

Opening statement November 2024
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Senate Estimates Economics Committee

We have just published our 2023-24 annual report, and I would like to provide an overview of key achievements.

In 2023-24, there were 19 million clicks on the Charity Register, as people searched for key data about charities, including financial information and the names of charity leaders.

The Charity Register is a critical source of truth for the public, the charity sector and government.

Much of our work is to confirm the Register is accurate and up-to-date, with data drawn from information that charities submit to us. On-time reporting improved, with 73% of charities submitting required information on time. We contact charities that are late to remind them of their obligations. At the end of September, 90% of charities had submitted their latest required Annual Information Statement.

Our website provides guidance for charities and the public — it received 3.8 million views in 2023-24. We updated guidance and developed new education resources. This year we worked with the Australian Signals Directorate to update our cyber security guidance and to produce a joint podcast. We also hosted webinars on related party transactions and the Annual Information Statement. Our advice services team responded to 21,663 calls and 8,695 written queries from charities and the public.

In 2023–24, there were 2,309 concerns about charities raised with us, a 10% increase on the previous financial year. More than 1,000 of these concerns (45%) came from the public: 26% related to private benefit (the use of charity money for personal gain) and 21% related to mismanagement of charity funds. Additionally, we have a comprehensive daily media monitoring system which, with other proactive intelligence, informs our risk based compliance approach.

We use a number of strategies to support charities in meeting their obligations. A self-audit requires a charity to respond to questions related to their compliance with Governance Standards and, where applicable, External Conduct Standards. Depending on the response, we may provide tailored regulatory advice that supports the charity to comply with their obligations. Of the eight self-audits completed in 2023–24, six resulted in regulatory advice.

We completed 59 investigations, revoking the charity status of nine organisations due to compliance action, and referring 36 charities to other government agencies when they were able to act. There were several joint investigations and other activities with Australian and state agencies, many of these are complex matters.

Our core work is to register eligible charities. This work has been impacted by changes to the reporting requirements of not-for-profit organisations (NFPs) that self-assess as income tax exempt.

To be income tax exempt, all NFPs that meet the legal definition of a charity must be registered with the ACNC and then endorsed by the Australian Taxation Office (ATO). The new ATO self-assessing reporting requirement has surfaced many groups which are eligible to be registered charities and this, in turn, has led to a significant rise in applications to the ACNC.

In the 2023-24 financial year we received 6,286 registration applications. That is a 14% increase on the previous financial year – the highest number received since the ACNC was established in 2012. We expect the application rates to remain at this level (or even increase further) as awareness grows about the new reporting requirements for self-assessing income tax exempt organisations in the lead up to the lodgement deadline of 31 March 2025.

If projections about the number of NFPs that will need to register with the ACNC are correct, we may see up to a 25% increase in the number of registered charities: from 60,000 currently to about 75,000 over time.

Despite increased demand, we are currently managing our registration queue effectively: applications are being allocated within 3 months with many similar applications done more quickly as part of bulk processes. Various measures we have implemented during the year are working. These measures included recruitment and training of 20 additional staff (with financial support provided by the ATO), working closely with the ATO on guidance and communications, liaising with more than 60 peak bodies to provide clarity on whether their members are eligible to register, implementing a new bulk registration form for these organisations, and a new online tool for groups to check likely eligibility for charity registration.

I am proud of these achievements. We will continue to strive for best practice in supporting transparency and accountability in Australia's charity sector, a sector that relies on public confidence to ensure it can continue to provide programs to those most vulnerable in our community, and for a range of important causes significant to communities across the nation.