



Australian Government

Australian
Charities and
Not-for-profits
Commission

19 January 2024

Director
Payments Strategy and Policy Unit
Financial Systems Division
Treasury
Langton Cres
Parkes ACT 2600

Submitted Online: [Winding down Australia's cheques system | Treasury.gov.au](https://www.treasury.gov.au/winding-down-australia-s-cheques-system)

Our reference: ACNCSUB2024/2

Dear Director

1. The Australian Charities and Not-for-profits Commission (**ACNC**) welcomes the opportunity to comment on the winding down of Australia's cheques system.
2. We have addressed two questions in the Consultation Paper.

About the ACNC and the charity sector

3. The ACNC is the national regulator of charities established by the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (**ACNC Act**). The objects of the ACNC Act are to:
 - a. maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector; and
 - b. support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and
 - c. promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.
4. Currently, the ACNC has oversight of around 60,000 registered charities, but not the wider not-for-profit sector. These charities vary considerably in size, role, and function. Charities are a vital part of our community and economy. Registered charities employed over 1.42 million people¹ and reported revenue of \$190 billion in the 2021 reporting period.² While some charities are large and well-known entities, most charities are very small, volunteer-run organisations.³

¹ ACNC, *Australian Charities Report – 9th edition*, 2023, 19.

² Ibid, 24.

³ Ibid, 12; 19-21.



19. Are there other reasons why cheques are being used in an institutional or commercial setting? If so, please provide more detail.

5. We are unaware of any research as to the scale of donations made by cheques, compared to other payment methods, but agree with the comments at page 15 of the Consultation Paper that it is likely to be significant for some charities.
6. Some charities may find it difficult to implement appropriate online fundraising platforms to support donors to migrate from cheques to alternative payment methods. Infoxchange's 2023 survey into how not-for-profit organisations use digital technology found that 15% of respondents rated their organisation's technology environment as "challenged" and 37% rated theirs as "basic".⁴ Therefore, there may be a need to build capacity amongst employees and volunteers of charities, to support their transition.
7. In addition, an increase in online donations will mean that charities will hold ever-growing amounts of personal information regarding donors. To protect this data, charities may need further, targeted support to improve their cybersecurity.
8. Infoxchange's 2023 survey into how not-for-profit organisations use digital technology report found that:⁵
 - a. 23% of organisations "reported having effective processes to manage information security risk";
 - b. 12% of respondents agreed that they were regularly conducting cybersecurity awareness training, and
 - c. only 23% of respondents agreed that they had "effective processes to manage information security related risks" and 52% partially agreed.
9. Specific charity-focused support may be required from law enforcement and private sector organisations, as well as other government agencies, to support charities to respond to and manage the risks of cybercrime.

20. How significant are the barriers to reducing commercial uses of cheques? What timeframes, support or legislative change is required for businesses transitioning away from cheque use?

10. Most states and territories have their own fundraising laws, some of which require that funds raised be deposited into account operated by two signatories and in some cases require that the account be operated partially or wholly by cheque. This may present barriers to reducing the use of cheques.
11. In Victoria, s 7 of the *Fundraising Act 1998* (Vic) requires that all money received in the course of the appeal must be deposited in an account "from which it is only possible to withdraw money by a cheque signed by at least 2 persons".⁶

⁴ Infoxchange, *Digital Technology in the Not-for-profit Sector Report 2023*, 12, <<https://www.infoxchange.org/au/digital-technology-not-for-profit-sector>>.

⁵ Ibid, 10.

⁶ *Fundraising Act 1998* (Vic), s 7(2)(c).



12. In Queensland, reg 34 of the *Collections Regulation 2008* (Qld) requires that expenses must be paid from the amounts collected by either cheque or electronic funds transfer.⁷ There are no other options.
13. Legislation in Western Australia and the Australian Capital Territory require that funds raised must be deposited in an account that can only be operated with the signature of at least two people.⁸ Even where not required by fundraising laws, many charities may have internal requirements that payments must be approved by two authorised people. Where these charities have not established or are unable to reliably access online banking facilities, payment by cheque may be the easiest option. For this cohort, measures to improve digital inclusion may assist the transition.

Next steps

14. If you have queries about this submission please feel free to contact me at [REDACTED].



Dipika Pal
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Australian Charities and Not-for-profits Commission

⁷ *Collections Regulation 2008* (Qld), reg 34 (1)(b).

⁸ *Charitable Collections Regulations 1947* (WA), reg 11(4), *Charitable Collections Act 2003* (ACT), s 45(6).