

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Finance

Financial Framework (Supplementary Powers) Act 1997

*Financial Framework (Supplementary Powers) Amendment
(Social Services Measures No. 4) Regulations 2024*

The *Financial Framework (Supplementary Powers) Act 1997* (the FFSP Act) confers on the Commonwealth, in certain circumstances, powers to make arrangements under which money can be spent; or to make grants of financial assistance; and to form, or otherwise be involved in, companies. The arrangements, grants, programs and companies (or classes of arrangements or grants in relation to which the powers are conferred) are specified in the *Financial Framework (Supplementary Powers) Regulations 1997* (the Principal Regulations). The powers in the FFSP Act to make, vary or administer arrangements or grants may be exercised on behalf of the Commonwealth by Ministers and the accountable authorities of non-corporate Commonwealth entities, as defined under section 12 of the *Public Governance, Performance and Accountability Act 2013*.

The Principal Regulations are exempt from sunset under section 12 of the *Legislation (Exemptions and Other Matters) Regulation 2015* (item 28A). If the Principal Regulations were subject to the sunset regime under the *Legislation Act 2003*, this would generate uncertainty about the continuing operation of existing contracts and funding agreements between the Commonwealth and third parties (particularly those extending beyond 10 years), as well as the Commonwealth's legislative authority to continue making, varying or administering arrangements, grants and programs.

Additionally, the Principal Regulations authorise a number of activities that form part of intergovernmental schemes. It would not be appropriate for the Commonwealth to unilaterally sunset an instrument that provides authority for Commonwealth funding for activities that are underpinned by an intergovernmental arrangement. To ensure that the Principal Regulations continue to reflect government priorities and remain up to date, the Principal Regulations are subject to periodic review to identify and repeal items that are redundant or no longer required.

Section 32B of the FFSP Act authorises the Commonwealth to make, vary and administer arrangements and grants specified in the Principal Regulations. Section 32B also authorises the Commonwealth to make, vary and administer arrangements for the purposes of programs specified in the Principal Regulations. Section 32D of the FFSP Act confers powers of delegation on Ministers and the accountable authorities of non-corporate Commonwealth entities, including subsection 32B(1) of the FFSP Act. Schedule 1AA and Schedule 1AB to the Principal Regulations specify the arrangements, grants and programs.

Section 65 of the FFSP Act provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The *Financial Framework (Supplementary Powers) Amendment (Social Services Measures No. 4) Regulations 2024* (the Regulations) amend Schedule 1AB to the Principal Regulations to establish legislative authority for government spending on the modified Volunteer Grants Program (the program), which is administered by the Department of Social Services.

The original program was established in 2001 and has operated in varied forms since that time. The program recognises the valuable work of Australia's volunteers and forms part of the Australian Government's ongoing commitment to encourage, support and increase participation in volunteering. It helps community organisations to support the efforts of Australia's volunteers, and reduce barriers to volunteering.

Under the program, grants of between \$1,000 and \$5,000 will be provided to strengthen the volunteer sector and encourage volunteering by:

- enabling organisations to utilise funds for items/services that support online communication, in recognition that this can reduce the administrative burden associated with many forms of volunteering;
- focusing on volunteers and activities that support children's wellbeing and development; and
- specifying new items and services on which grant funds can be used, including covering the costs of insurance, internet usage and phone bills for volunteer organisations.

Existing funding of \$10.0 million per year is currently available for the program.

Details of the Regulations are set out at [Attachment A](#). A Statement of Compatibility with Human Rights is at [Attachment B](#).

The Regulations are a legislative instrument for the purposes of the *Legislation Act 2003*.

The Regulations commence on the day after registration on the Federal Register of Legislation.

Consultation

In accordance with section 17 of the *Legislation Act 2003*, consultation has taken place with the Department of Social Services.

A regulatory impact analysis is not required as the Regulations only apply to non-corporate Commonwealth entities and do not adversely affect the private sector.

Details of the *Financial Framework (Supplementary Powers) Amendment (Social Services Measures No. 4) Regulations 2024*

Section 1 – Name

This section provides that the title of the Regulations is the *Financial Framework (Supplementary Powers) Amendment (Social Services Measures No. 4) Regulations 2024*.

Section 2 – Commencement

This section provides that the Regulations commence on the day after registration on the Federal Register of Legislation.

Section 3 – Authority

This section provides that the Regulations are made under the *Financial Framework (Supplementary Powers) Act 1997*.

Section 4 – Schedules

This section provides that the *Financial Framework (Supplementary Powers) Regulations 1997* are amended as set out in the Schedule to the Regulations.

Schedule 1 – Amendments

Financial Framework (Supplementary Powers) Regulations 1997

The item in Schedule 1 amends Schedule 1AB to the Principal Regulations to provide legislative authority for government spending on a program administered by the Department of Social Services (the department).

Item 1 - In the appropriate position in Part 4 of Schedule 1AB (table)

This item adds a new table item to Part 4 of Schedule 1AB.

Table item 697 – Volunteer Grants Program

New **table item 697** establishes legislative authority for government spending on the modified Volunteer Grants Program (the program).

The original program was established in the 2000-01 Budget with seed funding of \$15.8 million as part of the measure ‘Stronger Families and Communities Strategy – national Skills Development Programme for volunteers and the International Year of the Volunteer’.

The program recognises the valuable work of Australia’s volunteers and forms part of the Australian Government’s ongoing commitment to encourage, support and increase participation in volunteering. It helps community organisations to support the efforts of Australia’s volunteers, and reduce barriers to volunteering.

A volunteer organisation is an organisation that has some or all of their workforce comprised of volunteers. Volunteering has been identified to:

- play a vital role in improving the health and wellbeing of families across Australia. In particular, promote individual wellbeing through offering a sense of purpose and opportunities for social connection and promote physical and mental health and support an individual's connection to place;
- strengthen the Australian community, increase community participation, provide a sense of belonging and reduce social isolation;
- contribute to progress on many national priorities, including tackling mental health issues, reducing social isolation, and responding to crises (such as national disasters and health emergencies);
- allow volunteers to act on their values, passions and interests, as well as make new friendships and create professional networks; and
- increase volunteers' physical and mental wellbeing. The key mechanisms which link volunteering activity to better mental health are social interaction and sense of purpose. These factors encourage a positive emotional state, reduce stress, and create meaningful social roles—all of which correlate with reduced psychological distress.

Over the years, the program has operated in varied forms and is known as the: Small Grants Program, International Year of the Volunteer, Small Equipment Grants Program, Volunteer Small Equipment Grants and more recently known as Volunteer Grants from 2008 onwards.

The program began as an initiative to support, celebrate and recognise the outstanding work done by volunteers. It was initially run as an open competitive process until 2019 when it incorporated Federal Members of Parliament (MPs) nomination as part of a closed non-competitive process. Since 2019, Federal MPs were involved in identifying eligible organisations that could be invited to apply for each Volunteer Grants round through an expression of interest process. With the use of a community committee (comprising three or more members of the community), MPs nominated eligible organisations for funding up to an electorate cap of \$66,225. Nominated organisations were then invited to apply to the department.

Previously under the program, grants of between \$1,000 and \$5,000 were available to not-for-profit volunteer organisations to support the efforts of Australian volunteers and to encourage volunteering by reducing barriers to volunteering.

To be eligible to receive funding under the program before it was modified, volunteer organisations needed to be nominated by their MP, have at least 40 per cent of their workforce comprised of volunteers, be not-for-profit and be an eligible entity type. If found eligible, volunteer organisations were able to purchase any small equipment items for the benefit of the volunteer, cover fuel costs, transport costs of volunteers with disability, training costs, background screening checks for volunteers, promotion of volunteer opportunities or spend funding on adapting practices to support volunteers' safety.

Previous funding recipients included community organisations such as sporting teams, church groups, cultural groups, senior citizens groups and scout groups. There were no restrictions on which volunteers could benefit from the grant funds.

In 2024-25, the Government agreed to modify the program. This resulted in the revision of the eligibility criteria for funding under the program. The revised eligibility criteria align with Focus Area 1 of the *National Strategy for Volunteering 2023-2033* (National Strategy) to make volunteering inclusive and accessible, allowing everyone to express themselves and contribute to causes and activities they care about.

The National Strategy has highlighted a multitude of factors threatening the sustainability of volunteering in Australia. Some of these factors include declining numbers of formal volunteers, barriers to participating in volunteering and reliance on volunteers to deliver essential services. Recent research conducted to inform the development of the National Strategy has shown a substantial decline in volunteering from 36.0 per cent in 2019 to 26.7 per cent in 2022, with COVID-19 contributing significantly to this decline.

Access to volunteering opportunities is not equal. Social, economic and cultural barriers exist that hinder or discourage people's ability to volunteer. A range of factors can contribute to barriers to volunteering that may discourage people from volunteering. Factors can include, amongst other things, financial reasons such as out of pocket costs.

Volunteer organisations straddle a tension between the desire to be inclusive and having the necessary resources to do so. At the same time, volunteering is an extremely fertile environment for fostering inclusion. Organisations and groups are often innately adaptable, enabling them to address emerging community needs in agile ways. This means they are often uniquely skilled at creating inclusive environments for both volunteers and service users.

As a result of the modification, under the program, there will be a focus on children (under 18) to remove or reduce barriers and increase their participation in volunteering through the provision of funds to volunteer organisations. This cohort has been identified by the department as facing additional barriers to volunteering that may discourage their participation in volunteering.

The program will also support volunteer-run activities focused on the development and wellbeing of children (under 18) which will increase opportunities for volunteering. In particular, the program will enable volunteer organisations to purchase items or services to run these activities.

Barriers to volunteering for this cohort may include the following:

- insurance policies do not always cover volunteers under 18 years of age and sourcing suitable insurance could be more costly and take additional time and effort;
- volunteers under 18 require qualified supervision and age appropriate tasking;
- adults whose volunteering activities support children's development and wellbeing may be required to undertake background checks and the cost of these checks may present barriers to volunteering; and
- transport costs.

Participating in volunteering activities in the community can support the development and wellbeing of children under 18, including by helping them to recognise the value in helping others, meet and learn from a diverse range of people, develop life skills and gain exposure to different careers. This aligns with the *Australian Government Early Years Strategy 2024–2034* and the *National Framework on Protecting Australia's Children 2021–2031*,

which are focused on the well-being and development of children and designed to help children and young people in Australia to reach their full potential by feeling safe and supported.

The modified program's objectives to support volunteers in their volunteering role remain unchanged and the program will continue to strengthen the volunteer section and encourage volunteering by:

- enabling organisations to utilise funds for items/services that support online communication, in recognition that this can reduce the administrative burden associated with many forms of volunteering;
- focusing on volunteers and activities that support children's wellbeing and development; and
- specifying new items and services on which grant funds can be used, including covering the costs of insurance, internet usage and phone bills for volunteer organisations.

Under the program, the beneficiaries include:

- volunteers in any volunteer organisation that receives grant funds, that will directly benefit from the purchase of communication products including phones, as well as computers, laptops and tablets, where those items are primarily used for online communications and activity;
- children (under 18) who will be assisted to remove and reduce barriers to volunteering, including through the purchase of small equipment, communication, events, insurance, background screening, training and travel items; and
- volunteer organisations delivering activities for children (under 18), including through the purchase of small equipment, communication, event, insurance, background screening, training and travel items used in the delivery of the volunteer run activity.

The program recognises that children may face additional barriers to participating in volunteering over and above the general barriers to volunteering. These general barriers include work and family commitments, health reasons and the inability to find a suitable volunteering opportunity. These additional barriers faced by children include accessibility and additional insurance requirements for policies covering volunteers who are children.

Volunteer organisations will be able to use grant funds to:

- purchase items or services for the main purpose of supporting a volunteer organisation's volunteers from the following cohorts:
 - children (under 18) as a means of supporting their development; or
 - adults whose volunteering activities support children's development and wellbeing;
- fund volunteer run activities within the volunteer organisation for the main purpose of supporting:
 - children's (under 18) development and wellbeing, or
 - parents/carers to develop the skills necessary to ensure a child's development.

Examples of items and services volunteer organisations can purchase with grant funds include, but are not limited to:

- telephones and radio communication devices for use by volunteers;

- computers, software and other equipment or devices, where those items are to be used to facilitate online communications and activity by volunteers;
- internet service and telephone fees incurred by the organisation;
- insurance premiums incurred by the organisation;
- small equipment items, fuel costs and training costs in the course of delivering an activity that supports the development and wellbeing of children

Funding amount and arrangements, merits review and consultation

Existing funding of \$10.0 million per year for the program comes from Program 2.1: Families and Communities, 2.1.6 – Component 6 (Volunteering and Community Connectedness), which is part of Outcome 2. Details are set out in the *Portfolio Budget Statements 2024-25, Budget Related Paper No. 1.14, Social Services Portfolio* at page 51.

Under the program, the department will deliver a closed non-competitive grant opportunity in two stages. In the first stage, MPs will run an expression of interest process within their electorate, leveraging their local knowledge to identify and engage with eligible volunteer organisations. MPs will then use a community committee, consisting of local community members, to assess expressions of interest and nominate eligible volunteer organisations with funding to be evenly distributed across all Federal electorates.

In the second stage, nominated organisations will be invited to apply to the department for a grant. The department will then assess the grant application based on the eligibility criteria in the grant opportunity guidelines to determine if the nominated organisation is eligible for funding.

The grant will be administered in accordance with the Commonwealth resource management framework, including the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the *Public Governance, Performance and Accountability Rule 2014* and the *Commonwealth Grants Rules and Principles 2024* (CGRPs).

Consistent with the CGRPs, the department have developed grant opportunity guidelines and will have regard to the nine key principles in administering the grant. This includes informing the Minister for Social Services of the spending proposal being considered for approval and recording in writing the basis for approval for the expenditure of relevant money, relative to the program guidelines and the principle of achieving value with relevant money.

The department will oversee the administration of the selection process, and the grant will be administered by the department's Community Grants Hub. An assessment team within the department will determine whether volunteer organisations are eligible under the grant opportunity guidelines and will make recommendations to a branch manager. The branch manager will further assess applications that are suitable for funding and make recommendations to the delegate who will make the final funding decisions.

The Secretary of the department has issued an Instrument of Delegation (Delegation Instrument) which delegates to the Deputy Secretary of Families and Communities Stream the authority to approve a commitment of relevant money under the *Financial Framework (Supplementary Powers) Act 1997* and the PGPA Act.

In addition, sufficient safeguards and limitations are provided in the Delegation Instrument. This includes financial limits on delegations based on staff position levels and directions to ensure that delegates must not exercise a power where it would have the effect of committing funds that exceed the available funding for the relevant program. The delegate will have relevant knowledge and experience on funding relating to volunteering.

In exercising delegation powers, officials within the department will also comply with the department's Risk Management Framework. Further controls operate within the Community Grants Hub that will ensure the appropriate administration of grants through the grants process.

The department will administer the program including by performing assurance activities on unincorporated applicants and acquitting a minimum of a 10 per cent randomly selected sample of all grants within a five-year period to ensure funding is spent in accordance with the grant opportunity guidelines. Grant opportunity guidelines and information about the grant will be made available on the GrantConnect website (www.grants.gov.au)

Funding decisions relating to grant opportunities are not considered appropriate for merits review. This is because these decisions relate to the provision of a one-off grant to certain volunteer organisations, over other volunteer organisations. The Administrative Review Council has recognised that it is justifiable to exclude merits review in relation to decisions of this nature (see paragraphs 4.16 to 4.19 of the guide, *What decisions should be subject to merit review?*).

The review and audit process undertaken by the Australian National Audit Office also provides a mechanism to review Australian Government spending decisions and report any concerns to the Parliament. These requirements and mechanisms help to ensure the proper use of Commonwealth resources and appropriate transparency around decisions relating to making, varying or administering arrangements to spend relevant money.

Further, the right to review under section 75(v) of the Constitution and review under section 39B of the *Judiciary Act 1903* may be available. Persons affected by spending decisions would also have recourse to the Commonwealth Ombudsman where appropriate.

The department consulted with agencies across the Australian Government on the changes to the program. Stakeholders include the Attorney General's Department, the Department of Finance and the Department of the Prime Minister and Cabinet. The outcome of the consultations informed the design of the modified program. This included the identification of vulnerable people that should be included as priority cohorts, the administrative design of the program, and eligibility pathways for funding.

As part of the modification process on the redesign of the program, the department will engage with Members of Parliament to outline the changes to the program and eligibility requirements.

Public consultation was not deemed appropriate as the changes to the program are in line with already established government priorities and the changes to the program do not affect the overall objectives of the program which has been running in varied forms since 2000-01.

Constitutional considerations

Noting that it is not a comprehensive statement of relevant constitutional considerations, the objective of the item references the following powers of the Constitution:

- the communications power (section 51(v));
- the insurance power (section 51(xiv)); and
- the external affairs power (section 51(xxix)).

Communications power

Section 51(v) of the Constitution empowers the Parliament to make laws with respect to ‘postal, telegraphic, telephonic and other like services’.

Funding under the program will assist volunteer organisations to purchase items or services which support telephone communications and online communications and activity. Some of these items include telephones, radio communication devices, laptops, computers, tablets, software packages, electronic audio and visual equipment or electronic payment devices. The funding will also support the payment of telephone and internet service fees incurred by volunteering organisations.

Insurance power

Section 51(xiv) of the Constitution empowers the Parliament to make laws with respect to ‘insurance, other than State insurance; also State insurance extending beyond the limits of the State concerned’.

Funding under the program will cover insurance premiums.

External affairs power

Section 51(xxix) of the Constitution empowers the Parliament to make laws with respect to ‘external affairs’. The external affairs power supports legislation implementing Australia’s international obligations under treaties to which it is a party.

Australia has international obligations regarding the rights of the child under the *Convention on the Rights of the Child* (CRC). In particular:

- Article 4 of the CRC requires States Parties to ‘undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention’.
- Article 6 of the CRC provides that States Parties ‘recognise that every child has the inherent right to life’ and requires States Parties to ‘ensure to the maximum extent possible the survival and development of the child’.

Funding under the program will be directed to the participation of a child under the age of 18 years in volunteering as a means of facilitating the child’s development and wellbeing, as well as the participation of an adult in volunteering where the main purpose of the adult’s volunteering activities is to facilitate the development and wellbeing of children. Funding under the program will also support volunteer-run activities focused on facilitating children’s development and wellbeing, for example activities supporting parents or carers to develop skills necessary to ensuring a child’s development.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

Financial Framework (Supplementary Powers) Amendment (Social Services Measures No. 4) Regulations 2024

This disallowable legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the legislative instrument

Section 32B of the *Financial Framework (Supplementary Powers) Act 1997* (the FFSP Act) authorises the Commonwealth to make, vary and administer arrangements and grants specified in the *Financial Framework (Supplementary Powers) Regulations 1997* (the Principal Regulations) and to make, vary and administer arrangements and grants for the purposes of programs specified in the Regulations. Schedule 1AA and Schedule 1AB to the Principal Regulations specify the arrangements, grants and programs. The powers in the FFSP Act to make, vary or administer arrangements or grants may be exercised on behalf of the Commonwealth by Ministers and the accountable authorities of non-corporate Commonwealth entities, as defined under section 12 of the *Public Governance, Performance and Accountability Act 2013*.

The *Financial Framework (Supplementary Powers) Amendment (Social Services Measures No. 4) Regulations 2024* (the Regulations) amend Schedule 1AB to the Principal Regulations to establish legislative authority for government spending on the modified Volunteer Grants Program (the program), which is administered by the Department of Social Services.

The program was established in 2001 and has operated in varied forms since that time. The program recognises the valuable work of Australia's volunteers and forms part of the Australian Government's ongoing commitment to encourage, support and increase participation in volunteering. It helps community organisations to support the efforts of Australia's volunteers, and reduce barriers to volunteering.

Under the program, grants of between \$1,000 and \$5,000 will be provided to strengthen the volunteer sector and encourage volunteering by:

- enabling organisations to utilise funds for items/services that support online communication, in recognition that this can reduce the administrative burden associated with many forms of volunteering;
- focusing on volunteers and activities that support children's wellbeing and development; and
- specifying new items and services on which grant funds can be used, including covering the costs of insurance, internet usage and phone bills for volunteer organisations.

Existing funding of \$10.0 million per year is currently available for the program.

Human rights implications

This disallowable legislative instrument engages the following right:

- the rights to the development and wellbeing of the child – Articles 3, 6, 18 and 31 of the *Convention on the Rights of the Child* (CRC), read with article 4.

Rights to the development and wellbeing of the child

Article 3(2) of the CRC requires that States Parties ‘undertake to ensure the child such protection and care as is necessary for his or her wellbeing, taking into account the rights and duties of his or her parents, legal guardians, or other individuals legally responsible for him or her, and, to this end, shall take all appropriate legislative and administrative measures’.

Article 4 of the CRC requires States Parties to ‘undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention’.

Article 6(2) of the CRC requires States Parties to ‘ensure to the maximum extent possible the survival and development of the child’.

Article 18(2) of the CRC requires States Parties to render appropriate assistance to parents and legal guardians in the performance of their child-rearing responsibilities.

Article 31 of the CRC requires States Parties to recognise ‘the right of the child to rest and leisure, to engage in play and recreational activities appropriate to the age of the child and to participate freely in cultural life and the arts.’

The program promotes the rights of children to develop to their fullest potential by removing barriers they face to volunteering through the provision of funding to the volunteer organisations in supporting their development and wellbeing and developing the skills of parents and carers to assist in the child’s development. For example, through the purchase of insurance that will cover children (under 18), enabling them to take advantage of volunteering opportunities, covering of transportation costs and the purchase of sporting equipment for use by children. Thereby facilitating their development and wellbeing through participation in community and cultural activities, as well as educational opportunities.

Conclusion

This disallowable legislative instrument is compatible with human rights because it promotes the protection of human rights.

**Senator the Hon Katy Gallagher
Minister for Finance**