

30 April 2026

Senator Andrew Bragg  
Sydney

*Via online form*

Dear Senator Bragg

## **Liberal Party – Deregulation Agenda**

Thank you for the opportunity to provide a submission to inform the Liberal Party's approach to its deregulation agenda. We welcome the Liberal Party's focus on this important issue and the proposals outlined in the Discussion Paper released in February 2026.

The Australian Institute of Company Directors' (**AICD**) mission is to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. The AICD's membership of more than 53,000 reflects the diversity of Australia's director community, comprised of directors and leaders of not-for-profits (**NFPs**), large and small and medium enterprises (**SMEs**) and the government sector.

The AICD and our membership have had long standing concerns that Australia is an increasingly difficult place to do business, including attracting capital, making investments and driving innovation – key components of the productivity and economic growth rates that underpin all Australians' living standards.

Reflecting the critical importance of these issues to Australia's future prosperity, we engaged extensively with the Productivity Commission's (**PC**) 'pillars' inquiries and separately the Treasurer's Economic Reform Roundtable in 2025.<sup>1</sup> Recently, we articulated the pressing need for genuine better regulation reform in our submission to the 2026-27 Budget process.<sup>2</sup>

The policy positions in these processes were informed by economic research that the AICD commissioned from Mandala Partners in 2025, "[\\$160bn and counting – the cost of Commonwealth regulatory complexity](#)" (**AICD Mandala research**). The research provides rigorous economic analysis on the weight and complexity of federal regulation and models reform opportunities, highlighting that the cost of compliance with federal regulation has climbed to around \$160 billion per year or 5.8per cent of GDP.

This submission focuses on economic and law reform opportunities that will unlock material productivity gains for all Australian organisations. The policy positions set out in this submission reflect views the AICD has developed and expressed in our [2026-27 budget submission](#) and [2025 election platform](#).

### **1. Executive Summary**

Australia is in a prolonged period of sluggish economic and productivity growth that has eroded Australians' living standards. A more productive and internationally competitive economy is the key mechanism by which living standards can be sustainably improved, and this must be the central focus of economic policy.

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<sup>1</sup> AICD submission to Economic Reform Roundtable, August 2025, available [here](#); AICD submissions to Productivity Commission pillars inquiries available [here](#) (June 2025) and [here](#) (September 2025).

<sup>2</sup> AICD submission to Treasury 2026-27 Budget process, January 2026, available [here](#).

The AICD welcomes the Liberal Party's focus on deregulation and its commitment to rebooting Australian enterprise through quality, effective regulation that facilitates growth and lifts Australia's global competitiveness. We support the central premise: that the rules we have should work for people, back Australians to take risks, and create the conditions for private sector investment and long-term job creation.

The scale of the challenge is now well-documented. The AICD Mandala research found that federal legislation has more than doubled in volume since 2000, and board time spent on compliance has more than doubled in ten years, from 24 per cent to 55 per cent.

This has a detrimental impact on Australia's international competitiveness. We rank 37th in the IMD World Competitiveness rankings for business efficiency and second when compared to G7 nations, behind only Japan, for administrative and regulatory burden.

The AICD makes the following key recommendations to inform the Liberal Party's deregulation focus:

- Commit to an economy-wide regulatory reform agenda including a 25 per cent reduction in regulatory costs by 2030, backed by a published whole-of-government regulatory reform statement and a quarterly regulatory tracker (page 4).
- Implement a comprehensive, independent regulatory stocktake covering administrative, substantive compliance and delay costs to establish a credible baseline for measuring progress (page 6).
- Implement targeted regulatory relief in priority areas, including adjusting large proprietary company and climate disclosure thresholds, removing NFPs and Group 3 entities from the mandatory climate disclosure regime, implementing the ALRC's financial services law recommendations, reinstating an independent expert advisory body for corporate and financial services law reform, pausing Privacy Act Review implementation, and reviewing the suite of non-financial reporting obligations (page 6).
- Strengthen the flow of new regulation through mandatory rigorous impact analysis, an independent statutory commissioner to oversee the Office of Impact Analysis, and minimum four-week stakeholder consultation periods (page 9).
- Embed a pro-growth mindset within Government and regulators through explicit obligations in statements of expectations, equivalent Cabinet scrutiny for regulatory and budget proposals, and performance frameworks that recognise and reward regulatory restraint (page 12).
- Expand the National Competition Policy and the National Productivity Fund to drive harmonisation of occupational licensing, payroll tax and planning regulation across states and territories (pages 12).

The reforms proposed in this submission are, in most cases, budget neutral. They do not require new public expenditure at a time when fiscal pressures are acute.

Australia's productivity challenge is not a short-term cyclical problem — it is the result of structural settings that have, over many years, gradually tilted the economy away from enterprise, investment and dynamism.

## **2. Federal regulatory accumulation and Australia's productivity challenges**

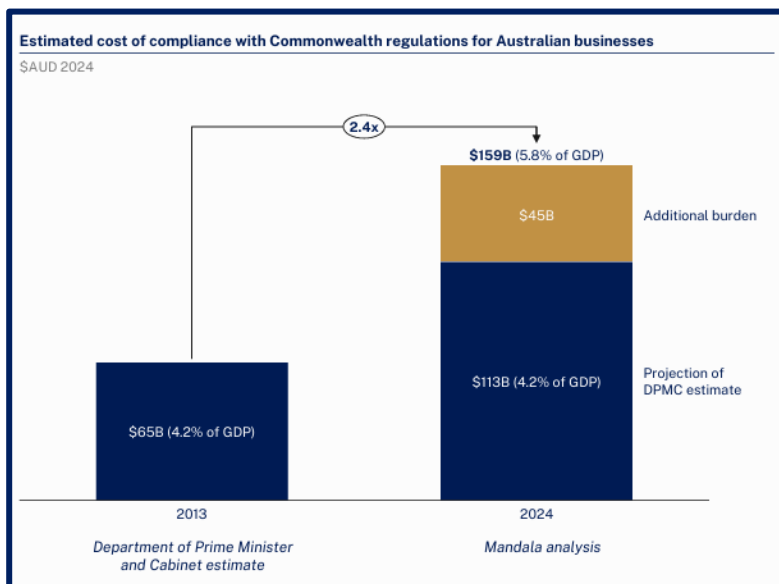
The AICD Mandala research, published in November 2025, found that Australian organisations spend \$160 billion per year – 5.8 per cent of GDP – complying with federal regulation, up 40 per cent as a share of GDP over the past decade. This trend reflects policy making settings that consistently underestimated and discounted the cost of regulation relative to its benefits, with a cumulative impact that acts as a drag on growth.

### **a) AICD and Mandala Partners' research on federal regulatory accumulation**

The AICD Mandala research finds strong evidence that Australia's federal regulatory system has become more complex and burdensome.

This change has been driven by two primary factors: increasing regulation, including the complexity of this regulation, and greater spending by organisations to meet compliance obligations:

- Federal legislation (Acts and legislative instruments) has increased by 142 per cent from 2000 to 2024 and the complexity of the legislation has climbed by 141 per cent from 2010 to 2022;
- Compliance specific roles have doubled in number since 2010 and salary spend on these roles is up from \$1.9 billion in 2010 to \$5.7 billion in 2024; and growth in compliance roles from 2010 to 2024 has outpaced the wider labour market across all sectors, but has been especially sharp in mining, healthcare, construction and services;
- External legal spend has tripled since 2010, equivalent to a 39 per cent increase in spending as a percentage of GDP.



While the Mandala research was focused on federal regulation, state and local government regulation is clearly part of the broader complexity and weight of regulation and compliance requirements in Australia.

The AICD is not the only body that has highlighted the detrimental impact of the accumulation of poorly targeted, designed and overlapping regulation. For example, the Alliance of Industry Associations – a coalition of nearly 30 industry organisations of which the AICD is a member, spanning small and large businesses, professional services, agriculture and education – made regulatory burden reduction a central priority in its 2026-27 Pre-Budget Submission. The Alliance noted that the \$160 billion compliance burden is driving up costs for households and businesses across every sector of the economy and called on all levels of government to commit to a 25 per cent reduction in regulatory costs by 2030.<sup>3</sup>

Well targeted laws and regulatory obligations on organisations can be genuinely welfare enhancing and address market failures. However, Mandala’s research shows the pendulum in Australia has swung too far – new layers of regulation are being added with limited regard for effectiveness, whether the benefits outweigh the costs, the impact on international competitiveness and capital attraction, or if there are existing laws that can address the problem.

### b) International competitiveness

The AICD Mandala research finds that when compared to other advanced economies, Australia has both a low productivity rate and a highly burdensome regulatory environment. Notably, as highlighted in the graph on the next page, when compared to G7 nations Australia ranks second (behind Japan) for administrative and regulatory burden.<sup>4</sup>

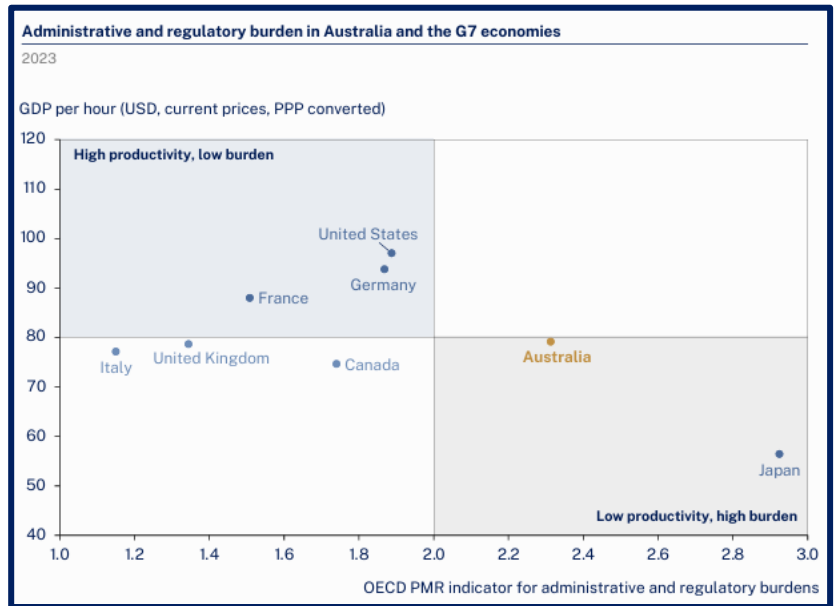
Australia risks falling further behind as comparable countries take concerted steps to address regulatory accumulation and complexity. We highlight:

<sup>3</sup> Alliance of Industry Associations, Pre-Budget Submission 2026–27, April 2026.

<sup>4</sup> AICD Mandala Partners, \$160 billion and counting: The cost of Commonwealth regulatory complexity, November 2025, found [here](#). Page 8.

- New Zealand established a standalone Ministry for Regulation to improve regulatory systems, especially the quality of regulation. Separately, the New Zealand Parliament passed the Regulatory Standards Act 2025, which has the aim of reducing the amount of unnecessary and poor-quality regulation through increasing transparency and highlighting where legislation does not meet standards.

- The United Kingdom has a target to reduce the administrative burden of regulation on businesses by 25% by July 2029, which is estimated to result in savings of £5.6 billion. An example of this work is increasing the monetary size thresholds for micro, small, medium and large-sized companies by approximately 50%, enabling up to 132,000 companies to benefit from lighter touch requirements.



- Canada has completed a government-wide review to cut overly complicated, duplicative or burdensome. The review is led by the recently created Red Tape Reduction Office and undertook a 'Red Tape review' across federal departments and agencies with 500 actions identified to reduce red tape. Separately Canada has red tape reduction legislation, which is focused on controlling growth through the '1 for 1' rule, where regulators must remove a regulation to offset every new regulation that imposes an administrative burden on businesses.

While the Government has made regulatory reform progress in some areas, for instance reform of the *Environment Protection and Biodiversity Conservation Act 1999*, there is no commitment to a quantitative economy wide regulatory burden reduction target or plans to overhaul future policy making.

We are concerned that as other countries take meaningful steps to reduce regulatory burden, that Australia's attractiveness as an international investment destination will further erode without an ambitious domestic agenda.

### c) PC recommendations

The PC's Pillar inquiries and accompanying recommendations are an important evidence base on Australia's productivity challenges. Taken together, many of the recommendations in the final reports released in December 2025 are a roadmap for genuine action to promote productivity improvements, including via federal regulation reform.

Our recommendations detailed below in respect of the stock of regulation and the flow of regulation draw on the PC's findings and recommendations.

## 3. Stock of regulation – recommendations

### a) Implement a 25% target reduction in regulatory costs

The AICD strongly supports an economy-wide regulatory reform agenda and commitment to a 25 per cent reduction in regulatory costs by 2030. As discussed above, similar steps are being taken in other jurisdictions, notably the UK and EU.

#### Target

A whole-of-government target is critical in signalling to departments and regulators that there is a genuine expectation that existing regulation is closely scrutinised and material steps taken to reduce unnecessary and counterproductive obligations. Additionally, a public target serves as an accountability mechanism.

We note that the PC accepted the normative importance of a target and broader reporting/monitoring processes. Notably:

- The Australian Government should set a target to reduce the compliance and delay costs of its regulation by \$10 billion by 2030. It should commission an annual Regulation Review that reports on a broader set of indicators of regulatory quality and burden and comments on current regulatory issues. (Recommendation 2.2 – Pillar One)

While we strongly support the setting of a target our view is the PC’s proposed target of \$10 billion by 2030 (6% - 9% of estimated net compliance costs) is not sufficiently ambitious.

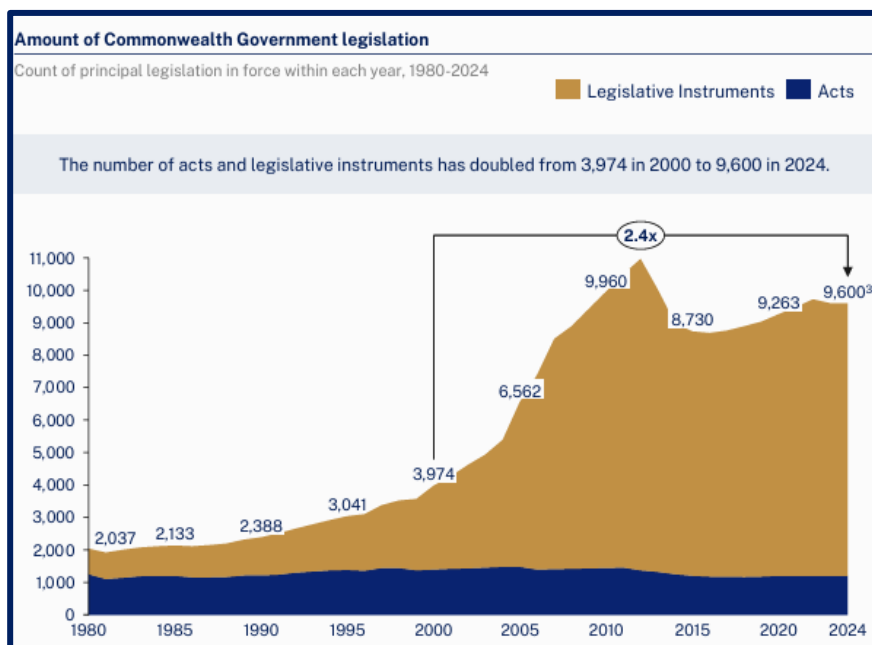
We recognise that there is divergence in how to measure regulatory costs and that some jurisdictions have set a target based on administrative costs alone. We are pleased that the PC in its analysis concluded that ‘agency-measured administrative, substantive compliance and delay costs’ as the appropriate indicator. Further, the PC accepted the AICD Mandala research on regulatory costs as the upper band estimate that total federal compliance and delay costs sit within \$115 billion (same nominal GDP % as 2013 estimate) and \$160 billion.<sup>5</sup>

Given the growth in legislation and compliance employment found by Mandala we are strongly of the view that a higher estimate is appropriate. Nonetheless, even accepting a lower estimate for total costs of \$115 billion, for the reasons outlined below, we do not consider a target reduction of \$10 billion will make a material difference to the compliance burden of all Australian organisations and will not improve Australia’s global competitiveness.

We also are concerned that a \$10 billion target from a 2026 baseline will be quickly eroded by the tide of new regulation such that, even if the nominal target it is achieved by 2030, any savings will have been outweighed by inflation and new obligations. As discussed below, in the area of privacy alone, were the Government to legislate the Privacy Act Review recommendations, that would be a considerable increase in compliance costs for thousands of entities.

The PC cites that the regulatory reform period over 2014-16 resulted in savings of approximately \$4 billion.<sup>6</sup> As the Mandala research makes clear in the accompanying graph, this effort was not sustained and following this period, the growth in both regulation volume, length and complexity continued.

Setting a relatively low bar for achievement will result in minor or incremental changes to existing regulation rather than a fundamental reset. In contrast, a more ambitious target of 25% will incentivise a fundamental rethink of existing regulations and require innovative thinking on how to reduce regulatory burden in a material manner while maintaining broad policy objectives. In our view, it is better to



<sup>5</sup> Productivity Commission, *Creating a more dynamic and resilient economy - Final report*, December 2025, page 142.

<sup>6</sup> *Ibid*, page 143.

set an ambitious target, that may prove difficult to achieve, rather than a low ambition target that makes little difference.

#### Undertake a regulatory stocktake and publish a regulatory reform agenda

Consistent with the PC's final recommendations, we support a whole-of-government statement on regulation that will detail how the Government will prioritise removing or improving inappropriate regulation and adopt a pro-growth mindset to new regulation (Recommendation 2.1 – Pillar One).

Any statement should be as precise as possible on what reforms it will be advancing in the period. The statement should be updated annually. Ideally this statement would be supported by a stocktake of existing federal regulation that identifies duplication and complexity. However, as the PC makes clear, there is no shortage of existing recommendations to tackle the weight of poorly targeted and overly complex federal regulation.

Below we recommend implementation of the Australian Law Reform Commission's (**ALRC**) review in respect of financial services laws as a significant first step.

Separately, we also support the PC's recommendation for an annual Regulation Review (Recommendation 2.2 – Pillar One). An annual assessment would bring transparency and accountability to the Government's commitment to a better regulation and monitor performance against the statement and the target. The PC is the appropriate body to monitor progress against a regulatory reduction target to undertake this annual review.

#### **b) Adjust reporting thresholds**

There is a substantial universe of economy wide and industry specific reporting requirements that apply to organisations across the economy. These reporting obligations generally impose material compliance costs.

It is common for reporting obligations to have thresholds that are intended to exclude smaller and less well-resourced organisations or that have a lower risk profile. However, these thresholds are not adjusted automatically to account for inflation and structural changes in industries. Consequently, over time, more organisations are caught within the reporting regimes inconsistent with the intent of the regime.

#### Adjust the large proprietary company reporting threshold

We recommend an increase in the Chapter 2M thresholds under the Corporations Act for when a company is defined as a large proprietary company. Falling within this definition triggers the need to lodge audited financial reports with ASIC, and these entities will also be required to lodge a statutory climate report under the mandatory climate reporting regime. The current thresholds were last amended in 2019 to \$50 million revenue p.a./\$25 million assets/100 FTE employees. An increase in these thresholds to \$100 million revenue/\$50 million assets/100 FTE employees would appropriately recognise the high inflationary environment of recent years and provide measured regulatory relief to those organisations at no cost to the budget.

We note ASIC's letter to the Treasurer and Minister for Finance, dated 12 August 2025 that ASIC would support consideration of amending the large proprietary threshold to \$100m revenue and \$50m assets.<sup>7</sup> ASIC estimates this change would benefit approximately 1,500 companies. Mandala, as a part of its research for the AICD, estimated that total savings from this change would be \$177 million per year or \$710 million across 2027-2031.<sup>8</sup>

#### Adjust mandatory climate reporting thresholds

The AICD has been a long-standing supporter of the establishment of a mandatory climate reporting framework in Australia aligned to the global baseline set by the International Sustainability Standards Board. However, we have maintained significant policy concerns with including Group 3 entities within the mandatory regime and the costs this will impose on these organisations, including those entities that declare that they have no material climate-

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<sup>7</sup> ASIC letter, Additional Steps ASIC will take to bolster economic growth, 12 August 2025, available [here](#).

<sup>8</sup> AICD Mandala Partners, *\$160 billion and counting: The cost of Commonwealth regulatory complexity*, November 2025, page 32.

related risks and opportunities. We also note that Australia is one of the first developed countries to implement such a comprehensive and extensive mandatory reporting regime.

As a starting point, we strongly recommend the thresholds for Group 3 entities be increased to \$100 million revenue/\$50 million assets/100 FTE employees. This change would automatically follow amendment of the large proprietary company reporting thresholds, discussed above. The AICD Mandala research estimates that approximately 1,500 entities would benefit from this climate reporting change with savings over four years of approximately \$1 billion.<sup>9</sup>

More broadly we consider that Group 3 and NFPs should be removed from within the scope of the disclosure regime. We have consistently argued that the cost-benefit analysis for including Group 3 entities within the mandatory reporting regime is not sufficiently rigorous, and that the regime should be targeted at those entities that will have the largest impact upon the nation's emissions profile. Requiring medium sized businesses to meet the disclosure regime imposes undue compliance costs with limited disclosure and emissions reduction benefits.

We highlight that New Zealand in October 2025 announced a significant narrowing of the scope of its climate disclosure regime with the threshold for application to listed entities increasing from NZ\$60 million capitalisation to NZ\$1 billion capitalisation.<sup>10</sup>

While Group 3 entities only need to report under the relevant accounting standard if they determine they have material climate-related risks and opportunities, they still are required to have supporting assurance that it has 'no material climate-related risks and opportunities'. Such a declaration is still subject to a director declaration and mandatory audit requirements with the attendant costs. Treasury's Impact Analysis estimated that for these entities there would be zero compliance costs.<sup>11</sup> However, Mandala found that the average non-disclosing entity would still spend an estimated \$641,000 in costs over the initial four-year period.<sup>12</sup>

Consistent with the policy rationale for excluding registered charities from the regime, our strong view is that NFPs more broadly should also not be included. As with charities, these organisations tend to be resource constrained with a heavy reliance on volunteer support and external funding sources, such as donations and government grants. The climate regime and the relevant global standards are intended to be applied to for-profit entities and support investors' decision-making, not be imposed upon community-based organisations.

Removing Group 3 entities and NFPs would be budget neutral and make a material difference to the regulatory costs faced by those entities. These are costs that some entities are already incurring as they prepare to implement the regime. Importantly this change would not undermine the broader policy objective and implementation of the regime with Group One entities having commenced and Group Two entities starting from 1 July 2026.

### **c) Employ a risk-based approach to modern slavery reporting**

The *Modern Slavery Act 2018* Cth (**MS Act**) currently contains annual reporting obligations for Australian entities with over \$100m consolidated annual revenue. Reporting entities are required to prepare annual Modern Slavery Statements that set out the entity's actions to assess and address modern slavery risks in their operations and supply chains.

The challenges facing smaller unlisted entities, NFPs and medium sized organisations within the regime are considerably greater than for larger, more resourced entities.

The AICD supports modern slavery reporting as a useful mechanism to identify and address modern slavery risks and maintain responsible and transparent supply chains. However, the AICD believes there is an approach that will better achieve the intent of the MS Act and will also reduce the compliance burden on Australian companies.

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<sup>9</sup> Ibid, page 33.

<sup>10</sup> Ministry of Business, Innovation and Employment (New Zealand), *Capital markets changes to boost business growth*, 22 October 2025, available [here](#).

<sup>11</sup> The Treasury, *Policy Impact Analysis Climate-related financial disclosures*, September 2023, available [here](#).

<sup>12</sup> AICD Mandala Partners, *\$160 billion and counting: The cost of Commonwealth regulatory complexity*, November 2025, page 33.

The AICD has called for a fundamental rethink of the MS Act reporting regime, away from its current broad-based application and towards a targeted, high-risk sector approach.<sup>13</sup> At its existing threshold of \$100 million in annual consolidated revenue, the regime captures approximately 3,000 entities, many of whom will have limited exposure to modern slavery risks in their operations and supply chains and limited opportunity to materially influence supplier practices. This broad coverage imposes compliance costs that are disproportionate to the risk-reduction benefit achieved and diverts Government and regulator attention from the entities and sectors where modern slavery risks are greatest. In attempting to regulate a systemic risk across supply chains at an individual corporate level, the regime risks diluting its impact while creating significant compliance costs across the economy as a whole.

The AICD recommends that the Liberal Party's deregulation focus includes a commitment to right-size the MS Act regime by moving towards a risk-based framework that concentrates on high-risk sectors, geographies and supply chains.

This approach would reduce unnecessary compliance burden on lower-risk entities, improve the overall quality and impact of reporting and would allow the development of targeted support for reporting entities through further education and guidance.

The AICD notes that the Attorney General's Department is currently consulting on a new due diligence obligation for reporting entities under the MS Act. The AICD does not support any due diligence steps being mandated by the Act, especially given that the Modern Slavery Commissioner has stated his view that the threshold should also be set at \$100m revenue. As set out above, significant time and resources are already spent on complying with the regime, with many reporting entities struggling to meet their existing obligations. It is important that there is not a layering of new obligations that will add significantly to the regulatory burden.

#### **d) Review non-financial reporting obligations**

A broader issue that warrants attention is the cumulative burden imposed by non-financial reporting obligations across Commonwealth legislation. While each regime has legitimate and important policy objectives, limited attention has been paid to the aggregate impact on organisations, or whether reporting frequency and thresholds remain fit-for-purpose.

The AICD recommends a review of non-financial reporting obligations across Commonwealth legislation, with particular attention to reporting frequency, thresholds, and whether the cost-benefit analysis for each regime remains sound. For example, there are multiple overlapping cyber security and data reporting requirements that are a source of complexity and cost. The Government has committed to address this reporting complexity, although there has been little progress to date.

#### **e) Pause further Privacy Act reforms**

A significant and pragmatic step would be for the Government to review further implementation of the 106 recommendations from the Privacy Act that it has agreed to, or agreed in-principle to. What is being contemplated under these proposals is a substantial reorientation to privacy settings and a broadening of the application to all Australian businesses through the removal of the small business exemption.

It has not been demonstrated that the proposals will result in sufficient benefits, in consumer protection/rights or greater and more productive data use, to outweigh the significant compliance costs, particularly for small and medium sized organisations.

As highlighted by the PC, there are genuine questions about the rigour of the cost/benefit analysis that has been undertaken on the proposals.<sup>14</sup> We note that the PC in its final report did not endorse the proposals and instead has recommended a fundamental rethink of the Privacy Act towards an outcomes model and away from the Australian Privacy Principles (Recommendation 4.1 – Pillar Three).

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<sup>13</sup> AICD submission on Attorney General consultation on the Modern Slavery Act 2018 (Cth), available [here](#). Page 2.

<sup>14</sup> PC, *Harnessing data and digital technology interim report* (August 2025). Available [here](#).

#### **f) Implement the ALRC's financial services law recommendations**

The ALRC's Final Report, *Confronting Complexity: Reforming Corporations and Financial Services Legislation*, released in January 2024 found that for businesses, the high degree of legislative complexity in Australia, including within the Corporations Act, makes it 'harder to operate and innovate' and that reducing this complexity could achieve 'economic efficiencies and enhanced productivity'.<sup>15</sup> The ALRC also highlighted that a large number of detailed, sometimes overlapping, offence and penalty provisions does not lead to better compliance or more effective enforcement.

While it is difficult to quantify the benefits from implementing the ALRC's recommendations our strong view is the changes would result in an improvement in both users and regulators' ability to navigate the Corporations Act, less complexity in its implementation and a reduction in compliance costs.

Implementation of the ALRC recommendations would be an important stepping stone to a comprehensive review of the Corporations Act. At over 4,000 pages, the corporations law has become far too complex and leviathan for users to navigate in an effective and cost-efficient manner, including by regulators. The ASIC Chair has publicly acknowledged the density and complexity of the Corporations Act as a significant issue that is stifling growth.<sup>16</sup>

#### **4. Recommendations to promote better regulation in the future (the flow)**

It is critical that better regulation processes are promoted and embedded across Commonwealth policy making. Without the processes and infrastructure that promote better regulation there is a real risk that the increase of poorly targeted regulation that is highlighted by the AICD Mandala research will continue and undermine any efforts to tackle the stock.

However, achieving this will require a mindset change within Government and regulators where the promotion of a strong and resilient economy is prioritised equally with reducing harm or managing risk through new regulation.

##### **a) Strengthen the scrutiny of new regulation**

###### Greater Cabinet scrutiny and statement of expectations

We support a step change in how new federal regulation is developed and scrutinised. This should include the same level of Cabinet scrutiny of regulatory proposals as occurs with budget proposals. While a regulatory proposal may not have a direct federal budget impact, it does have an impact on the costs, operations and productivity of the relevant regulated population.

Regulatory proposals that impose material compliance costs on business should be subject to the same level of Cabinet scrutiny as budget proposals with equivalent fiscal impact.

We also support use of ministerial Statement of Expectations as an important mechanism for prompting regulators to account for growth, dynamism and regulatory burden in rules and policy making processes.

###### Strengthen the Office of Impact Analysis

The Office of Impact Analysis (**OIA**) in the Department of Prime Minister and Cabinet should serve a key role in assessing and challenging the rationale and costs/benefits of new policy proposals.

We recommend a revitalisation of the regulation impact analysis process, including establishing an independent statutory commissioner to oversee the OIA. There has been little capacity for the OIA to challenge or scrutinise this work. Key to a strengthened and more independent OIA would be the appointment of a statutory commissioner as recommended by the PC.

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<sup>15</sup> Australian Law Reform Commission (January 2024) *Complexity: Reforming Corporations and Financial Services Legislation* (ALRC Report 141). Pages 48-49. Available [here](#).

<sup>16</sup> Australian Financial Review, *Stodgy corporate rule book is stifling growth, warns ASIC chief* (3 September 2025). Available [here](#).

### Mandate minimum stakeholder consultation periods

The AICD has advocated for standard minimum stakeholder consultation periods across all federal policy initiatives to ensure that rushed legislation does not create unnecessary compliance costs or unintended consequences. Frequently exposure draft legislation will be released for consultation for only a very short period. Separately, it is also not uncommon for legislation to be introduced to Parliament with consultation to be conducted primarily via the committee processes. These are not effective consultation processes and place unreasonable expectations on stakeholders to assess often highly complex legislation in a short period of time.

We strongly support mandatory minimum stakeholder consultation periods (for example, four weeks) with limited exceptions for urgent or emergency situations.

### Expand the Regulatory Initiatives Grid

We recommend the existing financial sector Regulatory Initiatives Grid (**Grid**) be expanded to cover all new planned policy and regulation economy wide.

Just as transparency and disclosure obligations on private sector organisations are seen as bringing accountability benefits, we consider an expanded Grid will not only benefit organisations in preparing for new regulation but also promote more effective coordination and sequencing across government agencies. If it is not considered feasible to develop an economy-wide Grid, we would support further industry or sector grids, for instance covering the care sector.

#### **b) Introduce systematic post-implementation reviews**

It is critical that the frequency and rigour of post-implementation reviews are improved at a federal level to drive better regulation in the future.

In its recent Regulatory Policy Outlook 2025, the OECD recommended that Australia consider 'overseeing more general reviews of regulations, such as those conducted under automatic review clauses and sunset provisions as part of ensuring continual regulatory improvement'.<sup>17</sup> The Outlook also indicates Australia is lacking when it comes to addressing 'innovation-related challenges when reviewing rules'.

The PC accepted the critical importance of post-implementation reviews and broader independent regulatory reviews and consider these should occur on a more systematic basis. We agree that where the costs and benefits of the regulation are significantly uncertain, as determined by the OIA, or the reform is expected to generate material compliance costs, that this should trigger a post-implementation review of the new regulation within five years. This will help ensure legislation remains adaptive, fit-to-tackle emerging issues and its benefits outweigh the costs.

#### **c) Reinstate an independent expert advisory body for corporate and financial services law reform**

To promote and support meaningful corporate policy reform, we recommend the establishment of an independent, expert body, such as the former Corporations and Markets Advisory Committee, or a new independent commission of experts. This body, arm's length from the Government, would be tasked with advising the Government on options for simplifying and modernising key financial, markets and corporations laws over a certain time horizon.

The AICD's strong view is that such a body would address a deficit of corporate and regulatory law reform expertise within government departments and regulators. Such a body would also be a low cost and effective signal of a commitment to genuine productivity enhancing reform.

#### **d) Delegated instruments**

We welcome consideration of the use of delegated instruments by regulators and Ministers. As demonstrated by the AICD Mandala research, the predominant source of growth of regulation over the past 20 years has been via

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<sup>17</sup> OECD (April 2025). *Regulatory Policy Outlook 2025*. Page 154. Available [here](#).

delegated instruments rather than primary legislation. When significant policy choices are made through delegated instruments rather than primary legislation, they often receive reduced scrutiny, limited debate, and fewer opportunities for amendment, despite having legal effects that can materially impact organisations and shape market behaviour. This concern is pronounced when an instrument is exempt from disallowance.

Delegated instruments are commonly used by industry regulators to set specific requirements that bring material compliance obligations, often with limited parliamentary oversight or opportunity for affected parties to seek amendment. The ALRC highlighted the unwieldy volume of delegated legislation as a significant source of complexity and uncertainty for users and regulators navigating financial services laws.<sup>18</sup> APRA, for example, has estimated that there are 150 distinct obligations on boards of banks, insurers and superannuation entities in the APRA determined prudential standards.

Over-reliance on delegated instruments risks regulatory drift, where cumulative technical changes effectively re-write the policy architecture endorsed by Parliament, obscuring policy objectives and making the law less accessible and costly for organisations to comply with.

## 5. Promoting a growth mindset within Government

One of the most telling insights from the PC's recent pillars inquiry is that federal policy has become 'overly risk averse' with the burden that new regulations place on organisations being underestimated or discounted at the expense of other policy goals.<sup>19</sup> The PC is clear that Australia has long favoured precautionary settings that have biased new regulation against growth-enhancing activity.

Our strong view is that there must be a mindset change within Government and regulators where the promotion of a strong and resilient economy is prioritised at least equally with reducing harm or managing risk through new regulation.

The AICD Mandala research demonstrates that the growth in regulatory burden has been driven not by a small number of major legislative decisions, but by the cumulative effect of thousands of incremental additions, each individually defensible, but collectively imposing a cost on the economy that is now quantified at \$160 billion per year. This pattern reflects a systemic bias in how policy is developed and evaluated: the costs of inaction or under-regulation are visible and may be politically attractive, while the costs of over-regulation are diffuse, hard to attribute and rarely measured.

Addressing this requires structural changes to how Government makes decisions, not just a statement of intent. As covered above in detail, we consider the following steps will assist in embedding a genuine pro-growth mindset across the Commonwealth policy-making apparatus:

- Set clear obligations on Commonwealth regulators to consider economic growth through the setting of Statement of Expectations;
- Require regulators to account for, and report on, cumulative regulatory burden;
- Embed heightened Cabinet scrutiny of new regulation; and
- Reform and strengthen the critical oversight role of the OIA.

### Using parliamentary scrutiny to drive regulatory accountability

Consistent and rigorous parliamentary scrutiny of new regulatory proposals – including through Senate Estimates and committee processes – sends a clear signal to the public service that the costs of regulation will be examined

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<sup>18</sup>Australian Law Reform Commission (January 2024), *Complexity: Reforming Corporations and Financial Services Legislation* (ALRC Report 141), page 41, available [here](#).

<sup>19</sup>Productivity Commission, *Creating a more dynamic and resilient economy - Final report*, December 2025, page 142.

and challenged. This form of ongoing accountability is, in the AICD's view, a key component of the structural part of the policy-making processes.

## 6. National Competition Policy as a vehicle for reform

We support greater ambition in the use of National Competition Policy (**NCP**) as an effective vehicle to incentivise the states and territories to undertake meaningful productivity enhancing reform. The evidence of the effectiveness of the first NCP starting in 1995 is overwhelming as a driver of a more prosperous, productive and competitive economy.<sup>20</sup>

We welcome the Government's revitalised NCP and the accompanying \$900 million National Productivity Fund (**NPF**). However, our view is that there should be significantly greater ambition in the NCP to drive meaningful reform and this should be accompanied by a larger pool of funding in the NPF. A practical starting point is an expanded and faster timeframe for reform of occupational entry requirements (**OERs**) across the economy.

### a) OER reform

We consistently hear from directors that Australia faces significant skills and human capital challenges that are a handbrake on business investment and productivity. As highlighted by the PC, there is strong evidence that excessive and inconsistent state based OERs are a handbrake on labour mobility, deprive businesses of critical workers, lower the productivity of impacted firms and contribute to overall skill shortages across the economy.

We are concerned by the PC's finding that the prevalence of OERs in Australia may be increasing and that licencing regimes are more stringent in Australia as compared to similar countries.<sup>21</sup> For example, we note Engineers Australia's submission to the PC that individual engineers are required to obtain separate qualifications or pay multiple fees to work in each state and there are additional costs for engineering firms.<sup>22</sup> These forms of regulation are poorly targeted, have weak evidence base and ultimately are a drag on productivity in key sectors, in this case construction.

National licencing reform has commenced with electrical trades requirements. We strongly support greater ambition in these efforts, including pursuing the PC recommendations to replace excessive occupational entry regulations with less burdensome alternatives and to better target qualification requirements to risk. This should be supported by a greater pool of funding in the NPF that in part can be used to offset state based licencing fees.

National OER reform has been proposed for three decades and it is frustrating that there has been limited advances in that time and, on the PC's analysis, the issue may be getting worse. Gains in this area have the potential to result in meaningful productivity improvements across the economy particularly in sectors that face persistent skills shortages, such as trades and construction.

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<sup>20</sup> The Treasury, *Revitalising National Competition Policy - Consultation Paper*, August 2024.

<sup>21</sup> Productivity Commission, *Building a skilled and adaptable workforce - Interim report*, August 2025, page 58.

<sup>22</sup> Engineers Australia, *Submission to the Productivity Commission - Building a skilled and adaptable workforce*, June 2025.

## 7. Next Steps

We hope our submission will be of assistance.

If you would like to discuss any aspects of our submission further, please contact Simon Mitchell, Senior Policy Advisor ([smitchell@aicd.com.au](mailto:smitchell@aicd.com.au)).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Louise', with a long horizontal stroke extending to the right.

**Louise Petschler GAICD**  
**GM Education & Policy Leadership**