



Submission to the Productivity Commission

Response to the Contribution of
the Not-For-Profit Sector
Research Report



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1.0 Introduction

vicsport welcomes the opportunity to provide input to the Contribution of the Not-For-Profit Sector research project.

As the peak body for sport and active recreation, **vicsport** represents the collective interests of Victoria's single largest community sector. With over 170 member groups, 20,000 clubs and associations, and 1.8 million participants, workers and volunteers, the community sport and active recreation sector makes a significant contribution to the social, physical, mental and economic wellbeing of our communities, as well as creating vital capacity within metropolitan and regional communities.

As the peak representative organisation, one of **vicsport's** key roles is to advocate for change and ensure policy and decision makers are aware of issues affecting the sector, other key activities **vicsport** undertake include;

- *Inform policy development:* **vicsport** listens to members and uses this feedback to provide visionary strategic advice to key policy and decision makers.
- *Facilitate program delivery:* **vicsport** works with government, statutory authorities and key external stakeholders to develop strategies and provide support required to assist members deliver participation opportunities for all Victorians.
- *Build Members' Capacity:* **vicsport** supports and educates members through the provision of quality advice and consultation services and delivery of professional development opportunities.
- *Research:* through industry research and development, **vicsport** analyses issues, identifies trends and develops innovative strategies that play a vital role in planning for the future

The purpose of this submission is to provide comment regarding components of the report that impact on sporting organisations and their capacity to effectively deliver participation opportunities for members of the Victorian community.

It is to be noted that vicsport has also contributed to discussions held by the Victorian Office For the Community Sector in regard to their submission in response to this research report.

On behalf of the sport and active recreation sector, **vicsport** presents this submission to the Productivity Commission and looks forward to the ongoing opportunity to contribute to this important project.



2.0 The Importance of Community Sport & Active Recreation

While the primary role of community sport and active recreation organisations is to either directly provide, or facilitate the provision of, low-cost participation opportunities for members, the benefits accrued to both individuals and communities of this involvement reach far beyond the simple pleasure of being actively involved.

In Australia, we have an extensive community sport and active recreation network. Over 11.9 million people aged over 15 participate at least once per week in physical activity for exercise, recreation and sport (ERASS, 2008). In Victoria, there are 3.5 million participants aged 15+ and over 400,000 children between the ages of 5 and 14 years who participate in sport and recreation outside of school hours (ABS, 2009)

3.0 Feedback regarding recommendations

(a) Recommendation 5.1- Building Knowledge Systems

vicsport supports the need for the development of a data model which captures the value of the Not-For-Profit (NFP) sector. It is proposed however that the model should be extended to understand the value of the preventative benefits that are derived from the NFP organisations activities. For example money invested in preventative health measures (ie. physical activity) will reduce the burden on the health system. There is a need to understand what burden/cost would be placed on society should the NFP sector cease activity.

(b) Recommendation 7.2 - Deductible Gift Recipient Status

Despite the vital role community sport and recreation organisations play in supporting and developing communities, under current tax ruling, these organisations are not eligible to apply for tax deductibility status. This ineligibility has significant negative impact on NFP sport and active recreation organisations in a range of ways.

Obviously, the primary impact lies in the inability of community sport and active recreation organisations to directly attract valuable philanthropic dollars which could provide significant assistance to NFP organisations. In addition however, there are a number of other less obvious impacts. By way of example, like any other organisation, NFP sport and active recreation clubs and associations require legal, financial and governance assistance on a range of matters. Like other NFP groups, these organisations have very limited financial resources and as such do not have funding available to pay for the professional assistance required. In recognition of the support NFP groups require some excellent pro-bono programs, such as Good Company, have been developed to provide

much needed support for NFP groups. Unfortunately, most of these programs require the organisation to have charitable status to receive support, thereby excluding access for NFP sport and active recreation organisations. It is speculated this is a result of a misconception groups who are not eligible for charitable status are for-profit groups, rather than any direct desire to specifically exclude sport and active recreation groups. Notwithstanding this, it still remains the current tax system does not encourage philanthropic dollars to be raised for community sport and active recreation.

An amendment to the Income Tax Assessment Act 1997 to allow bona-fide NFP community sport and recreation organisations to apply for tax deductible status would make a significant contribution to supporting this sector and the vital role it plays in community development.

In 2002 the UK Government changed legislation to allow tax-deductible status to 'community amateur sports clubs' and clubs that promote 'healthy sport'. Feedback indicates this change has had a genuinely positive effect on increasing support given to these organisations by both the philanthropic sector as well as individuals.

If we are to see a genuine increase in access to philanthropic dollars by community sport and recreation organisations, as a first step it is vital the current tax legislation is amended.

(c) Recommendation 10.3 - Lowering cost of volunteering

Of all people who volunteer in Australia, more do so in the sport and recreation sector than in any other sector. A report on Australia's Sports Volunteers indicates that 1.14 million people volunteer in the sport and recreation sector on a regular basis. This figure is greater than the combined education, training and youth sector (1.02 million), community and welfare sector (970 000) or the health sector (297 000). (National Centre for Culture and Recreation Statistics, 2005).

Research indicates 80 –90% of all work undertaken in the sport and active recreation sector is done by volunteer labour. Volunteers are without doubt a vital element in the ongoing delivery of physical activity, in doing so providing health outcomes for the community.

A Victorian report considered the economic value of Victorian volunteers and although acknowledging the difficulty in calculating a figure, the authors estimated the value of indirect or formal volunteering through organisations in Victoria was worth about \$4.3 billion in 2000 and about \$1 billion of that was in sport and recreational organisations. (Soupourmas & Ironmonger, 2002)

These figures highlight the importance of volunteers in ensuring that sport and recreation opportunities can be offered to the community in a cost effective manner however volunteer recruitment and retention is a major issue affecting the growth of sport at the



community level. Feedback from **vicsport** members suggests volunteering levels are decreasing.

Any reduction in volunteer contribution will have a significant impact as the services and benefits provided by them are lost to the community. This will place increased financial pressures on community organisations which will be reflected in access fees. Inevitably, if we do not provide support to volunteers will be left with one of two options; organisations will be forced to fold, or the government will be required to fund the shortfall through the introduction of paid staff positions.

Consideration must be given through the taxation system to support those who volunteer in sport and active recreation. One suggested support mechanism is to have the associated costs of their involvement (up to a limit of say \$500) be made tax deductible. Such costs may include travel/petrol expenses, phone calls etc. and would greatly enhance the sectors capacity to deliver healthier outcomes for the community.

4.0 Conclusion

The purpose of this submission is to outline areas of the Contribution of the Not-For-Profit Sector research report that impact on sports organisations and their capacity to effectively deliver participation opportunities for members of the Victorian community.

On behalf of the sport and active recreation sector **vicsport** presents this report to the Productivity Commission and looks forward to the ongoing opportunity to contribute to this important project.

5.0 Bibliography

Australian Bureau of Statistics (2009). Sport and Recreation: A Statistical Overview Australia, cat. no. 4156.0, ABS, Canberra.

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