



Valuing Volunteering

The Economic Value of Volunteering in South Australia

**A Report by
Dr Duncan Ironmonger**

Households Research Unit, Department of Economics
University of Melbourne
Victoria 3010 Australia



**Government
of South Australia**



**OFFICE FOR
VOLUNTEERS**

©
Copyright 2002 Duncan Ironmonger

This publication is copyright. No part may be reproduced by any process
except in accordance with the provisions of the Copyright Act 1968.

The views and ideas expressed in this report are those of the author
and not necessarily those of Office for Volunteers or
the Department of Premier and Cabinet, South Australia.

October 2002

The Economic Value of Volunteering in South Australia

Why put a dollar value on Volunteering?

Valuing volunteer time is of enduring interest in volunteering research (Foster, 1997; Gaskin, 1999). Converting the currency of volunteering time into monetary terms can be a useful device for measuring the contribution that volunteers make to society (Knapp, 1990). It is crucial that we as a community acknowledge that volunteer time is a real donation that is as valuable as money. This is especially important when time is the only resource many individuals have to offer. By exploring ways of putting a value on volunteer work we help to make this sort of work more visible.

The calculation of the economic value of volunteering in South Australia is important because it can

- emphasise to government and policy makers that voluntary work makes a significant contribution to the South Australian community
- encourage South Australians to become volunteers by demonstrating the economic benefits of volunteering; and
- inform the media and the community about the value of volunteer time to the South Australian economy.

Although anecdotal evidence suggests that the economic contribution of volunteering is great, there are limited reliable figures on the exact monetary value. While we have various official statistics about participation rates, there are no readily available official statistics to show the important contribution volunteering makes to the South Australian economy.

Various methods

Each quarter the national accounts published by the ABS make visible only part of the valuable economic activities of Australia - the productive activities that we pay for through the market economy. Unpaid non-market activities that are about as valuable are omitted from the quarterly national accounts, thus unpaid household and volunteer work are invisible and consequently tend to be ignored from our national objectives and from indicators of our national performance.

To rectify this narrow focus, it is necessary to put a value on the unpaid production through household and volunteer work. Satellite national accounts of household productive activities are being developed to complete the picture of economic activity - to allow us to see the full range of economically productive activity (Ironmonger, 2000; Ironmonger & Soupourmas, 2002).

There are two benefits that flow from most human activities - "output" benefits and "process" benefits. The distinction between these two kinds of benefits is best illustrated by an example. Consider the activity of meal preparation. The positive output benefits are the meals themselves, the "transferable" outputs of



the meal preparation which accrue to the persons eating the meals. The process benefits of meal preparation, which may be positive or negative, are the pleasure or displeasure the chef obtains from the time spent in meal preparation and cooking. These process benefits are non-transferable to another person. With voluntary work the transferable output benefits are the services provided to others by the volunteers. The non-transferable process benefits are the pleasures obtained by the volunteers from the time spent in volunteering.

Unfortunately, the statistical methods so far devised for valuation have not come up with an objective method of valuing process benefits. The best that can be done is a subjective method of asking individuals to evaluate the pleasure/displeasure obtained from an activity on a scale of, say, one to five, for:

- (1) Very unpleasant
- (2) Unpleasant
- (3) Neither pleasant or unpleasant
- (4) Pleasant
- (5) Very pleasant

This scaling process does not lead to a monetary valuation of an activity but does allow comparisons between different activities, so that minding the grandchildren would be mainly pleasant or very pleasant and cleaning the toilet would be unpleasant or very unpleasant.

Several methods have been devised to put a monetary value of the output benefits from the time spent in voluntary work. A method developed in the United Kingdom, called the Volunteer Investment and Value Audit (VIVA), puts a value on the resources used to support volunteers (management staff costs, training, recruitment, insurance and administration) in relation to the value of volunteer time. This approach quantifies the economic investment that organisations make in their volunteers. As many organisers of volunteers would contend, contrary to popular opinion, volunteers are not free of cost. The VIVA ratio, which states that for every dollar invested in volunteers there is a return of X dollars in the value of the volunteers' work, is calculated by dividing the value of volunteer time by organisational investments. This method is very useful in producing audit data for individual organisations. Gaskin (1999) has found that money spent on volunteers is more than doubled in value and may increase up to eightfold.

Undoubtedly, the most satisfactory valuation method involves counting the specific outputs and pricing these outputs at market prices of comparable goods or services produced and sold in the market. For example, the meals provided at home can be counted and valued at market prices for comparable restaurant or take-away meals. The "value added" by the unpaid household labour is then obtained by deducting the costs of the purchased intermediate inputs of food, energy and other materials and the cost of the household capital used in the meal preparation. This method gives a more accurate reflection of the labour productivity of the technology of the household.



An alternative method, which is less satisfactory from the point of view of reflecting the productivity or efficiency of household technology, involves valuing the time spent in an unpaid activity at a “comparable” market wage. The wage chosen is either (1) the “opportunity cost” of the time the persons involved in unpaid work could have obtained if they had spent the time in paid work; (2) the “specialist wage” that would be needed to pay a specialist from the market to do the activity (say, a cook to do cooking or a baby-sitter to do baby sitting); or (3) the “generalist wage” that a general housekeeper would be paid to do the unpaid work. The “net” opportunity cost values unpaid work at the after tax wage rate less work-related expenses plus income by way of employer cost of superannuation and fringe benefits.

The Australian Bureau of Statistics used these comparable market wage methods to produce estimates for 1992 and 1997 of the value of unpaid household work and the value of volunteer and community work. In the ABS estimates, volunteer and community work excluded time spent in civic responsibilities, other community participation and in church and religious activities but included the time spent in travel for volunteer and community work.

Using this definition, the ABS estimates of the value of volunteer and community work in Australia in 1992 and 1997 (ABS, 1994b & 2000) are as follows.

Table 1:
Value of
volunteer work,
Australia

	\$ billion			
	1992		1997	
	Wage rate \$/hour	\$billion/year	Wage rate \$/hour \$/hour	\$billion/year
Specialist wage	12.17	18	13.96	25
Opportunity cost - gross	14.34	21	17.47	31
Opportunity cost - net	10.87	16	13.47	24

**Total hours of
volunteering in
South Australia**

The starting point for the estimates prepared for this report were the surveys of Time Use and Voluntary Work conducted by the Australian Bureau of Statistics in 1992 and 1997 (Time Use) and 1995 and 2000 (Voluntary Work).

These surveys enable estimates to be made of the average time spent in volunteer activities by the adult population of South Australia. The estimates in terms of average hours per week, averaged across the entire adult population aged 18 or more years are presented in Table 2.

Table 2:
Hours of
volunteer work,
South Australia

Hours per week per adult (Averaged over all adult population aged 18+)						
Volunteering	1992	1995	1997	2000	Change 1992-1997	Change 1995-2000
Organised	0.62	0.91	1.11	1.40	80%	54%
Unorganised	1.44	1.58	1.68	2.82	17%	15%
Adult Support	1.01	1.16	1.26	1.41	25%	22%
Child Support	0.43	0.42	0.42	0.41	-3%	-3%
Travel	0.51	0.55	0.58	0.63	15%	14%
TOTAL	2.56	3.05	3.37	3.86	32%	27%

Source: Estimates of the Households Research Unit based on Australian Bureau of Statistics Time Use and Voluntary Work surveys, 1992, 1995, 1997 and 2000.

The surveys indicate a particularly rapid rise in the averages for volunteering through organisations and the slight decline in the average amount of informal volunteering in support of children.

In macro-economic terms the total volume of volunteering time in South Australia increased by 35 per cent in the first five-year period (1992-1997) and by 30 per cent in the second five-years (1995-2000). These estimates are shown in Table 3.

Table 3:
Volume of
volunteer work,
South Australia

Million hours per year						
Volunteering	1992	1995	1997	2000	Change 1992-1997	Change 1995-2000
Organised	35	53	65	83	84%	59%
Unorganised	82	92	98	109	20%	19%
Adult Support	57	67	74	84	28%	25%
Child Support	25	25	25	25	0%	0%
Travel	29	32	34	38	18%	18%
TOTAL	146	176	197	229	35%	30%

Source:
Estimates of the Households Research Unit based on Australian Bureau of Statistics Time Use and Voluntary Work surveys, 1992, 1995, 1997 and 2000.

Total value of volunteering in South Australia

The estimates prepared for this report were based on a gross opportunity cost wage rate of \$14.34 per hour in 1992. For 1997, this rate increased to \$17.47 per hour. Based on the increases in the ABS national accounts estimate for "average compensation per employee" the wage rates for 1995 and 2000 were estimated at \$16.00 and \$19.26 per hour respectively (Ironmonger and Soupourmas, 2002).

These rates were used to make estimates of the annual value per adult of volunteering time in South Australia (see Table 4).

Volunteers often also contribute the use of their capital equipment, particularly the use of their own vehicles, to volunteering activities. Recent estimates of these inputs prepared for all sectors of the household economy show these inputs involve a 12.7 per cent additional cost to the value of labour time in volunteering. An additional 4.05 per cent for capital equipment, mainly vehicles, and 8.65 per cent for other inputs, mainly vehicle running costs (Ironmonger and Soupourmas, 1999).

The estimates shown in Table 4 include estimates for the cost of the other inputs.

Table 4:
Volume of volunteer work, South Australia

\$ per year per adult (Averaged over all adult population aged 18+)						
Volunteering	1992	1995	1997	2000	% Change 1992-1997	% Change 1995-2000
Value of Volunteer Inputs (Time and other inputs)						
Organised	517	853	1,133	1,582	119%	85%
Unorganised	1,210	1,485	1,720	2,059	42%	39%
Adult Support	847	1087	1,290	1,582	52%	47%
Child Support	363	398	430	466	19%	17%
Travel	425	518	597	711	41%	37%
TOTAL	2,152	2,856	3,450	4,352	60%	52%

Source: Estimates of the Households Research Unit based on Australian Bureau of Statistics Time Use and Voluntary Work surveys, 1992, 1995, 1997 and 2000.

These estimates show that in dollar terms in the eight years from 1992 to 2000 South Australian adults, on average, doubled their donation of volunteering time and associated costs from \$2,152 to \$4,352 per annum.

For South Australia this gives a labour time estimate for organised and unorganised volunteering growing from \$2,091 million in 1992 and \$4,419 million in 2000.

Including the use of capital equipment and the donation of the running costs, fuel and other materials, the gross value of the volunteering activity in South Australia can be estimated to be \$2,357 million in 1992 and \$4,980 million in 2000.

Table 5:

Total value of
all volunteer work,
South Australia

		\$ million					
		1992	1995	1997	2000	% Change 1992-1997	% Change 1995-2000
Volunteering							
A. Volunteer Time Inputs							
Organised	\$ million	503	841	1,128	1,606	124%	91%
Unorganised	\$ million	1,176	1,463	1,713	2,091	46%	43%
	Adult Support	823	1,072	1,285	1,617	56%	51%
	Child Support	353	393	428	473	21%	20%
Travel	\$million	413	510	595	722	44%	42%
TOTAL VALUE OF TIME		2,091	2,816	3,436	4,419	64%	57%
B. Other Volunteer Inputs							
Organised	\$ million	64	107	143	204	124%	91%
Unorganised	\$ million	149	186	218	265	46%	43%
Travel	\$ million	52	65	75	92	44%	42%
TOTAL		266	358	436	561	64%	57%
C. Total Volunteer Inputs							
Organised	\$million	566	948	1,272	1,810	124%	91%
Unorganised	\$million	1,325	1,650	1,931	2,356	46%	43%
Travel	\$million	465	575	670	814	44%	42%
TOTAL VALUE OF VOLUNTEERING		2,357	3,174	3,873	4,980	64%	57%
<i>Wage Rate (\$/hour)</i>		<i>14.34</i>	<i>16.00</i>	<i>17.47</i>	<i>19.26</i>	<i>22%</i>	<i>20%</i>
<i>Adult Population 18+(million)</i>		<i>1.095</i>	<i>1.111</i>	<i>1.122</i>	<i>1.144</i>	<i>2.5%</i>	<i>3.0%</i>
<i>Gross State Product (\$ billion)</i>		<i>30.3</i>	<i>34.6</i>	<i>37.9</i>	<i>43.4</i>	<i>25%</i>	<i>25%</i>
<i>Compensation of Employees (\$ billion)</i>		<i>14.8</i>	<i>16.9</i>	<i>18.4</i>	<i>20.35</i>	<i>24%</i>	<i>20%</i>

The 1992 estimate of \$2,357 million can be compared with South Australia's Gross State Product (GSP) in 1992 of \$30,300 million. Similarly, the \$4,980 million value of volunteering to the 2000 economy can be compared with the 2000 GSP figure for South Australia of \$43,400 million.

On these data it can be said that South Australian volunteers donated an additional 7.8 per cent of GSP in 1992 and 11.5 per cent of GSP in 2000 to other households, both directly or through volunteer organisations and groups. These donations of time and services are additional to actual donations of money made directly to other households or through charitable organisations.

Total volunteer time was equivalent to an additional 14.1 per cent of the compensation paid to South Australian employees in 1992 and 21.7 per cent in 2000.

**Value of
volunteering
through
organisations
worth \$1,810
million in 2000**

The value of volunteering through organisations increased by more than 90 per cent in the five years between Voluntary Work Surveys. In 2000, indirect or formal volunteering through organisations was worth about \$1,810 million to the South Australian economy. Volunteering through organisations in 1995 was worth \$948 million.

Table 6 shows more detailed estimates of the structure of the total value of volunteering through organisations in South Australia in 1995 and 2000.

Women in South Australia contributed about \$945 million dollars worth of time to volunteer organisations in 2000. In contrast, South Australian men's donation of time to organisations was worth about \$865 million. Out of the \$1,810 million, middle-aged people gave about \$1,132 million worth of time to South Australian organisations. South Australians in full-time market work and those not in market work contributed about \$563 m and \$830 million dollars worth of volunteer time in 2000.

In terms of the value of volunteer time, community and welfare organisations benefited to the tune of \$486 million dollars. South Australians also donated \$414 million worth of time to sports and recreation organisations in 2000. Education, training and youth development organisations received about \$176 million dollars of voluntary time from South Australians in 2000. About \$455 million dollars of voluntary work was undertaken by South Australians for religious groups. In 2000, health-related organisations in South Australia received only about \$59 million dollars worth of volunteer time.

Regional South Australians contributed approximately \$500 million dollars to their communities in terms of organised voluntary work. The voluntary work through organisations of those living in Adelaide was estimated at \$1,310 million!



Table 6:
Value of volunteer work through organisations, South Australia

\$ million			
	1995 Voluntary Work Survey	2000 Voluntary Work Survey	% change 1995 - 2000
<i>\$ million</i>			
South Australian Adults 18+	948	1,810	91%
Gender			
Women		945	
Men		865	
Age group (years)			
18-34	252	308	22%
35-64	508	1,132	123%
65 and over	188	370	97%
Labour market status			
Employed full-time	292	563	93%
Employed part-time	218	390	79%
Unemployed	59	27	-54%
Not in market work	380	830	118%
Birthplace			
Australian-born	746	1,436	92%
Born outside Australia	202	374	85%
Type of organisation (a)			
Community/welfare		486	
Sports/recreation		414	
Education/training/youth		176	
Religious		455	
Health		59	
Other		212	
Location			
Adelaide		1,310	
Balance of South Australia		500	

(a) Includes only hours worked for up to three organisations.

Source: Estimates of the Households Research Unit based on ABS Voluntary Work Survey, State Summary Tables – Companion Data, Tables 3 and 19. Adjusted to latest ABS population estimates for South Australia.

Value of South Australian volunteering worth \$4,980 million in 2000

In 2000, indirect or organised voluntary work in South Australia was worth \$1,810 million. However, the time use surveys show that indirect or organised volunteering is less than 40 per cent of the total value of volunteering.

Direct or informal (unorganised) volunteering was estimated at \$1,325 million in 1992 and \$2,356 million in 2000. This represents almost 50 per cent per cent of the total value of volunteering in South Australia in the later year. The remaining 16 per cent contribution by volunteers was through their travel - \$465 million in 1992 and \$814 million in 2000.

By adding the value of indirect, direct and travel together, volunteering was worth about \$2,357 million to the South Australian economy in 1992, growing to \$4,980 million in 2000.

Methodology

This report draws on and extends the methodology used to estimate the value of volunteering in Victoria in the report for the Victorian government prepared by Faye Soupourmas and myself (Soupourmas and Ironmonger 2002)

Glossary

Adult support (Unorganised volunteering)

The informal help and care given directly to the support of other adults including the elderly, sick or disabled.

Child support (Unorganised volunteering)

The informal help and care given directly to the support of other people's children.

Economically productive activities

Activities that result in the production of goods or the delivery of services, including goods and services that are not sold, and goods and services that are self-provided; includes preparation of meals, care of children and adults, volunteer activities and time spent in educational activities.

Gross State Product

The value added by all the economic units operating within the borders of a State. For a whole country this is known as Gross Domestic Product (GDP). This value excludes the value added by the household economy. (See ***Household Economy***)

Household Economy

The productive activities conducted by households using household capital and the unpaid labour of their own members to process goods and provide services for the use of their own or other households without payment.

Households

A person living alone or two or more persons living together as a single domestic unit who make common provision for food and other essentials for living and occupy the whole or part of one dwelling unit.

Households Research Unit

A research unit of the Department of Economics, University of Melbourne under the direction of Dr Duncan Ironmonger.

National accounts

The set of statistics of the economic activities of countries prepared and published by national statistical organisations. The system for presenting these statistics is determined from time to time by the United Nations and published as the System of National Accounts (SNA). The most recent revision of this system (1993) recommended that statistics of the productive activities of households (the household economy) should be prepared by national statistical offices as a set of 'satellite' accounts. (See ***Satellite national accounts of household productive activities***)

Organised volunteering (Indirect volunteering)

Unpaid help in the form of time, service or skills willingly given by an individual through an organisation or group. Formal or organised volunteering is indirect as it is mediated through an organisation. Reimbursement of expenses or small gifts is not regarded as payment of salary. Work reimbursed by payment in-kind is not regarded as volunteering.

Satellite national accounts of household productive activities

A set of statistical accounts of the productive activities of households that are separate from, but consistent with, the main accounts of economic activity included within the System of National Accounts. (See ***National accounts***)

Time use surveys

Sample surveys of the uses of time recorded in 24-hour diaries by individuals in households. The Australian Bureau of Statistics conducted diary-based time use surveys in Sydney in 1987 and nation-wide in 1992 and 1997.

Unorganised volunteering (Direct volunteering)

The informal unpaid help and care that occurs within the personal networks of family, friends, neighbours and acquaintances. Informal or unorganised volunteering is direct as it is not mediated through an organisation. It includes regular, spontaneous and sporadic help that takes place between friends and neighbours such as giving advice, looking after other people's children or helping an elderly neighbour.

Voluntary work surveys

Sample surveys of the rates of participation in voluntary work through organisations, the characteristics of people who volunteer, the types of organisations they work for and the activities they undertake. The Australian Bureau of Statistics conducted voluntary work surveys in 1995 and 2000.

Volunteering

Volunteering consists of unpaid help and care in the form of time, service and skills willingly given by an individual either

- formally and indirectly through an organisation or group (Organised Volunteering) or
- informally and directly within the personal networks of family, friends, neighbours and acquaintances (Unorganised Volunteering).

Travelling in connection with both organised and unorganised volunteering is part of volunteering. (See **Organised volunteering, Unorganised volunteering, and Volunteering travel**)

Volunteering travel

Time spent in travelling in connection with both organised and unorganised volunteering.

Volunteer organisations

A diverse range of social, economic, political, environmental, recreational and cultural organisations and groups, not limited to the not-for-profit welfare and community sectors. Volunteers operate through schools, hospitals, sports clubs, museums, professional associations, business groups, community legal support services and Neighbourhood Watch associations. The ABS Voluntary Work Surveys defined an organisation or group as any body with a formal structure. It may be as large as a national charity or as small as a local book club. Purely ad hoc, informal and temporary gatherings of people did not constitute an organisation for the ABS Voluntary Work Surveys.

Volunteer time inputs

The time spent by volunteers in carrying out volunteer activities, including the time taken to travel to, from and during these activities.

References

- Australian Bureau of Statistics (1994a) *How Australians Use their Time*, 1992 Cat 4153.0 Canberra: Australian Bureau of Statistics
- Australian Bureau of Statistics (1994b) *Unpaid Work and the Australian Economy*, 1992 Cat 4240.0 Canberra: Australian Bureau of Statistics
- Australian Bureau of Statistics (1998) *How Australians Use their Time*, 1997 Cat 4153.0 Canberra: Australian Bureau of Statistics
- Australian Bureau of Statistics (2000) *Unpaid Work and the Australian Economy*, 1997 Cat 4240.0 Canberra: Australian Bureau of Statistics
- Australian Bureau of Statistics (2001) *Voluntary Work Survey*, Australia, 2000 Cat 4441.0 Canberra: Australian Bureau of Statistics
- Foster, V (1997) "What value should be placed on volunteering?" In C. Pharaoh (ed.) *Dimensions of the Voluntary Sector* London: Charities Aid Foundation
- Gaskin, K (1999) "Valuing volunteers in Europe: a comparative study of the Volunteer Investment and Value Audit" *The Journal of the Institute for Volunteering Research* 2(1):1-18
- Ironmonger, D (2000) "Measuring Volunteering in Economic Terms" Chapter 5 (p. 56-72) in J. Warburton and M. Oppenheimer (eds.) *Volunteers and Volunteering* Sydney: Federation Press
- Ironmonger, D and Soupourmas, F (1999) "Life Stages of the Household Economy: How do spending time and money change through life?" Paper presented to the International Association of Time Use Research Conference, University of Essex, Colchester
- Ironmonger, D and Soupourmas, F (2002) *Calculating Australia's Gross Household Product: Measuring the Economic Value of the Household Economy 1970-2000* Research Paper Number 833, Department of Economics, The University of Melbourne
- Soupourmas, F and Ironmonger, D (2002) *Giving Time: The economic and social value of volunteering in Victoria* Melbourne: Department of Human Services, Victoria ISBN 0 7311 6145 9
Copy available in pdf format at <http://www.dhs.vic.gov.au/pdpd/>

Chart 1:

South Australia Volunteer Work Component Volumes 1992, 1995, 1997 & 2000

Hours per week per all adult population aged 18+ years

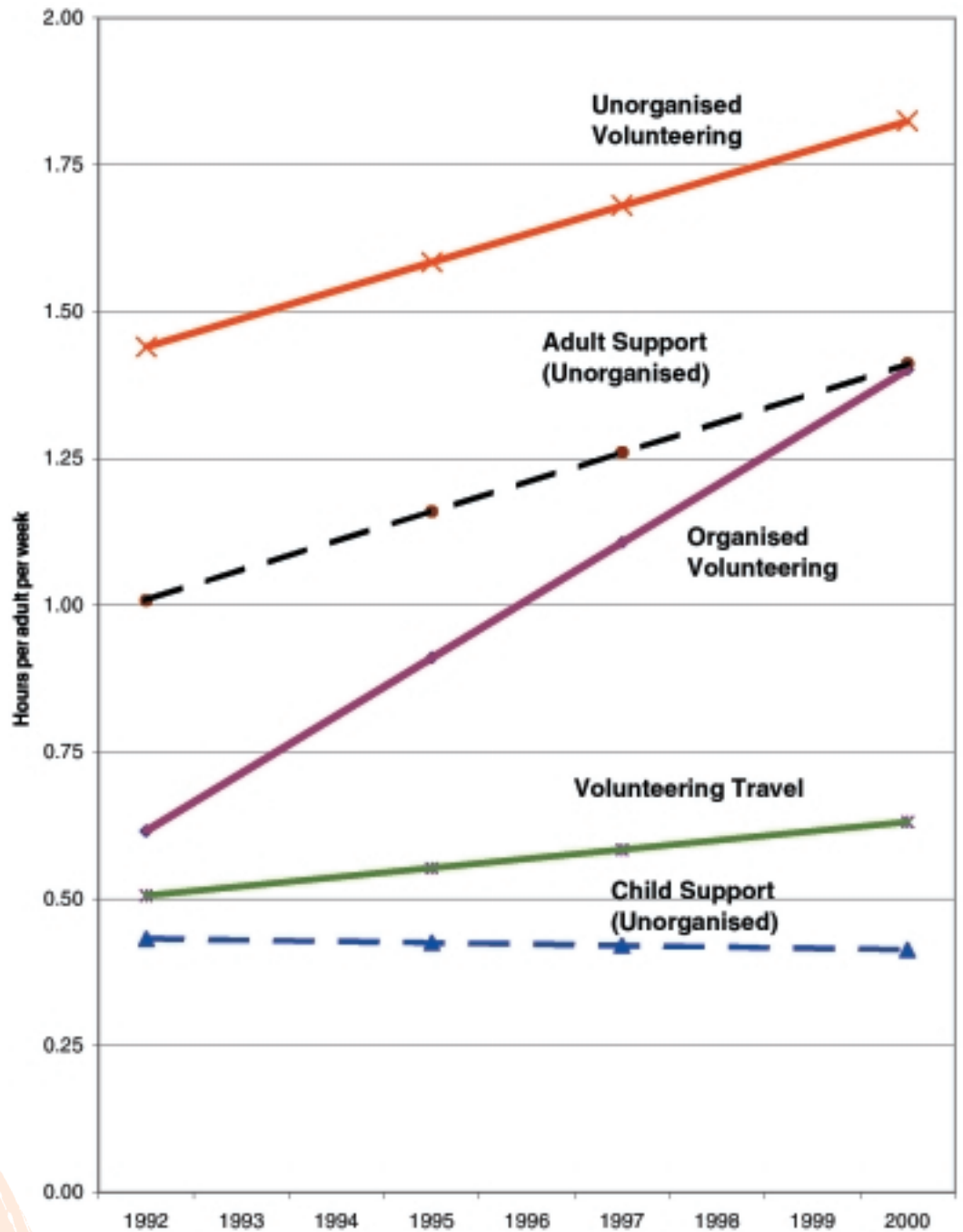


Chart 2:

South Australia Volume of Volunteer Work 1992, 1995, 1997 & 2000

Hours per week per all adult population aged 18+ years

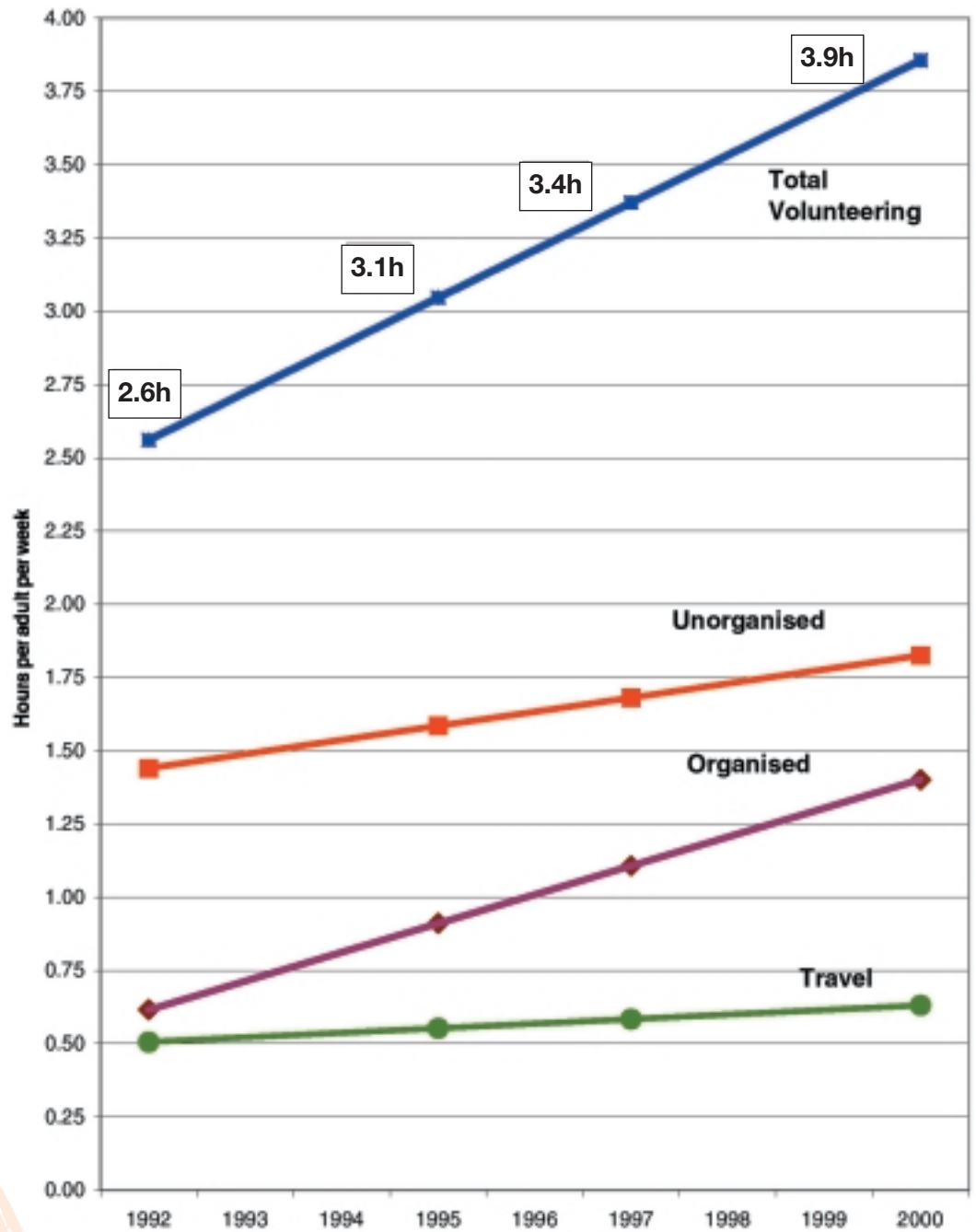


Chart 3:

South Australia Volume of Volunteer Work 1992, 1995, 1997 & 2000

Million hours per year

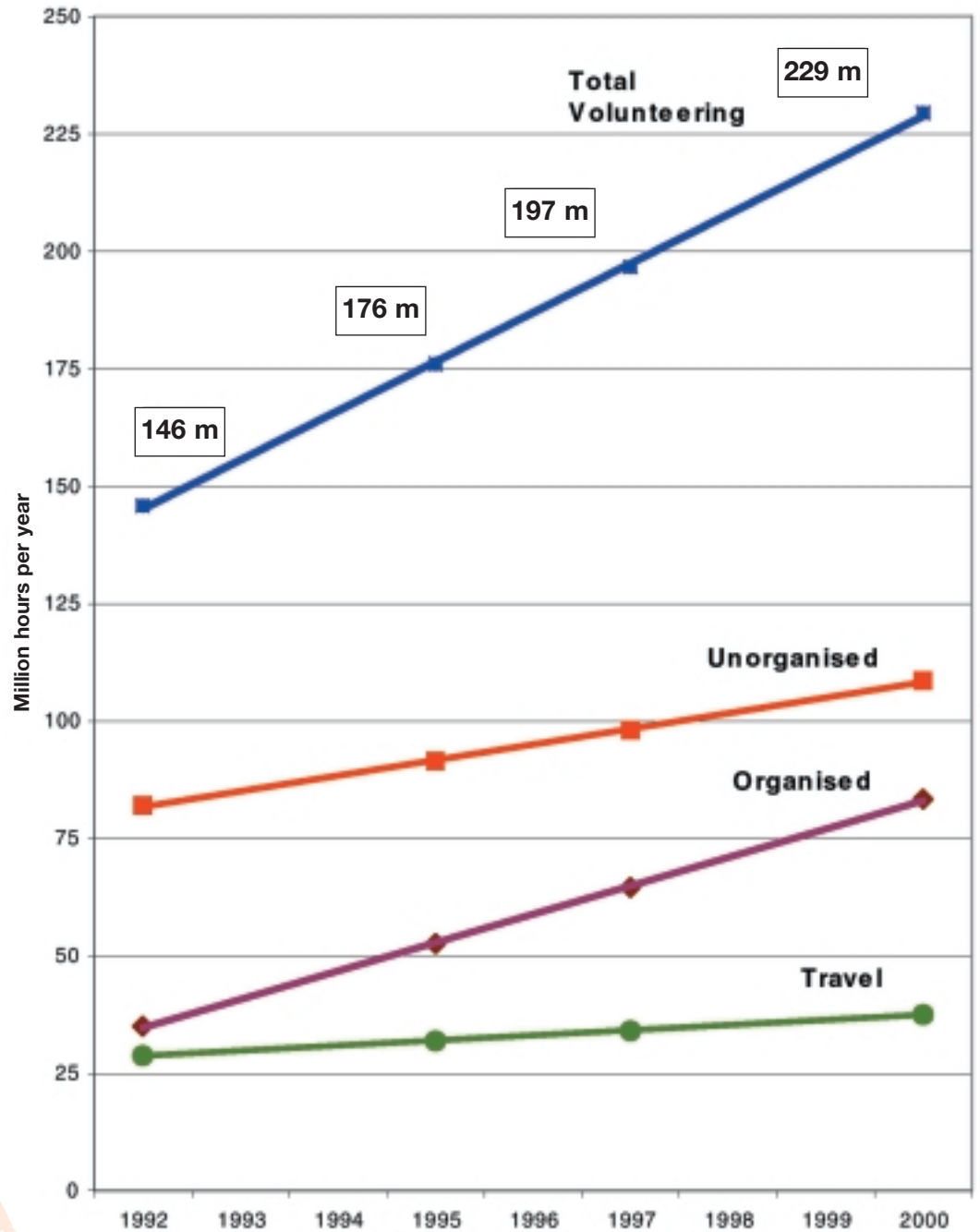


Chart 4:

South Australia Value of Volunteer Work 1992, 1995, 1997 & 2000

\$ per year per all adult population aged 18+ years

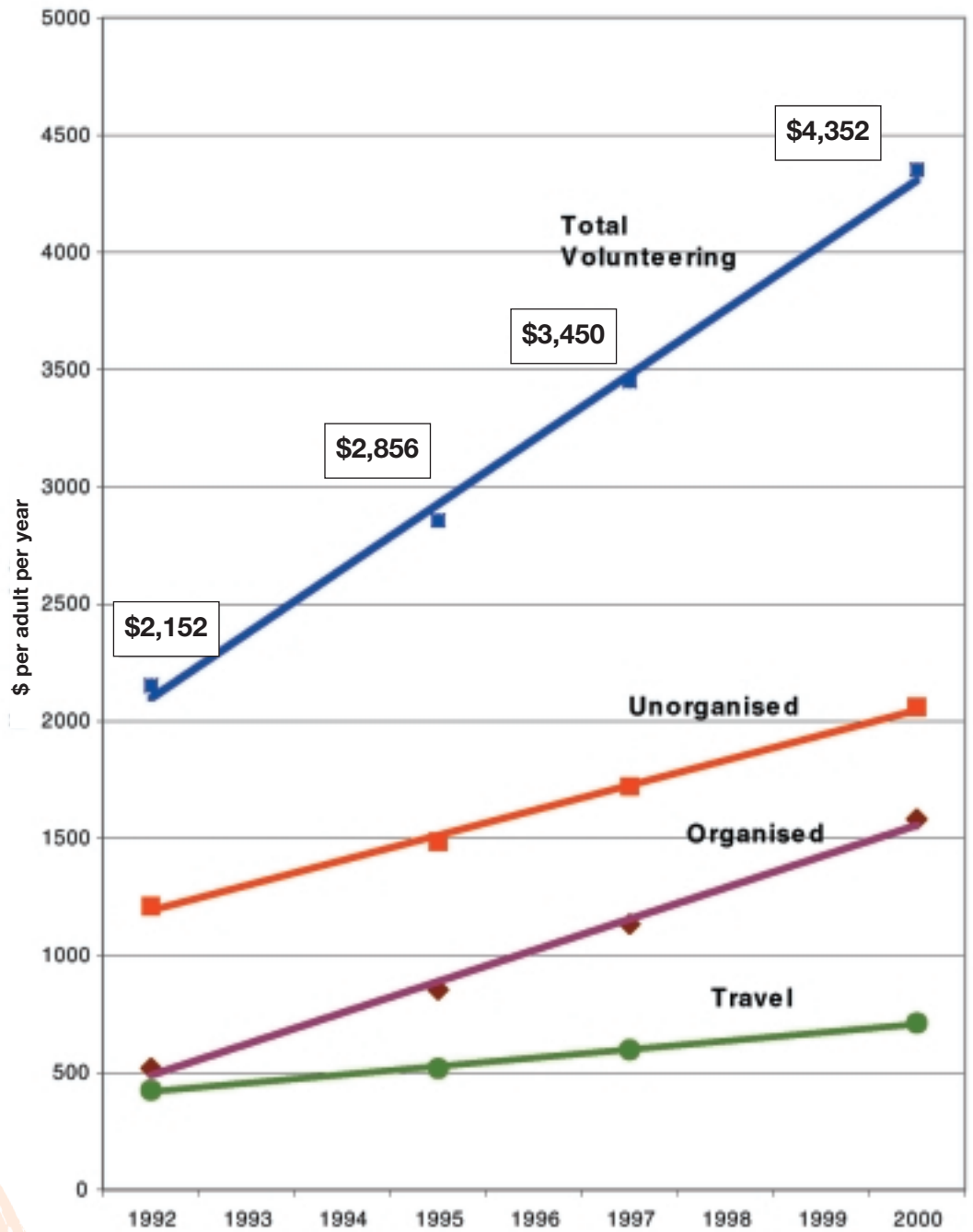


Chart 5:

South Australia Value of Volunteer Work 1992, 1995, 1997 & 2000

\$ million per year

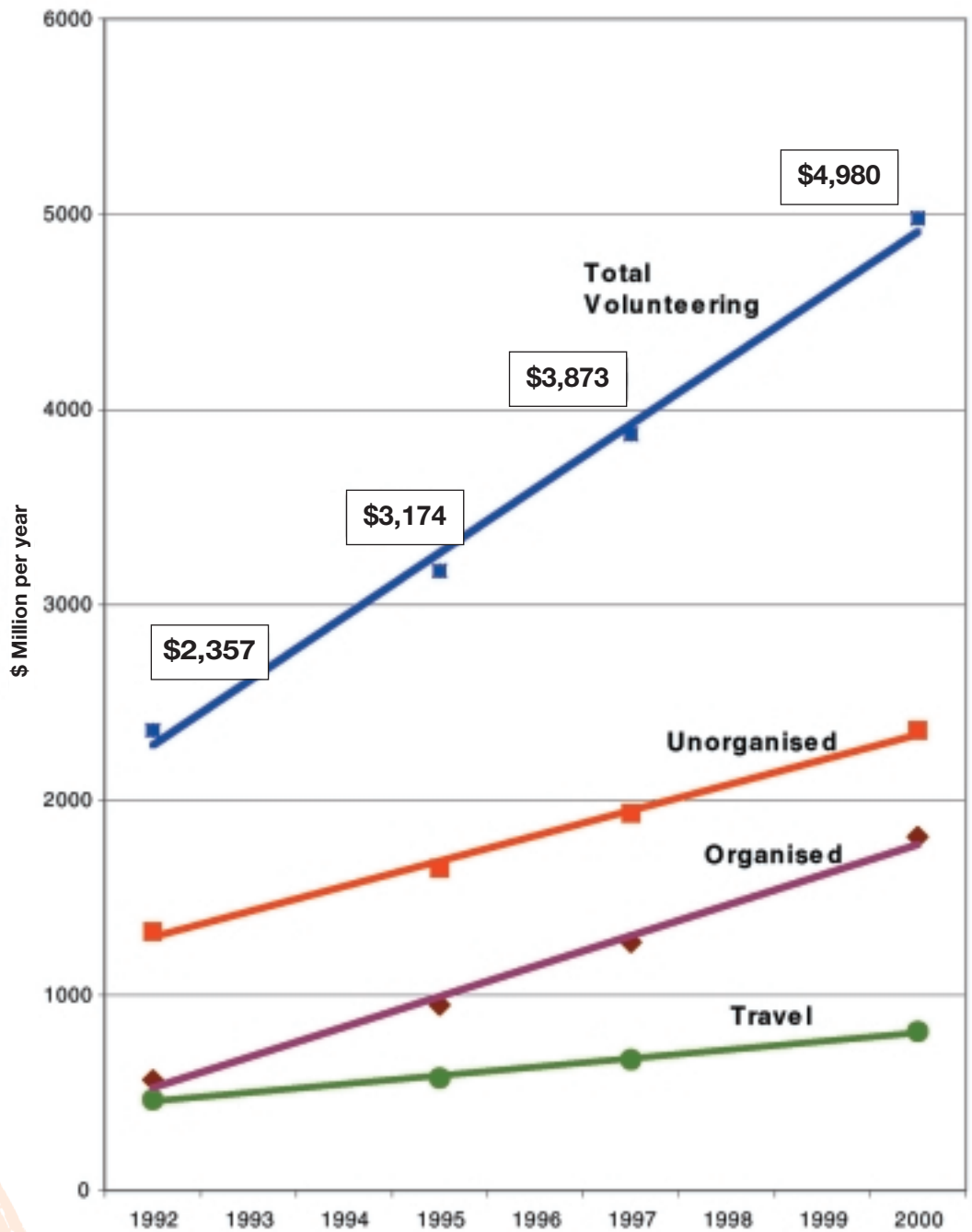


Chart 6:

South Australia Total Value of Volunteering and Gross State Product 1992, 1995, 1997 & 2000

\$ per adult (18+) per year and % of GSP

