

27 February 2026

ACNCSUB2026/2

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Parliament House
Canberra, ACT, 2600
corporations.joint@aph.gov.au

Dear Committee,

Submission to the Inquiry into the provision, regulation and pricing of modern insurance products for small businesses

The Australian Charities and Not-for-profits Commission (**ACNC**) welcomes the opportunity to provide input to the inquiry into the provision, regulation and pricing of modern insurance products for small businesses.

We encourage the Committee to ensure that the charity sector, particularly extra small and small charities, is considered within the scope of its work. Charities play a critical role in Australia's social and economic fabric, and many face the same or greater pressures as small business in accessing affordable, fit-for-purpose insurance.

For the Committee's benefit, this submission seeks to provide some information about:

- (a) the ACNC and Australia's charity sector
- (b) current pressures on small charities
- (c) insurance as an essential enabler for charities, and
- (d) why the Committee should consider the distinct profile and needs of charities within the Inquiry's scope.

If you have any questions about this submission, please feel welcome to contact Serena Trezise, Policy Manager, via email to policy@acnc.gov.au.

Sincerely,



Cate Bennett
Acting Commissioner
Australian Charities and Not-for-profits Commission

About the ACNC and Australia's charity sector

1. The ACNC is the national regulator of charities established by the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*. The objects of the ACNC Act are to:
 - (a) maintain, support and enhance public trust and confidence in the Australian not-for-profit sector
 - (b) support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector
 - (c) promote the reduction of unnecessary regulatory obligations in the Australian not-for-profit sector.
2. Currently we have oversight of over 65,000 registered charities. Despite our agency's name and the language of our statutory objects, we do not regulate the wider not-for-profit sector.
3. To be recognised as a charity and registered with the ACNC, an organisation must:
 - (a) be a not-for-profit¹
 - (b) have only charitable purposes for the public benefit²
 - (c) not have a 'disqualifying purpose' by having a purpose that is unlawful, contrary to public policy or political³
 - (d) not be an individual, a political party or a government entity⁴
 - (e) have an Australian business number
 - (f) not be a recognised terrorist organisation⁵.
4. Registration with the ACNC is voluntary but is required for an organisation to be eligible for Commonwealth tax concessions and endorsement as a deductible gift recipient.
5. We collect information about charities through Annual Information Statements and financial reports submitted to the ACNC, which enable us to identify trends and pressures across the sector. Each year, we publish the [Australian Charities Report](#) to provide sector-wide analysis of finances, workforce, volunteer engagement and operational trends. Figures used in this submission are from the 11th edition of the *Australian Charities Report*, which is based on over 50,000 Annual Information Statements submitted by charities for the 2023 reporting period.
6. The charity sector is a vital part of Australia's social and economic fabric. Charities deliver services, build community capability and cohesion, complement public services and contribute

¹ For more information, see ACNC, *Not-for-profit* (Web Page) <<https://www.acnc.gov.au/for-charities/start-charity/not-for-profit>>.

² For more information, see ACNC, *Charitable purpose* (Web Page) <<https://www.acnc.gov.au/for-charities/start-charity/you-start-charity/charitable-purpose>>.

³ For more information, see ACNC, *Disqualifying purpose* (Web Page) <<https://www.acnc.gov.au/tools/topic-guides/disqualifying-purpose>>.

⁴ For more information, see ACNC, *Who can apply to be registered?* (Web Page) <<https://www.acnc.gov.au/for-charities/start-charity/you-start-charity/who-can-apply-be-registered>>.

⁵ Ibid.

to the economy. In 2023, charities employed around 10.7% of the Australian workforce⁶, engaged 3.77 million volunteers⁷, and reported revenue of \$222 billion.⁸

7. Within this broader context, the charities we regulate vary considerably in size, role and function. While some are large and well-known entities, most charities are extra small (annual revenue under \$50,000) or small (annual revenue between \$50,000 and \$500,000) organisations.⁹ These organisations often operate with limited financial buffers and modest administrative capacity. Given their number and reach, pressures experienced by these charities can have implications for service access and community wellbeing.

Current pressures on small charities

8. Charities operate in a dynamic environment influenced by community demand for services, funding conditions, workforce availability, and regulatory requirements. Although the sector has shown considerable resilience and adaptability over the past several years, our data indicates that the operating environment has become increasingly challenging, particularly for smaller charities. Several intersecting trends are relevant to the Committee's consideration of insurance markets.

Financial pressures

9. Extra small and small charities represent a substantial share of the sector but contribute only a small share of total revenue. Extra small charities make up 30.3% of all registered charities, yet account for only around 0.1% of total sector revenue.¹⁰ Small charities make up a further 29.9% of the sector and generate around 1.4% of its total revenue.¹¹
10. These organisations often operate with limited financial reserves and are more likely to rely on donations and bequests¹², which can fluctuate from year to year. Rising input costs, including wages, utilities and technology, alongside inflationary pressures contribute to financial stress. Many of these charities are also experiencing increased demand for services, which further stretches limited resources and administrative capacity. In 2023, extra small charities recorded the largest rise in expenses across the sector, with costs increasing by 21.4%.¹³ In this context, even modest increases in fixed costs, such as insurance premiums, can have a significant impact and may compel charities to cut programs or services, defer investments in infrastructure or digital capability, or reduce insurance coverage, sometimes completely.

⁶ ACNC, *Australian Charities Report – 11th edition* (2025) 11 <<https://www.acnc.gov.au/tools/reports/australian-charities-report-11th-edition>>.

⁷ Ibid, 12.

⁸ Ibid.

⁹ Through reporting in their Annual Information Statements, charities are designated a size category of Small (annual revenue under \$500,000), Medium (annual revenue of \$500,000 or more but under \$3 million), or Large (annual revenue of \$3 million or more). To provide a more detailed overview of the charity sector, the Australian Charities Report uses the additional size categories of Extra Small (less than \$50,000), Very Large (\$10 million or more but less than \$100 million) and Extra Large (\$100 million or more).

¹⁰ ACNC, *Australian Charities Report – 11th edition* (2025) 25 <<https://www.acnc.gov.au/tools/reports/australian-charities-report-11th-edition>>.

¹¹ Ibid.

¹² Ibid, 31.

¹³ Ibid, 26.

Governance and compliance capacity

11. Smaller charities depend heavily on volunteers, with more than 88% of extra small and over 52% of small charities operating with no paid employees in the 2023 reporting period.¹⁴ While overall volunteer numbers have rebounded in recent years¹⁵, volunteer availability, skill mix and continuity can vary significantly. Reliance on volunteers shapes organisational capacity, particularly in areas such as governance, risk management and administrative compliance. At the same time, expectations around safeguarding, quality, cyber security and broader risk management have increased across many service settings. While these expectations are appropriate and support public trust and confidence in the sector, they can require more sophisticated documentation, systems and processes. The combination of variable volunteer capacity and increased governance expectations can make it significantly more challenging for smaller charities to manage insurance applications, renewals and compliance obligations. These challenges are compounded by inconsistent insurance requirements across jurisdictions.

Evolving risk environment

12. The operating environment for charities is also shaped by a range of emerging and evolving risks that affect the type and cost of insurance coverage required. These include:
- (a) **Cybersecurity risks:** Growing levels of cybercrime, data breaches and digital security incidents means that cyber insurance is increasingly essential for charities, many of which hold sensitive data and personal information about staff, volunteers, donors and/or beneficiaries. Small charities may lack dedicated IT support or robust cyber controls, which can affect both their vulnerability to incidents and the terms (and pricing) on which cyber insurance is available.
 - (b) **Climate-related and natural hazard risks:** More frequent and severe natural disasters can have a significant impact on facilities, events and transport. For smaller charities with single premises or limited alternative venues, the impacts of severe weather events can be more significant and may intersect with higher premiums, higher excesses or reduced insurer appetite in certain regions.
 - (c) **Activity related risks:** Charities involved in outdoor programs, community events, or support services for vulnerable people may face risk categories in which insurers have tightened underwriting criteria or introduced exclusions. Safeguarding related risks, including abuse and molestation, are particularly difficult and costly to insure.¹⁶ These shifts can affect whether smaller charities can continue certain activities or may require additional controls or program adjustments to satisfy insurers.

Insurance as an essential enabler for charities

13. Insurance plays an essential role in enabling charities to operate safely and effectively. It protects beneficiaries, volunteers, organisations and the broader community by transferring risk, supporting continuity after adverse events, and promoting public confidence in the safe delivery of services. Many forms of insurance are also mandatory, such as through regulatory requirements, funding agreements, tenancy conditions or partner contracts.

¹⁴ Ibid, 21.

¹⁵ Ibid, 7.

¹⁶ Derek Turner, 'Insurance costs, cover and compliance tighten' *What not-for-profit leaders need to know in 2026* (Web Page, 12 February 2026) <<https://www.communitydirectors.com.au/articles/what-not-for-profit-leaders-need-to-know-in-2026>>.

14. Pressures like rising premiums, administrative complexity, difficulty obtaining cover and an evolving risk landscape can disrupt program planning, limit volunteer participation and result in reduced services or the complete withdrawal from programs. They may also lead to situations where charities operate without an appropriate level of coverage, leaving the organisation, its people and the community exposed to greater risk. For smaller charities operating with limited financial flexibility and risk buffers, insurance affordability, suitability and clarity are especially important for maintaining financial and operational sustainability.
15. Sector bodies have highlighted the increasing importance of insurance for not-for-profits. The Institute of Community Directors Australia has identified insurance costs, cover and compliance as a key governance issue for the sector in 2026¹⁷, and has dedicated an entire 'Not-for-profit insurance week' to delivering webinars, guidance and resources to help boards and leaders navigate these challenges.¹⁸ This reflects the growing recognition of insurance as a significant strategic and operational consideration across the sector.
16. The ACNC also supports charities to manage risk through guidance on good governance practices, including financial management and effective oversight.¹⁹ While not specific to insurance, these resources help charities to strengthen their organisational resilience and risk management systems. This can support insurance applications by demonstrating sound governance to insurers and improve defensibility in the event of a claim.

Why the Inquiry should consider charities

17. Many charities face the same insurance market constraints as small businesses, often with less bargaining power and fewer financial buffers. Charities play a vital role in supporting Australians, particularly during times of hardship. When insurance is unaffordable or inadequate, the impact extends beyond the organisations themselves to the services they provide and the communities they support. The accessibility of insurance markets for charities therefore has broader public interest implications.
18. The ACNC supports the Committee's examination of the provision, regulation and pricing of modern insurance products and we encourage the Committee to consider:
 - (a) **The distinct characteristics of charities:** Charities are purpose driven and often operate on lean budgets and rely on volunteers. Their operating models and risks profiles differ from commercial small businesses.
 - (b) **Insurance as an enabler of public value:** Insurance supports the safe and effective delivery of many charity activities. Accessibility, affordability and clarity of coverage can have significant implications for organisational sustainability and the wider community.
 - (c) **Proportionality and administrative burden:** Complex insurance documentation, renewal processes and risk assessment requirements can be challenging for small, volunteer-led organisations. Clear and proportionate administrative expectations support navigation and reduce compliance burden.
 - (d) **Market access and guidance:** Clear guidance and accessible information or brokerage support can help small charities understand minimum coverage expectations and navigate different requirements across jurisdictions.

¹⁷ Ibid.

¹⁸ Institute of Company Directors Australia, *Not-for-profit insurance week* (Web Page, accessed February 2026) <<https://www.communitydirectors.com.au/training-courses/not-for-profit-insurance-week>>.

¹⁹ ACNC, *Governance for good: A guide for responsible people* (Web Page, accessed February 2026) <<https://www.acnc.gov.au/tools/guides/governance-for-good-acncs-guide-for-responsible-people>>.

- (e) **Innovation and collaboration:** The Committee may wish to explore the potential role of collaborative approaches, such as risk pooling, sector-specific underwriting expertise, or capability building in cyber and risk management, to improve sector insurability and resilience.
19. The ACNC is available to provide further data or regulatory information to assist the Committee if helpful.