

30 January 2026

Treasury
Langton Cres
Parkes ACT 2600

Via email: PreBudgetSubmissions@treasury.gov.au

Dear Treasury

2026–27 Pre-Budget Submissions

Thank you for the opportunity to provide a submission to inform the 2026-27 Commonwealth Budget (**the Budget**).

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 (the **Commission**) 'pillars' inquiries and separately the Treasurer's Economic Reform Roundtable in 2025.¹ Separately we commissioned [economic research](#) from Mandala Partners that provides rigorous economic analysis on the weight and complexity of federal regulation and models reform opportunities.

This submission focuses on economic and law reform opportunities that the Government can advance in this Budget that will unlock material productivity gains. In most cases these opportunities do not have a cost to the Budget.

1. Executive Summary

Australia is in a prolonged period of anaemic economic and productivity growth that has eroded Australians' living standards. The Budget is a critical opportunity to address these challenges. We urge the Government to maintain the momentum from the Economic Reform Roundtable and the Commission's pillars inquiries to undertake genuine regulatory reform.

Ultimately a more productive economy with accompanying economic growth not only builds the living standards of all Australians but will support greater fiscal capacity in future budgets.

As highlighted in this submission, Australian organisations of all sizes and in all sectors face significant costs from federal regulatory accumulation and complexity that is detrimental to investment, innovation and organisational productivity. Further, Australia risks further limiting our global competitiveness without genuine reform, particularly

¹ 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).

as comparable countries (e.g. United Kingdom, New Zealand, Canada) set concrete targets to address regulatory burden.

In the following submission, we make the following key policy recommendations, many of which are consistent with Commission recommendations in the final pillars reports:

- The Government should commit to undertake and publish an economy-wide regulatory reform agenda including a commitment to a 25 per cent reduction in regulatory costs by 2030. An ambitious target, accompanied by a regulation statement and annual review, 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 (page 5).
- The large proprietary company and associated Group 3 entity climate reporting thresholds should be adjusted to \$100 million revenue/\$50 million assets/100 FTE employees as soon as practical. This change will result in an estimated savings of \$1.7 billion over four years across the two reporting obligations (page 7).
- Remove Group 3 entities and NFPs from within the scope of the climate disclosure regime. The cost-benefit analysis for including Group 3 entities within the mandatory reporting regime is insufficiently rigorous and the regime should be targeted at those entities that will have the largest impact upon the nations' emissions profile (page 7).
- Implement the Australian Law Reform Commission's recommendations for reform of financial services laws contained in the *Corporations Act 2001* (**Corporations Act**) (page 8).
- Greater cabinet scrutiny of new regulation proposals supported by a more rigorous impact analysis process, including the appointment of a statutory commissioner to oversee the Office of Impact Analysis (page 9).
- A systematic and more robust approach to post-implementation reviews with a focus on new policy where the expected costs and benefits of significant regulation are uncertain (page 9).
- To promote and support meaningful corporate policy reform, we strongly recommend the establishment of an independent, expert body, such as the former Corporations and Markets Advisory Committee. This body would be charged with advising the Government on options for simplifying and modernising key financial, markets and corporations laws (page 10).
- Given the potential significant new compliance costs and unclear benefits, the outstanding Privacy Act Review recommendations should be paused pending further consideration (page 11).
- Assess opportunities for alignment, and harmonisation where possible, of standards and regulations that apply across the key care sectors of aged care, disability, health, veterans services and early childhood education and care (page 12).
- Take steps to progress economy-wide occupational entry requirements reform through incentivising the states and territories via the National Competition Policy (page 12).

2. Federal regulatory accumulation and Australia's productivity challenges

Consistent feedback from directors is that Australia is an increasingly difficult place to do business with the weight of regulation being a significant factor limiting the risk appetite of all organisations for significant capital investments, entry to new markets and innovation.

While Australia's productivity and economic growth challenges are multi-faceted, it is clear from the Commission's final pillars reports and new AICD research there is now a material impact from regulatory volume, complexity and

density on organisational productivity and business investment. This is borne out in the AICD's Director Sentiment Index with board time spent on compliance having more than doubled from 24 per cent to 55 per cent in 10 years.²

We see the Budget as a watershed opportunity for the Government to take the material steps to genuinely tackle this challenge at a federal level. Notably, as detailed below this issue has been identified in comparable overseas jurisdictions with countries such as the United Kingdom, New Zealand and Canada taking concrete steps to relieve regulatory pressure.

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

The AICD engaged economics advisory firm Mandala Partners (**Mandala**) to assess the current scale and impact of regulation in Australia on businesses, and the economy. The [research](#), published in November 2025, finds strong evidence that Australia's federal regulatory system has become more complex and burdensome, and points to practical steps for reform.

The research's headline finding was that Australian organisations now spend \$160 billion a year (or 5.8 per cent of GDP) to comply with federal regulation, up 40 per cent as a share of GDP in the last decade, as displayed in the accompanying graph.

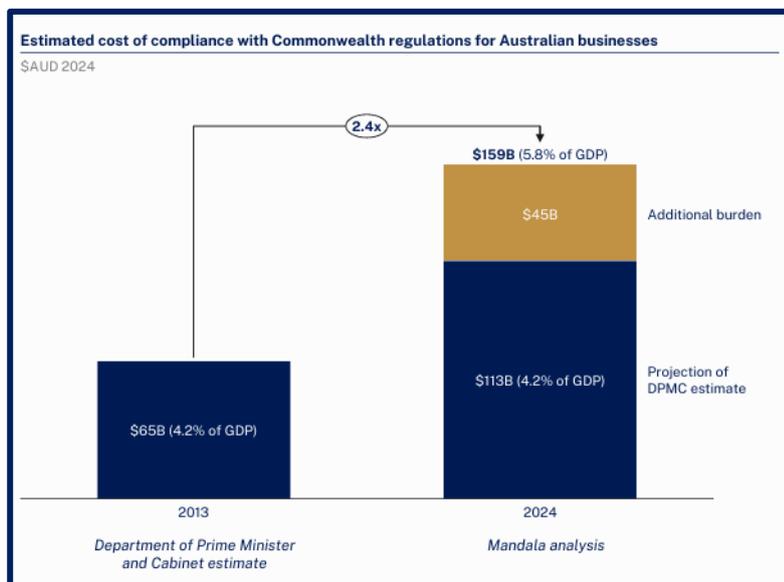
This change has been driven by two primary factors: increasing regulation, including the complexity of this regulation, and secondly greater spending by organisations to meet compliance with regulation. It is important to highlight:

- 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; and
- 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, recent research by the Insurance Council of Australia (ICA) found that the insurance industry must comply with 30,000 discrete obligations from over 300 instruments, enforced by more than 25 regulators. This regulatory weight results in annual compliance costs of \$2.5-\$3.5 billion or 4-6% of industry gross written premium.³

New regulation often stems from genuine public concern over social and economic issues, including misconduct by businesses. The AICD supports well-targeted and proportionate laws and regulatory obligations that address market failures and enhance community welfare. However, Mandala's research shows the pendulum in Australia



² AICD Mandala Partners, \$160 billion and counting: The cost of Commonwealth regulatory complexity, November 2025, Page 23.

³ Insurance Council of Australia, *The Cost of Regulatory Burden*, November 2025, available [here](#).

has swung too far – new layers of regulation are being added with limited regard for effectiveness, enforceability, whether the benefits outweigh the costs or if there are existing laws that can address the problem.

b) Productivity Commission’s pillars final reports

We commend the Treasurer for directing the Commission to examine Australia’s productivity challenges via the pillars inquiries. Taken together, many of the recommendations in the final reports released in December 2025 are a roadmap for genuine action to tackle Australia’s profound productivity challenges. We strongly recommend the Government respond in full to all recommendations in the final reports at or before the Budget.

We highlight reflections by the Commission Chair, Ms Danielle Wood, in a speech in August 2025:⁴

The structural factors contributing to our productivity problem include flatlining business investment, a reduction in economic dynamism, and strong growth in non-market services.

I’ll return to these, but first I want to point to another common phenomenon across many richer nations: less policy emphasis on growth and a declining reform appetite.

Growth has simply fallen down the list of priorities in policy making. This manifests not just in less economic reform but in decisions by governments – federal, state and local – to pay less attention to growth trade-offs in pursuing other policy goals.

Nowhere is this more evident than in the growth of regulatory burden.

In the sections below we highlight recommendations from these reports that will assist in Australia’s productivity challenges with a particular focus on reducing the federal regulatory burden.

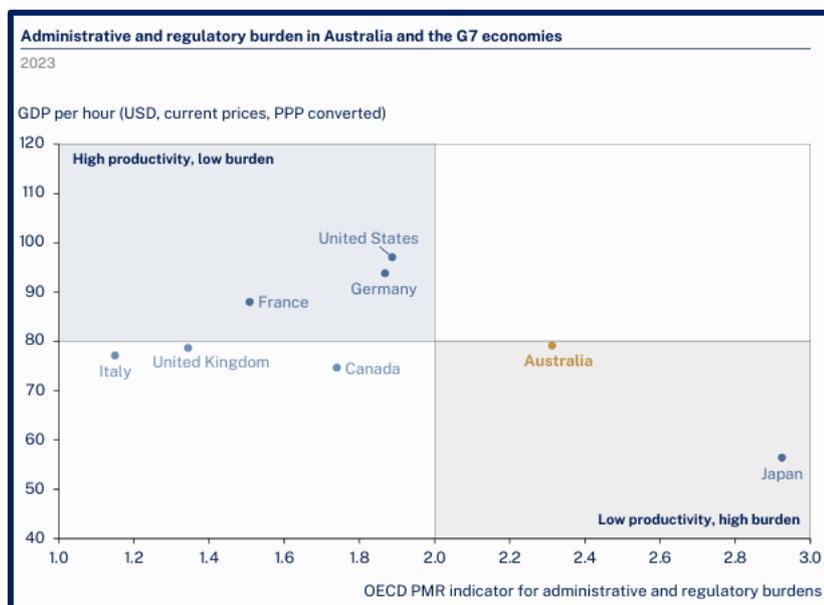
Consistent with the AICD’s membership of the [Alliance of Industry Associations](#), we do not support the Productivity Commission’s cashflow tax recommendation, given its complexity and detrimental impacts to businesses and the Australian economy.

International movement

The 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 accompanying graph, when compared to G7 nations Australia ranks second (behind Japan) for administrative and regulatory burden.⁵

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

- [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.



⁴ Danielle Wood, Chair, Productivity Commission, Growth mindset: How to fix our productivity problem, National Press Club, 18 August 2025.

⁵ AICD Mandala Partners, \$160 billion and counting: The cost of Commonwealth regulatory complexity, November 2025, Page 8.

- 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*, to date there is no commitment to a quantitative economy wide regulatory burden reduction target or plans to overhaul future policy making.

We are concerned that with 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.

3. Tackling the weight of existing regulation

We recommend the Government commit in the Budget to steps to meaningfully reduce the weight and complexity of existing regulation (i.e. the stock). This can be done through whole of government initiatives, such as a target reduction in regulatory costs, and making more targeted reforms, such as adjusting reporting thresholds.

a) 25% target reduction in regulatory costs by 2030 and regulatory reform agenda.

The AICD recommends that the Government commit to undertake and publish an economy-wide regulatory reform agenda and commit 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 an accountability mechanism.

We note that the Commission 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 Commission'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 Commission in its analysis concluded that 'agency-measured administrative, substantive compliance and delay costs' as the appropriate indicator. Further, the Commission has 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.⁶

⁶ Productivity Commission, *Creating a more dynamic and resilient economy - Final report*, December 2025, page 142.

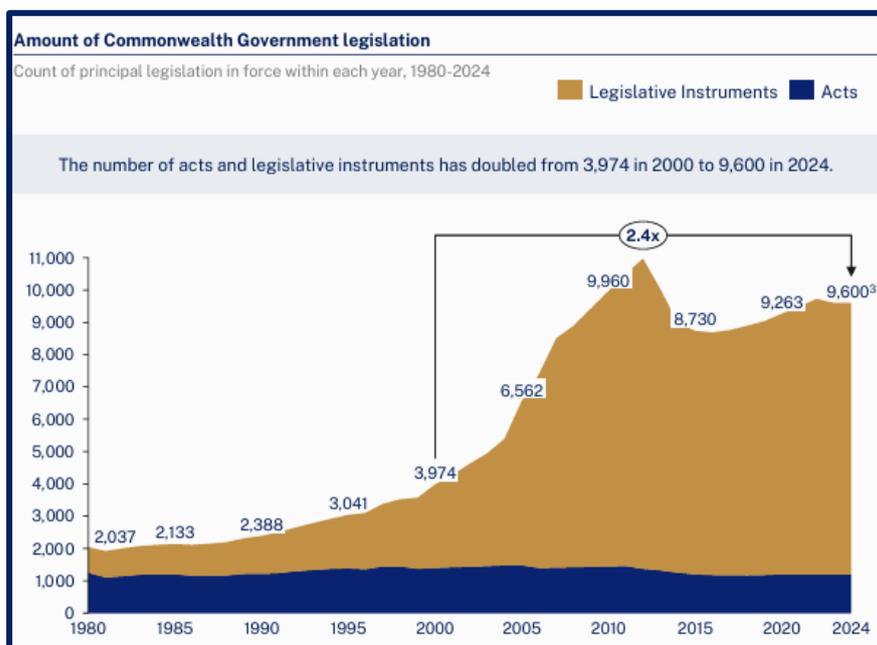
Given the growth in legislation and compliance employment found by Mandala we are strongly of the view that a higher estimate is appropriate. Nonetheless, even accepting a lower estimate for total costs of \$115 billion, we do not consider a target reduction of \$10 billion will make a material difference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

The Commission reflected on the achievability of any target in arriving at the \$10 billion figure. We agree that \$10 billion is readily achievable. As reflected below, amending the large proprietary and climate reporting thresholds will alone result in \$1.7 billion in savings over four years as estimated by Mandala. Setting a relatively low bar for achievement will result in minor or incremental changes to existing regulation rather than a fundamental reset. Each of these changes may be beneficial to the impacted entities (e.g. organisations currently caught by the reporting thresholds) however in the aggregate they will not contribute to solving Australia’s productivity challenges. 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 set an ambitious target, that may prove difficult to achieve, rather than a low ambition target that makes little difference.

We also are concerned that a \$10 billion target from a 2026 baseline will be quickly eroded by the inexorable 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 privacy policy alone, were the Government to legislate the Privacy Act Review recommendations that would be a considerable increase in compliance costs. The Commission cites that the regulatory reform period over 2014-16 resulted in savings of approximately \$4 billion.⁷

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 its inexorable rise. That is, these savings that appeared meaningful at the time, were quickly overtaken by new compliance obligations.



Regulatory reform agenda

Consistent with the Commission’s final recommendation, we strongly 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). Adopting this recommendation and committing to an annual regulation review (Recommendation 2.2 – Pillar One) would be a clear sign of commitment to a genuine easing of the regulatory burden and an overhaul of future policy making.

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 Commission makes clear, there is no shortage of recommendations on the shelf to tackle the weight of poorly targeted and overly complex federal regulation. The Commission highlights its own recommendations across the pillars inquiries.

⁷ Productivity Commission, Creating a more dynamic and resilient economy - Final report, December 2025, page 143.

Below we recommend implementation of the ALRC's review in respect of financial services laws as a significant first step.

Separately, we also strongly support the Commission'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 Commission is the appropriate body to undertake this annual review.

b) 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 recently legislated 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 be a proportionate change that would reflect the high inflationary environment of recent years. It would provide measured regulatory relief to medium sized organisations and with 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.⁸ 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 2027-2031.⁹

c) 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-related risks and opportunities.

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.¹⁰

More broadly we consider that Group 3 entities 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 nations' emissions profile. Requiring medium sized organisations 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.¹¹

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 assurance that it has 'no material

⁸ ASIC letter, Additional Steps ASIC will take to bolster economic growth, 12 August 2025, available [here](#).

⁹ AICD Mandala Partners, \$160 billion and counting: The cost of Commonwealth regulatory complexity, November 2025, page 32.

¹⁰ Ibid, page 33.

¹¹ Ministry of Business, Innovation and Employment (New Zealand), Capital markets changes to boost business growth, 22 October 2025, available [here](#).

climate-related risks and opportunities'. Such a determination 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.¹² However, Mandala found that the average non-disclosing entity would still spend an estimated \$641,000 in costs over the initial four-year period.¹³

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.

d) Implement the ALRC's financial services law recommendations

The Australian Law Reform Commission's (ALRC) 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'.¹⁴

The ALRC also highlighted that many detailed, sometimes overlapping, offence and penalty provisions does not lead to better compliance or more effective enforcement. Reducing the multiplicity of offence and penalty provisions would minimise users' uncertainty and decrease compliance costs.

The AICD strongly supports the ALRC Final Report recommendations. It is disappointing that the Government has not formally responded to the recommendations and there have been no meaningful steps to implement the recommendations. Action on the ALRC's recommendations would help ensure this important body of work informs meaningful regulatory reform and delivers its intended economic benefits.

We are of the view that implementation of the ALRC recommendations would be an important stepping stone to a broader comprehensive review of the *Corporations Act 2001*. 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.¹⁵

As detailed further below under 4(c), a substantive review of the Corporations Act could be undertaken by an expert corporate law reform advisory body in a far more efficient manner than asking an already resourced constrained Treasury.

4. Flow of regulation

We recommend the Government commit in the Budget to a new approach to how policy and regulation is made. Until better regulation processes are embedded, there is a real risk that the inexorable increase of poorly targeted regulation that is highlighted by the AICD Mandala research will continue.

¹² The Treasury, Policy Impact Analysis Climate-related financial disclosures, September 2023, available [here](#).

¹³ AICD Mandala Partners, \$160 billion and counting: The cost of Commonwealth regulatory complexity, November 2025, page 33.

¹⁴ Australian Law Reform Commission (January 2024) Complexity: Reforming Corporations and Financial Services Legislation (ALRC Report 141). Pages 48-49. Available [here](#).

¹⁵ Australian Financial Review, *Stodgy corporate rule book is stifling growth, warns ASIC chief*, 3 September 2025, available [here](#).

The changes proposed below would not impose significant new costs on the Budget. However, they would require a genuine 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) Strengthening scrutiny of new regulation

We strongly support the Commission's recommendation to embed greater scrutiny of new regulation (Recommendations 2.3 - 24 – Pillar One).

Cabinet scrutiny and statement of expectations

As a starting point, 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. This ultimately will have a real-world economic impact that in time will flow through to the federal budget.

We also support the Government clearly articulating in ministerial statement of expectations how regulators should account for growth, dynamism and regulatory burden in rules and policy making processes. We often observe regulators making delegated legislation in a manner that may be narrowly consistent with that regulator's mandate but does not account for the broader regulatory landscape and the burden of new regulation, including its impact on productivity. Clearer statement of expectations on accounting for broader growth considerations would be a valuable check on this type of policy making.

Policy making processes

We recommend a revitalisation of the regulation impact analysis process, including establishing an independent statutory commissioner to oversee the Office of Impact Analysis (**OIA**). Departments and regulators too often undertake limited impact analysis of substantial new regulation and 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 Commission.

The AICD has for many years advocated for standard minimum stakeholder consultation periods across all Commonwealth 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 number of days. Separately, it is also common for legislation to be introduced to Parliament with consultation to be conducted primarily via the committee processes. These are not genuine consultation processes and place unreasonable expectations on stakeholders to assess often highly complex legislation in a short period of time. We strongly recommend the Government set minimum stakeholder consultation periods (for example, four weeks).

We recommend the 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 welcome further industry or sector grids, for instance covering the care sector.

b) Introducing systematic post-implementation reviews and legislative sunseting

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 sunseting provisions

as part of ensuring continual regulatory improvement'.¹⁶ The Outlook also indicates Australia is lacking when it comes to addressing 'innovation-related challenges when reviewing rules'.

The Commission accepts 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 significant 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.

As highlighted by the Commission, we recognise that a blanket approach to legislative sunseting of primary may be an inappropriate use of departmental resources. However, we remain of the view that sunseting in certain cases is an effective policy discipline that requires a genuine reassessment of legislation and delegated regulation after a pre-determined period. We recommend the Government consider how sunseting could be used in respect of primary legislation, for example in respect of technology-related laws where rapid obsolescence is likely.

c) Reinstating a CAMAC like reform advisory body

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

We highlight the Senate Standing Committee on Economics report in 2014 on legislation that ultimately abolished CAMAC and the significant weight of submissions that supported retention of the body and its effectiveness as a driver of law reform from a limited budget.¹⁷ The ALRC in its financial services law final report similarly highlighted submissions that called for the reinstatement of CAMAC and noted that such a body would complement its recommendations for reform of the Corporations Act.¹⁸

This AICD's strong view is that since the abolition of CAMAC there has been a degradation of corporate and regulatory law reform expertise within government departments and regulators given stretched resources and other priorities. Reinstating such a body would be a low cost and effective signal of the Government's commitment to genuine productivity enhancing reform.

5. AI and data policy settings

Well-balanced AI and data policy settings can unlock Australia's productivity potential through promoting responsible innovation and data-driven business models while maintaining the consumer trust. Clear, proportionate regulatory frameworks reduce compliance uncertainty and transaction costs for businesses, allowing them to invest confidently in AI capabilities that can generate substantial productivity gains across industries while safeguarding fundamental rights.

a) AI policy settings

We welcome the direction of the AI policy outlined in the National AI Plan (**the Plan**) released in December 2025 and its articulation of the potential for AI to boost productivity, improve international competitiveness and raise living standards.

¹⁶ OECD (April 2025). Regulatory Policy Outlook 2025. Page 154. Available [here](#).

¹⁷ Senate Standing Committee on Economics, Inquiry into Australian Securities and Investments Commission Amendment (Corporations and Markets Advisory Committee Abolition) Bill 2014, Report (2015), Chapter 2, available [here](#).

¹⁸ Australian Law Reform Commission (January 2024) Complexity: Reforming Corporations and Financial Services Legislation (ALRC Report 141). Pages 206-207. Available [here](#).

It is appropriate that Plan did not propose standalone AI legislation and that potential risks from AI adoption are addressed through a gap analysis of existing legislative frameworks. The AI Safety Institute will play an important role in monitoring harms and risks and advising departments and regulators.

We consider the Budget as an opportunity to provide greater detail on how the Government will promote Australia as an attractive location for AI related investment, including in supporting infrastructure such as data centres.

b) Privacy Act Review recommendations

The AICD has significant concerns with the volume, complexity and cost of the 106 recommendations from the Privacy Act Review that the Government has agreed, or agreed in-principle, to implement. Our strong view is that it has not been demonstrated that in totality these changes will result in sufficient benefits, either in consumer protection/rights or greater and more productive data use, that outweigh the significant costs.

While we recognise that the Privacy Act is increasingly not fit-for-purpose we consider that the direction of the Privacy Act Review recommendations is in totality misguided and risks only furthering the complexity of the Privacy Act and its restrictive settings. We understand that the Attorney-General's Department has undertaken a limited cost-benefit analysis on several key recommendations. However, this has not been published, and as highlighted by the Commission there are industry concerns about the quality of the analysis.¹⁹

Taken together, the Privacy Act Review proposals will substantially move Australia to GDPR-like settings seen in the European Union (EU). The Commission in its interim report cited research on the implementation of the GDPR to express broader 'caution' with implementation of the Privacy Act Review proposals.²⁰ Of particular concern given Australia's productivity challenges are indications that the GDPR has curtailed innovation in the EU.²¹

With this significant shift comes the real risk that Australian entities will also experience a large increase in compliance costs, curtailed data led innovation and limited privacy benefit to individuals. As highlighted by the Commission, there are genuine questions about the rigour of the cost/benefit analysis that has been undertaken on the proposals.²² We note that the Commission in its final report has not endorsed 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).

We recommend that the Government announce a pause in further implementation of the Privacy Act Review recommendations. Given Australia's considerable productivity and growth challenges we believe further implementation of complex new privacy regulation that has questionable benefits but also may be detrimental to digital innovation would be imprudent.

c) Director IDs – director personal information

Over many years, the AICD has urged the federal government to address the public availability of sensitive director personal information on the ASIC Companies Register (the **Register**) which poses unacceptable privacy and security risks. We consider the current consultation on upgrading the Register is a critical opportunity to comprehensively address this longstanding issue. Pending the finalisation of the Registry upgrade process, we call on the Government to prioritise the *immediate* suppression of director residential addresses, especially given heightened community tensions and physical security concerns.

Currently, for a small fee, the home address, date of birth and full name of directors and officers of entities incorporated under the Corporations Act are easily available online. Allowing public access to director personal information on the Register exposes Australian directors and officers to potential privacy, cyber, identity-theft and personal safety risks. We are not aware of any other profession in Australia where personal information such as a residential address or date of birth is made publicly available.

¹⁹ Productivity Commission, *Harnessing data and digital technology – Interim Report*, August 2025, page 65.

²⁰ *Ibid.*, page 67.

²¹ *Ibid.*, page 38

²² *Ibid.*, page 65

As we have consistently conveyed in engagement with Treasury, we believe it is vital that directors' personal information is removed from the Register *before* the linkage of the Register and Director ID information occurs under the proposed changes to the Register. In the interim, the residential address of directors should be suppressed from public availability. It is an unacceptable risk to have this information readily available, and out of step with comparable international jurisdictions (a detailed jurisdictional comparison has previously been shared with Treasury).

6. Care sector support

We recommend the Government utilise this Budget to progress care sectors reforms. We recognise significant reforms in recent years, including implementation of the new *Aged Care Act 2024* and steps to put this National Disability Insurance Scheme on a more financial sustainable path. We consider there is opportunity for further reforms that seek alignment, and harmonisation where possible, of standards and regulations that apply across the key care sectors of aged care, disability, health, veteran services and early childhood education and care.

A significant proportion of the AICD membership is involved in the governance of care organisation and we consistently hear of the profound challenges in these sectors, including from increasing regulation and profound workforce challenges compliance costs. This compounds the ability for providers to invest in new facilities and technological improvements that may improve productivity, especially smaller providers and those involved in service delivery in regional and remote areas.

Our view is that the Commission's recommendations on the care sector under Pillar Four provide a pathway to further productivity enhancing reform across these critical areas of the Australian economy and society, notably:

- The alignment of quality and safety regulation of works across the care economy (recommendation 1.1. – Pillar Four), including establishing a national worker screening check and a single digital worker registration portal;
- The alignment of quality and safety regulation of providers and services and explore the case for a single regulator across aged care, NDIS and veterans care (recommendation 1.2. – Pillar Four); and
- Appoint a Minister responsible for alignment of regulation across the care economy (recommendation 1.3 – Pillar Four).

We also strongly recommend that the Government progress reforms from the NFP Sector Blueprint, released in November 2024. In addition to proposals that align with the Pillar Four recommendations This includes the application of appropriate indexation, and minimum term contract and renewal periods in all areas of service provision (Initiative 4b) and establishing co-governance and shared decision-making protocols of the Blueprint with First Nations NFPs and communities (Initiative 8a).²³

We recognise the challenge of implementing some of these recommendations, including obtaining agreement from state and territory governments. However, these are critical areas of Australian society and touch the lives of all Australians and warrant appropriate attention from all governments. Improvements in the productivity and financial stability of care organisations will ultimately help drive improved outcomes for care recipients.

7. Occupational entry requirements reform

We consider the Budget is an important opportunity to progress the Commission's recommendations for reform of occupational entry requirements (**OER**). 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 Commission, there is strong evidence that excessive and inconsistent 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.

²³ Department of Social Services (November 2024). Initiative 4b (Page 33); Initiative 8a (Page 46). Available [here](#).

We are concerned by the Commission'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.²⁴ For example, we note Engineers Australia's submission to the Commission 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.²⁵ These forms of regulation are poorly targeted, have weak evidence bases and ultimately are a drag on productivity in key sectors, in this case construction.

We note that national licencing reform has commenced with electrical trades requirements through the National Competition Policy (**NCP**). We strongly support greater ambition in tackling this policy area, including a greater pool of funding available under the NCP to incentivise the states and territories (currently only 900 million).

We recommend the Government in the Budget state how it intends to:

- Replace excessive occupational entry regulations with less burdensome alternatives (Recommendation 4.1 – Pillar Two);
- Better target qualification requirements to risk (Recommendation 4.2 – Pillar Two); and
- Incentivise occupational entry regulation reform through National Competition Policy (Recommendation 4.4 – Pillar Two).

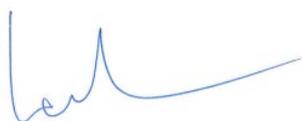
Genuine national OER reform has the potential to result in meaningful productivity gains across the economy particularly in sectors that face persistent skills shortages.

8. Next Steps

We hope our submission will be of assistance.

If you would like to discuss any aspects of our submission further, please contact Christian Gergis, Head of Policy (cgergis@aicd.com.au) or Simon Mitchell, Senior Policy Advisor (smitchell@aicd.com.au).

Yours sincerely,



Louise Petschler GAICD
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²⁴ Productivity Commission, *Building a skilled and adaptable workforce - Interim report*, August 2025, page 58.

²⁵ Engineers Australia, Submission to the Productivity Commission - Building a skilled and adaptable workforce, June 2025.