



27 August 2026

Commissioner Angela Jackson
Commissioner Barry Sterland
The Productivity Commission
By email only: businessreporting@pc.gov.au

Copied to:
The Hon Jim Chalmers MP
Treasurer
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The Hon Dr Andrew Leigh MP
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The Productivity Commission's Report into business reporting requirements must address the challenges faced by Australia's charities and not-for-profit organisations

Dear Commissioners,

Australia's charities and not-for-profits (NFPs) welcome the inquiry into business reporting requirements¹. But the scope of this inquiry must not be limited to addressing the needs of 'for profit' businesses, it needs to include charities.

The terms of reference cover many of the same issues that our sector's charities and NFPs face daily, equally warranting the Productivity Commission's close attention.

Charities turn over more than \$239 billion a year – 8 per cent of our GDP – and hold over \$500 billion in assets. Charities are also 11 per cent of our workforce – a custodian for 1.6 million workers and 3.9 million volunteers – and employ more people than the manufacturing, construction and retail sector.

The importance of driving productivity gains by reducing duplication and compliance costs in such a significant part of our economy and our communities should be a key agenda for government, the Productivity Commission and our communities.

CEOs from across the charities sector are reporting that the compliance burden on charities continues to grow while there is no increase in core funding to enable this reporting to be done. They also report their organisations being continually squeezed in an environment of higher demand and increased operating costs, but with less and less in their budgets to fulfil onerous reporting and administrative requirements.

¹ <https://www.pc.gov.au/inquiries-and-research/business-reporting/>

The Government seems to regularly overlook the needs of the charities sector in relation to productivity, while investing in business. Around \$3.8 billion has recently been invested by government into various small business initiatives² – but most of the extensive incentives, concessions, programs and grants are not available to our sector.

Charities face many of the same pressures as small business but also need to fulfill additional responsibilities to the communities they serve. At a time when both demand and costs are increasing charities must deal with cyber security threats, digital capacity and data privacy needs, upskill staff, adapt to climate change, transition to energy efficiency, invest in infrastructure, capacity, reporting, evaluation and the growing expectations of funders and communities.

Our sector is still waiting for government to implement the common-sense recommendations of the Productivity Commission's Foundations for Giving Report (2024)³. This includes reform of Australia's deductible gift recipient (DGR) system which would on its own bring windfall productivity gains, while counterbalancing a foreseeable and significant reduction in philanthropic giving to our sector as a result of the proposed 30% government tax on discretionary trusts⁴.

Recent independent trawling through government data relating to more than 15,000 charities by researchers have found that the median length of a Commonwealth government contract issued to one of those charities was 12 months, a figure that had not changed since 2019⁵. Short-term funding contracts are just one of the drivers of increased reporting and diminished productivity.

This inquiry presents an important opportunity to call out these critical issues, inequities and imbalances and reiterate the solutions and action that the government already knows it must take – not just to harness our sector's significant productivity potential, but to ensure the survival of an essential and enormously impactful part of our economy that millions of Australians depend on and which government turns to when communities are under pressure, when crises hit, or when systems fail.

Yours sincerely

David Crosbie
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² <https://ministers.treasury.gov.au/ministers/anne-aly-2025/media-releases/small-businesses-embrace-digital-support>

³ <https://www.pc.gov.au/inquiries-and-research/philanthropy/report/>

⁴ <https://communitycouncil.com.au/2026/07/31/minimum-tax-on-discretionary-trusts-submission-to-treasury/>; <https://www.communitydirectors.com.au/articles/revamping-dgr-system-would-ease-angst-over-tax-on-trusts-sector-leaders>

⁵ <https://www.communitydirectors.com.au/articles/the-elephant-in-the-funding-room;>
<https://www.communitydirectors.com.au/articles/snap-poll-shows-many-in-the-sector-arent-advocating-for-themselves>

About Community Council for Australia (CCA)

The Community Council for Australia (CCA) is an independent non-political member-based organisation dedicated to building flourishing communities by enhancing the extraordinary work undertaken by the charities and not-for-profit sector in Australia. CCA seeks to change the way governments, communities and not-for-profits relate to one another by providing a national voice and facilitation for sector leaders to act on common and shared issues affecting the contribution, performance, and viability of NFPs in Australia. This includes:

- promoting the values of the sector and the need for reform
- influencing and shaping relevant policy agendas
- improving the way people invest in the sector
- measuring and reporting success in a way that clearly articulates value
- building collaboration and sector efficiency
- informing, educating, and assisting organisations to build sustainable futures

Our success will drive a more sustainable and effective charities and not-for-profit sector in Australia making an increased contribution to the well-being and resilience of all our communities.