



THE UNIVERSITY OF  
**SYDNEY**

## *The Decline in Volunteering: what does it mean for Australia's Mental Wealth?*

November 2022

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## The Decline in Volunteering: what does it mean for Australia's Mental Wealth?

Volunteering in Australia is undergoing a period of major change. The rate of volunteering through an organisation has declined over time, with the pandemic having had a major impact over the last two years.<sup>1</sup> The 2021 Census reported a 19% decline in the number of Australians volunteering since 2016.<sup>2</sup> The ANU Centre for Social Research and Methods (CSRM) estimated a drop from 36% in 2019 to 26.7% in April 2022 in the proportion of adults who had volunteered formally over the 12 months prior to the time of survey.<sup>3</sup>

Volunteers have been a cornerstone in supporting Australia's crisis resilience, giving crucial aid to communities affected by floods, fires, and the ongoing impacts of COVID-19. Volunteering in the community and through organisations contributes to a nation's prosperity. It strengthens the relationships between citizens, communities, business, and public institutions. These relationships and the services volunteers provide are invaluable in building resilience and mobilising community resources to meet individual and collective challenges and needs. The value of these volunteer generated services are recognised as contributing to Australia's Mental Wealth, a more holistic measure that extends the boundary of GDP to additionally capture the value generated by "social productivity" or the civil contributions of citizens.<sup>4</sup> Mental Wealth is a measure that recognises the critical role that brain capital and collective wellbeing play in a nation's economic and social prosperity. The Mental Wealth metric provides a framework for quantifying the loss to social prosperity of the reduction in volunteering due to the pandemic.

The Mental Wealth Initiative has estimated that the decline in volunteering over the two-year period since the beginning of the pandemic is equivalent to a **\$11.98 billion loss in Australia's Mental Wealth**.<sup>5</sup> This was estimated using an input-based approach by applying a universal value (i.e., median hourly earnings), to the total decline in hours of voluntary contributions.<sup>5</sup> CSRM have estimated there to be 2.3 million less volunteers in 2021 and 1.86 million less in 2022 compared to pre-covid levels, and median time spent volunteering to be 80 hours over a 12 month period.<sup>3,6</sup> Seeing this decline of volunteering participation in monetary terms allows for an expanded picture of the extent of the **contraction of collective human activity** as a result of the pandemic, with volunteering numbers hit harder during this period than paid work. Employment recovered almost 93 per cent of the 2020 March-May loss by the start of 2021,<sup>7</sup> whereas volunteer participation rates have remained lowered, depleting our social prosperity. Reframing public conceptions of prosperity as including integrated economic and social components, provides an impetus for policies, investments, and actions focused on activities that generate Mental Wealth, including volunteering. The conceptualisation of Mental Wealth provides a powerful reference point for thinking through how to better generate socially valued outcomes. These insights could enhance our understanding of future trajectories and how best to support more resilient and dynamic volunteering ecosystems.

## References

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<sup>1</sup> This was estimated by combining data from the ABS median hourly earnings with the Reference period August 2021 [\$36 per hour] and the MWI's estimated total decline in volunteering hours over the April 2020 – April 2022 period of 332.8 million hours. The total decline in volunteering hours was calculated using the Biddle et al. (2021,2022) reported median hours spent volunteering for each volunteer over a 12-month period [80 hours] and multiplying this by the estimated reduction in volunteers for each of the two periods April 2020-21 [2.3million] and April 2021-22 [1.86million].

## APPENDIX: Estimating the Economic Value of Volunteering

Estimates of the economic value of volunteering can vary considerably depending on the valuation method used. The most common methods to obtain the monetary value of the volunteers' time are based on a specified hourly wage rate. These methods vary in how the hourly wage rate is chosen, the amount and type of voluntary work being included, and any other additional adjustments to account for the cultural and social value of volunteering.

The most common valuation methods utilised when estimating the monetary value of voluntary contributions include: the replacement cost, opportunity cost, and social benefit approach. The replacement cost approach uses an 'observed market proxy' which involves pricing voluntary time at a wage rate which is equal to the cost to hire a paid worker to perform roughly the same task. The opportunity cost approach seeks to value the unpaid time in terms of the value of the next best alternative activity the individual has forgone in order to volunteer, this is generally the rate of pay which they would receive in a paid job if they were not volunteering. Lastly, the social benefit approach seeks to estimate the social value of the output of volunteering. This approach requires a market proxy for the output, or where this is indeterminate, it would require a willingness-to-pay assessment which seeks to value the output from volunteers based on what the provided service is worth to the receiver<sup>1</sup>.

There are advantages and disadvantages to any non-market valuation method used to estimate the economic value of volunteering. The MWI has proposed an alternate approach to those mentioned above, employing an input-based approach where a universal value is applied to every hour spent volunteering. The value used for this estimation is the median hourly earnings in a given country, thereby equating the value of market and non-market work. The strength of this approach lies in its feasibility, requiring very few parameters to calculate, i.e., the number of individuals volunteering, the number of hours, and the median hourly earning rate.

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