

Date: 1 August 2025

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To: Treasurer, the Hon Jim Chalmers MP
Minister for Finance, Senator the Hon Katy Gallagher

Copy to: Assistant Minister for Productivity, Competition, Charities and Treasury, the Hon Dr Andrew Leigh

Dear Ministers

On behalf of the Australian Charities and Not-for-profits Commission (**ACNC**), I welcome the opportunity to reduce red tape for a sector that, at some point, helps every Australian as well as many beyond our shores. The sector generates over \$222 billion in annual revenue and employs 10.7% of Australia's workforce. Importantly, this is a sector that builds social capital and connectedness in Australian communities.

The ACNC is the national regulator of nearly 64,000 charities with a core staff of 110 staff and 2025-26 appropriation of \$18.5 million. It has been established to:

- maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector
- support and sustain a robust, vibrant, independent and innovative not-for-profit sector
- promote the reduction of unnecessary regulatory obligations on the sector.

Since our establishment in 2012, the ACNC has worked across government to reduce red tape and streamline regulatory processes for charities. Our single form for charity registration, which automatically transfers data to the ATO (for consideration of charity tax concessions) upon successful registration, is a key example of this.

As a digital-by-default regulator, we have promoted a 'report-once, use often' approach across government. For example, by working with state and territory co-regulators, we have removed duplicative annual reporting requirements for incorporated associations and fundraisers, removing red tape and costs for over 20,000 charities.

While we have spearheaded many improvements, we know there is more to do and are keen to pursue both immediate and longer-term initiatives that will make a difference for a sector that relies heavily on volunteers to ensure their charity's regulatory requirements are met (52% of charities have no paid staff).

As requested, this letter focusses on measures that can be implemented in the near term and those that do not require legislative change or additional resources.

Many charities report to other sub-sector agencies (for example, health, aged care, education, child care, disability, social housing and environment) – the most impactful initiatives that remove barriers would involve data sharing or streamlining of requirements that can (often) only be implemented with legislative reforms. As you have offered in your letter, we will provide further detail to you about these opportunities.

We look forward to working with government to implement meaningful reforms that will reduce costs, fostering productivity and economic growth.

Yours sincerely,



Sue Woodward AM
ACNC Commissioner

Immediate initiatives that the ACNC will undertake to reduce red tape for Australian registered charities

We always look for opportunities to streamline processes and work across governments to reduce unnecessary regulatory obligations. Our initiatives are based on:

- extensive engagement with charities, professional advisers, government, the ACNC Advisory Board and the public, and
- ideas and suggestions from our staff, who have shared their experiences from their interactions with charities.

1. Updating our Commissioner's Interpretation Statement on the provision of housing to support investment in social and affordable housing

All levels of government have committed to facilitating and delivering programs that help more Australians access social and affordable housing. To achieve this goal, new housing models are constantly being developed and refined. Charities play a key role in delivering these programs.

We have a Commissioner's Interpretation Statement (CIS) on the provision of housing by charities that helps charities, their advisers and the public to understand how we apply the law to the provision of housing.

Later this month, we will commence a review into the CIS to ensure it considers new and evolving government funding models, specifically to cover key worker housing and the Housing Australia Future Fund. We expect to have a draft CIS ready for consultation in November.

By way of additional background, to be registered with the ACNC, charities must have charitable purposes. The provision of housing is not itself a charitable purpose, so this CIS is a crucial guide that will — to the extent possible within the *Charities Act 2013* (Cth) and case law — facilitate investment and innovation in social and affordable housing by providing greater clarity for new and existing charities that want to establish different types of housing models. This will also assist entities that require charity registration to apply for government funding, such as through the Housing Australia Future Fund.

2. Interaction between the ACNC Charity Register and ASIC's Companies Register

Over 12,000 existing charities are established with a company structure, and we expect the number of charitable companies to grow (noting we have just published a series of template charitable company constitutions to support this). The company structure can suit even small charities as a growing number operate across state borders (including predominately online).

Existing charitable companies (and professional bodies such as the Law Council of Australia) have expressed the practical barriers, costs and duplication in information reported necessary to transact with banks, service providers and third parties (including grant-makers) arising from inconsistencies between the (often out of date) information published on ASIC's Companies Register and the ACNC's more current Charity Register.

Although charities are legally required to report to the ACNC rather than ASIC and are not required to update their information on the ASIC Companies Register once they become a registered charity, it is common for third parties to prefer ASIC's Companies Register to verify details such as officeholders and addresses.

The ACNC continues to actively work across government to resolve these issues. At present, we are working with ASIC to strengthen the public messaging about the ACNC Register being the most up-to-date register for current directors of charities that are companies, and to ensure exemptions from ASIC fees for charities are more accessible and better understood.

In the longer term, we will continue to engage with the government's cross-agency Business Registers Inter-Agency Liaison group to advocate for technical upgrades and legislative changes that resolve the underlying issue that different government registers display inconsistent information about the same entities.

3. Using our registration application form to further streamline processes

Our new application form (launched in June 2024) has streamlined the registration process by embedding guidance into the form as well as ensuring that applicants provide all required information upfront.

Since the form was launched, the number of withdrawn applications has reduced by over 26% – typically applications are withdrawn because applicants are not able to provide the required information (not a good user experience and diverts resources from assessing eligible applications more quickly).

To reduce red tape, the form has also collected information on behalf of the ATO, who administer relevant tax concessions for charities. As part of our first major update, the ACNC registration form will be improved during this financial year (in consultation with the ATO) to collect information upfront for eight deductible gift recipient categories administered by the ATO. This is expected to reduce ATO processing timeframes as essential information will be passed through by the ACNC, reducing the need to go back to the charity to collect more information later.

4. Mapping the regulatory pathway for charities and other not-for-profits as a baseline for ongoing improvements

Commencing in August 2025, we will work with the ATO to map the different touchpoints with government for a not-for-profit, from establishment to winding up, including the pathway for charity registration, application of taxation concessions and on-going reporting obligations. Feedback will be sought from the ACNC Advisory Board (including the State and Territory ex-officio members), and ACNC and ATO stakeholder forums. This process will identify pressure points and any duplication (for example, the reporting of similar information to multiple agencies).

With this up-to-date baseline data, the ACNC will (in line with our statutory object), have an evidence base to work across government to streamline processes and reduce unnecessary regulatory burden with the aim of further progress to a 'report once, use often' model.

Once the mapping work is complete, the ACNC will work with the ATO on a longer-term project to identify the compliance costs for charities and not-for-profits, which will also provide a baseline for policy and process improvements.

5. Improving user experience

We regularly engage with charities, their advisers and other government agencies to seek advice on ways we can make it easier to engage with our website, processes and regulatory services.

At present, we are updating internal work instructions to allow our staff to streamline the process liquidators or administrators appointed to manage a charity must follow to transact with us on behalf of that charity (including those appointed but State and Territory regulators).

By the end of the year, we expect to deploy AI-enabled text-to-speak software that can make our website content more accessible for users; in a similar vein we are also exploring AI and Neural Machine Translation tools that would allow users to automatically translate the content on our website into other languages – to help the ACNC more effectively support culturally and linguistically diverse communities and the charities.