's care and support sectors),<sup>9</sup> data on the demographics of volunteers, hours of volunteering, and types of volunteer roles should be available by sector and at the state/territory level.

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

<sup>7</sup> <https://www.volunteeringaustralia.org/wp-content/uploads/AGED-CARE-CENSUS-2020-factsheet-Final.pdf>

<sup>8</sup> <https://volunteeringstrategy.org.au/wp-content/uploads/2022/10/Volunteering-in-Australia-2022-The-Volunteer-Perspective.pdf>, 42

<sup>9</sup> <https://www.health.gov.au/sites/default/files/documents/2021/10/background-paper-aligning-regulation-across-australia-s-care-and-support-sectors.pdf>

## The economic value of volunteering

Volunteering contributes significantly to the Australian economy.<sup>10</sup> However, an official estimate of the value of volunteering – which most recently estimated the direct contribution that volunteers in non-profit institutions make to the Australian economy, including gross value added and gross domestic product, at **\$17.3 billion** – has not been produced since the 2012-13 financial year.<sup>11</sup>

A robust and up-to-date assessment of the value of volunteering should be calculated, and the impact of the sharp decline in formal volunteer participation across Australia should be modelled to determine future resourcing needs.

## Volunteers and productivity in schools

Volunteering Australia notes that the Commission identified “a skilled and educated workforce” as an area of policy focus, with an emphasis on improving productivity in Australian education and training institutions.<sup>12</sup>

Volunteers play a significant role in Australia’s education and training sector. According to the General Social Survey, 946,200 people volunteered for education and training organisations in 2020.<sup>13</sup>

However, current official data collection does not specify the proportion of volunteers in primary and secondary schools, tertiary institutions, and other organisations with an education and training focus, or the types of roles they undertake. Given the Commission’s focus on human capital in the Australian education system and its aim to examine the roles of teachers and other education staff, a more comprehensive understanding of the role of volunteers must be included in the scope of the Productivity Inquiry.

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<sup>10</sup> 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.

<sup>11</sup> <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-non-profit-institutions-satellite-accounts/latest-release>

<sup>12</sup> <https://www.pc.gov.au/inquiries/current/productivity/interim5-learning>

<sup>13</sup> 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 2020, <https://www.abs.gov.au/statistics/people/people-and-communities/general-social-survey-summary-results-australia/latest-release>

## Recommendations

While volunteering is central to Australia's productivity across sectors, two areas of policy focus identified by the Productivity Commission demand particular consideration of the role of volunteering. 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. Explore recommendations to improve the collection and use of official data on volunteering in Australia.
2. Recommend the completion (led by the Productivity Commission or the Australian Bureau of Statistics) of a comprehensive and up-to-date estimate of the economic value of volunteering in Australia.
3. Include volunteers in the assessment of the role of teachers and non-teaching staff in Australian schools. This should include new data collection on the roles and characteristics of school volunteers.

## Authorisation

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

Mr Mark Pearce  
Chief Executive Officer

## 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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## State and Territory Volunteering Peak Bodies

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