

Response to the Department of Treasury
Consultation Paper on
The Definition of Charity

The case for creating a specific category
for volunteering

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Volunteering Australia wishes to acknowledge the contribution of Volunteering Queensland to this submission.

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Table of Contents

| | | |
|-------|---|---|
| 1 | Introduction..... | 4 |
| 2 | The issues for volunteering | 4 |
| 2.1 | Volunteering and government policy..... | 4 |
| 2.1.1 | The contribution of volunteering | 5 |
| 2.2 | Volunteering in 2011..... | 5 |
| 3 | Our recommendations | 6 |
| 4 | References..... | 6 |

1 Introduction

Thank you for the opportunity to respond to the issues raised by the consultation paper 'A Definition of Charity'.

Volunteering Australia is the national peak body working to advance volunteering in the Australian community. Its role is to represent the diverse views and needs of the volunteering sector while promoting the activity of volunteering as one of enduring social, cultural and economic value.

As a member of the Community Council of Australia, we commend and support the submission made by the CCA.

Volunteering Australia has also elected to make a submission about the unique issues faced by volunteer organisations under the current definition of charitable organisations and to present solutions.

Volunteering Australia recommends that:

The definition of charitable include not-for-profit organisations 'where the promotion of volunteering for the benefit of the community is a principal purpose'.

Where the promotion of volunteering for the benefit of the community is its principal purpose, an organisation is eligible for tax deductible status without restricting the manner in which it can benefit from the volunteers providing it meets the test of public benefit.

The creation of an additional category of DGR being an institution whose principal purposes are to promote and facilitate volunteering.

2 The issues for volunteering

2.1 Volunteering and government policy

Facilitating and supporting volunteering is consistent with Federal Government policy. The Australian Government's vision is one of a socially inclusive society 'in which all Australians feel valued and have the opportunity to participate fully in the life of our society. Achieving this vision means that all Australians will have the resources, opportunities and capability to learn, work, engage in the community and have a voice'.¹

Promoting, supporting and enabling volunteering is recognised nationally and internationally as a critical element of an inclusive community (UN Volunteers, 2011; European Volunteering Centre, 2010; Haski-Leventhall, 2009; and Institute for Volunteering Research 2008 and 2004).

There is an essential argument that volunteering and more broadly social participation are critical factors in facilitating social inclusion and community connectedness and as such have community benefit as their core purpose.

There is incongruence between social policies and legislation in Australia. This is impacting negatively on volunteering in this country.

¹ <http://www.socialinclusion.gov.au/Pages/Overview.aspx>

The definition of charitable and the provisions of taxation legislation are key factors.

1. The definition of charitable does not reflect or encompass the diversity of contexts in which volunteering that leads to community benefit takes place.
2. There is no suitable DGR category for general or skilled purpose volunteering organisations.

2.1.1 The contribution of volunteering

In 2010, 36% of the adult population, i.e. 6.1 million people, volunteered.² The estimated number of volunteers in Australia has doubled from 1995 to 2010.

The volunteer workforce in Australia was estimated to provide over \$14.6 billion of unpaid labour in 2006-2007 ABS Satellite Accounts.

The work undertaken by volunteers represents a significant social and economic contribution, and saving, to this nation.

2.2 Volunteering in 2011

Volunteering is central to social inclusion across society and meets the criteria of 'community benefit' in the current ATO's ruling that to satisfy the technical legal meaning of 'charitable' an organisation's purpose must fall within: the relief of poverty, the advancement of education, the advancement of religion and other purposes beneficial to the community.

However, an additional factor about volunteering needs to be addressed.

Volunteers frequently give their effort in multiple settings including formal and informal. Some of this effort is directed towards activities that currently are recognised within the definition of public benevolent activity and some is not.

Irrespective of the organisational setting within which volunteer effort takes place, it is generally accepted that volunteering in all its forms delivers a net public benefit.

There are charitable organisations which assist volunteers and community organisations in arranging or brokering volunteering opportunities. Typically these organisations promote and facilitate volunteering through recruitment, induction, training, referral and placement of volunteers. Some but not all of these organisations may engage volunteers directly for the delivery of service. (Examples include Volunteer Resource Centres and Volunteer Referral Agencies).

A number of these which have been established for some time are endorsed as deductible gift recipients (DGRs) under the category of public benevolent institutions (PBIs).

More recently some organisations have been established that focus on matching business people with community organisations (corporate volunteering). These organisations have been unable to obtain DGR status as a PBI although there is an argument that they are undertaking essentially the same activity as the volunteering organisations with PBI status.

² 4159.0 – ABS General Social Survey: Summary Results, Australia, 2010, pp 3, 15

4441.0- ABS Voluntary Work. Australia, Australia 2010, p3

There is ample survey evidence to demonstrate that individual volunteers may distribute their effort across a number of activities. It is impossible to distinguish the relative proportion of volunteer effort a volunteer may donate to PBI and non PBI activity over their lifetime. It is known that 74% of volunteer opportunities listed on the national matching service GoVolunteer, are primarily for undertaking benevolent work. There is no data available as to extent that a volunteer may undertake exclusively PBI activity. However it is reasonable from the above data to predict that the overwhelming majority of volunteers will undertake PBI activity.

It is therefore proposed that all organisations that are established for the purpose of promoting and facilitating volunteer engagement should qualify for charitable status and associated tax benefits as currently exist.

3 Our recommendations

There are other choices for Australia

The objectives of social inclusion policy would be **better served through the work of organisations whose principle purpose is to facilitate and support volunteering by expanding the definition of charitable and revising taxation legislation.**

Volunteering Australia **recommends** that:

- 1. The definition of charitable include not-for-profit organisations ‘where the promotion of volunteering for the benefit of the community is a principal purpose’.**
- 2. Where the promotion of volunteering for the benefit of the community is its principal purpose, an organisation is eligible for tax deductible status without restricting the manner in which it can benefit from the volunteers providing it meets the test of public benefit.**
- 3. A new category of DGR being an institution whose principal purposes are to promote and facilitate volunteering is created.**

4 References

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