

# Volunteering Australia summary of the *Future foundations for giving* Inquiry report

## About the Productivity Commission Inquiry into Philanthropy

As part of the Australian Government's commitment to double philanthropic giving by 2030, it tasked the Productivity Commission to undertake an inquiry to analyse motivations for philanthropic giving in Australia and identify opportunities to grow it further. Volunteering was included in the scope of the inquiry, and the final report includes a number of recommendations on volunteering. Volunteering Australia and the State and Territory volunteering peak bodies made submissions on the [initial Call for Submissions](#) and in [response to the draft report](#).

## Key recommendations

- The deductible gift recipient (DGR) system is not fit for purpose and should be reformed to focus on activities with greater community-wide benefits.
  - o The Commission found that arrangements that determine which entities can access DGR status are poorly designed, overly complex and have no coherent policy rationale. This creates inefficient, inconsistent and unfair outcomes for charities, donors and the community.
  - o The Commission recommended that eligibility for DGR status is extended to most classes of charitable activities. Eligibility should not be granted to primary, secondary, religious, and informal education activities (with an exception for activities that have a specific equity objective); activities of early childhood education and care and aged care; all activities in the subtype of advancing a religion; all activities for the purpose of promoting industry; and all activities in the law subtype that further another excluded subtype.
  - o The recommended changes would increase the number of charities with DGR status from about 25,000 to 30,000 – 40,000. Fewer than 5,000 charities would have their DGR status withdrawn (these are mainly charities that have DGR status for school building funds or to provide religious and ethics education in government schools).
  - o The Commission estimates that **about 6,000 additional volunteer-run charities would have easier access to DGR status under the Commission's proposed reforms.**
- The Australian Charities and Not-for-profits Commission (ACNC) should be strengthened by:
  - o amending the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (the Act) to strengthen its enforcement powers, and
  - o reviewing charities law to examine roles and responsibilities and explore opportunities to simplify and harmonise laws across jurisdictions, and to increase certainty about ACNC regulation by providing test case funding and introducing a ruling scheme for the ACNC.
- Regulatory arrangements should be changed to support donor confidence. This includes adopting a national, cooperative approach to charities regulation by establishing a National Charity Regulators Forum to formalise coordination between Australian and state and territory regulatory bodies.
- An independent organisation should be established to strengthen relationships between Aboriginal and Torres Strait Islander organisations and philanthropic networks.

- The Australian Government should create more value for the public from the data collected about charities and giving, including by publishing aggregate information on corporate giving and by requiring listed companies to be more transparent to stakeholders about their giving.
  - o This includes a key recommendation on volunteering data.
- Unnecessary regulatory barriers to volunteering should be minimised. The Commission recommends that governments explicitly consider how changes to policies and programs affect volunteers.
- Structured giving vehicles, such as private and public ancillary funds, should be enhanced. The Commission recommends that minimum distribution rates should ensure charities receive funding when they need it most, be smoothed over three years to increase flexibility, and be reviewed regularly. Further information should also be provided to the public to increase awareness and transparency.

## Recommendations related to volunteering

There are three key recommendations in the final report that relate to volunteering. These are:

### ***Recommendation 7.7: Explicitly consider the effects on volunteers when designing policies and programs***

*To support volunteering, Australian, state, territory and local governments should consider how changes to policies and programs would affect volunteers. This includes adopting measures that may mitigate any adverse effects on volunteer participation and identifying opportunities for volunteers as part of policy or program design.*

- The report notes that worker screening checks can be a barrier to volunteering and can contribute administrative burden for volunteer involving organisations, particularly those that operate across jurisdictions.
- The report references Volunteering Australia's suggestion that volunteering be explicitly considered in impact analysis guidance provided by the Office of Impact Analysis in the Department of the Prime Minister and Cabinet.

### ***Recommendation 9.2: Introduce enhanced disclosure and reporting of corporate giving***

*The Australian Government should introduce a requirement for listed companies to publicly report itemised information on their donations of money, goods and time (volunteering) to entities with deductible gift recipient status. This would enhance accountability to shareholders, consumers, employees and other stakeholders within the community.*

*The Australian Taxation Office (ATO) should amend the company tax return to require listed companies to report donations of money and assets to entities with deductible gift recipient status as a distinct line item in deductions, similar to what is required for individuals.*

*The ATO should regularly publish aggregate information on corporate giving in Australia (for example, in the Australian Taxation Statistics) including, at a minimum, donations by company size, taxable status and industry.*

- The report specifies that this recommendation includes encouraging employers to support philanthropic efforts within the workplace as part of their employee value proposition, including facilitating volunteering, and references Volunteering Australia's suggestion that

improved data on corporate volunteering would be greatly beneficial to the development of employee volunteering programs in the future.

**Recommendation 9.4: Improve the usefulness of public information sources on volunteering**

*The Australian Bureau of Statistics (ABS) should improve the usefulness of public information sources on volunteering. It should amend the questions on volunteering in the Census to capture:*

- *whether respondents engaged in informal volunteering (in addition to whether they engaged in formal volunteering with an organisation)*
- *the amount of time the respondent engaged in formal or informal volunteering (for example, hours each week).*

*The ABS should also collect more detailed information on volunteering annually through a survey such as the General Social Survey. At minimum, the survey should collect information on whether respondents engage in formal and informal volunteering, and the time spent engaged in these activities. However, the ABS should strongly consider including additional questions to improve information on volunteering, in consultation with relevant stakeholders.*

*Following engagement with communities, the ABS should develop methodologies that enable better measurement of volunteering by Aboriginal and Torres Strait Islander communities and culturally and linguistically diverse communities.*

- The Commission notes the link between the collection of information on volunteering and Strategic Objective 2.2: Reshape the Public Perception of Volunteering of the National Strategy for Volunteering.
- The General Social Survey is due to resume in 2025 to support the collection of data included in the Measuring What Matters Framework.

## The National Strategy for Volunteering (2023-2033)

The Commission highlights the importance of the National Strategy for Volunteering. In particular, the Commissioners emphasise its focus on diversifying our understanding on volunteering and align this objective with *Recommendation 9.4: Improve the usefulness of public information sources on volunteering*:

High-quality information plays an important role in developing and evaluating government policies to incentivise giving, including volunteering. The Australian Government has a policy goal of doubling giving by 2030 and funded the sector-led National Strategy for Volunteering 2023–2033, which among other things, aims to improve collection of information on volunteering, so that the public recognises and respects volunteering that is already happening in culturally-specific contexts and to find ways to better support diverse expressions of volunteering (Volunteering Australia, sub. 222, p. 4).

## Note on tax deductions for out-of-pocket expenses incurred while volunteering

The Commission did not include a recommendation to explore tax deductions for out-of-pocket expenses incurred while volunteering, as suggested by Volunteering Australia in our submission. The Commission concluded that “whether a tax deduction or tax credit would encourage more people to volunteer is highly uncertain, but they would likely increase tax integrity risks and compliance costs

given volunteer work and expenses are often undocumented or informal. Government grants to support volunteering where there is a clearly identified need would likely generate greater net benefits to the community than tax incentives for volunteering, if properly targeted and evaluated.”

The Commission notes that tax deductions are available in the Netherlands and the United States. Volunteering Australia also notes that tax deductions for training costs incurred by volunteers in State Emergency and Rural Bushfire Services was recently recommended by the Select Committee on Australia’s Disaster Resilience:

*“Recommendation 5: In circumstances where the cost of relevant training is not covered by the organisation, the committee recommends that the Australian Government consider amendments to legislation, policy and guidelines to allow volunteers working in organisations such as State Emergency and Rural Bushfire Services to claim tax deductions for training and courses that are a part of their emergency volunteering.”<sup>1</sup>*

Ensuring that volunteers are not out-of-pocket for contributing their time, and for maintaining relevant qualifications, certifications, and worker screening checks, 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). In progressing this objective, the Australian Government should more carefully consider ways to reduce out-of-pocket expenses for volunteers through the tax and transfer system.

## Links to other priorities

The recommendations of the Productivity Commission are also relevant to other important policy priorities, including:

- The Measuring What Matters Framework.
  - o The Measuring What Matters Framework includes formal and informal volunteering as indicators of social connection under the ‘Cohesion’ theme. Ensuring this data is up-to-date, accurate, and representative of Aboriginal and Torres Strait Islander populations is essential to supporting the Measuring What Matters Framework and informing better government decision-making.
- The updated General Social Survey.
  - o The 2024-25 Budget included funding to deliver an enhanced annual General Social Survey (GSS). Volunteering Australia, in collaboration with the State and Territory volunteering peak bodies, has been working with the ABS to recommend changes to improve data collected on volunteering. *Recommendation 9.4: Improve the usefulness of public information sources on volunteering* highlights the importance of volunteering data to support better policy.
- The Select Committee on Australia’s Disaster Resilience.

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[https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/RB000053/toc\\_pdf/BootsonthegroundRaisingresilience.pdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/RB000053/toc_pdf/BootsonthegroundRaisingresilience.pdf), xiii

- The Select Committee recommends tax deductions for volunteers in emergency management organisations.
  - *Recommendation 5: In circumstances where the cost of relevant training is not covered by the organisation, the committee recommends that the Australian Government consider amendments to legislation, policy and guidelines to allow volunteers working in organisations such as State Emergency and Rural Bushfire Services to claim tax deductions for training and courses that are a part of their emergency volunteering.”*

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