

Submission to the Economic Reform Roundtable

From the Joint Group of Industry Associations

A coalition of 27 groups representing Australia's small, medium and large businesses, universities and the investment community have joined forces to work on productivity solutions to improve living standards for all Australians. The groups reach across all parts of the economy and employ millions of Australians.

We welcome the opportunity to contribute to the Economic Reform Roundtable and commend the opportunity this process provides for lifting productivity, boosting living standards, and building long-term economic resilience. Productivity growth over the past decade was the weakest in six decades. It is clear that the economy isn't working for Australians like it used to. We know that improving productivity is essential to attracting investment, lifting real wages, growing jobs, and ensuring more opportunity for all Australians.

Our economic rule book is out of date. If we don't fix it, not only will Australians struggle to get ahead in life, but future generations are at risk of missing out on the quality of life we enjoy today.

The challenge is to make sure we're working smarter and focusing on the things that really count.

We have jointly identified four reform priority areas that will deliver benefits for economic activity across the whole country: from the practical and important measures for immediate implementation, to more ambitious and needed long-term solutions like broad tax reform. Looking ahead, this group is also committed to working collaboratively towards important reform in areas that have additional potential to boost productivity and prosperity — including trade, skills, employment and industrial relations settings, and federal and state relations.

1. Boosting investment and innovation by reforming incentives and funding models around research and development (R&D), reinvigorating national infrastructure for R&D collaboration, positioning Australia as a leading jurisdiction for artificial intelligence and emerging technologies, and developing a national strategy to boost Australia's investment competitiveness.

- This matters to every Australian. It shapes the jobs they and their children will have, the technologies their families will rely on, and the country's ability to stay secure and competitive. Without greater investment in innovation, Australia risks falling behind, with fewer high-quality jobs, slower wage growth, and less influence over its own future.

2. Reducing red tape through better regulation through a regulatory stocktake and commitment to a 25 per cent reduction in the regulatory burden by 2030, reducing regulatory overreach, uncertainty and duplication, and embedding a pro-growth focus in government decision-making and regulatory culture.

- Cutting red tape means working smarter and focusing on the things that really count. It means faster home builds, quicker loan approvals, and lower prices at the checkout. This is because fewer delays and less duplication reduce the cost of doing business. For Australians, it's the difference between waiting months or days for a service, and it ensures growth isn't choked by unnecessary or outdated processes that haven't kept up with the modern world.

3. Improving planning and major project approvals by reforming the overarching framework for environmental and planning approvals, coordinating and unifying federal, state, and local planning processes, and creating a national framework for streamlined data sharing.

- Delays in planning approvals mean Australians wait longer and pay more for homes, power bills stay higher, and job-creating projects get stuck in limbo. Improving the approvals system means homes can be built sooner, energy comes online faster, and the economy benefits from quicker, more certain investment in the infrastructure communities rely on.

4. Kickstarting comprehensive tax reform by appointing a range of stakeholders, including business representatives, for a three-month review, with the support of the Productivity Commission and Treasury, underpinned by principles for tax reform which encourage investment and economic growth.

- Tax is needed to fund a range of essential supports and services, including welfare payments, community services, and public goods. But taxes influence nearly all the decisions made by individuals and businesses through prices, incentives and rewards. Some taxes discourage individuals and businesses from creating value and being productive. Others cause people to engage in wasteful and unproductive activity.

The attached joint policy document outlines further detail and consensus-backed proposals from our coalition – an important component to help enable reform.

Each organisation represented in this group may also raise other matters or provide submissions in their own name. Similarly, organisations will raise many more issues directly in the Roundtable.

We look forward to working collaboratively through this process to help build a more productive, prosperous, and inclusive Australian economy where we work smarter, support our essential services, and secure a better future for all.

This joint submission is on behalf of:

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Australian Industry Group
Australian Investment Council
Australian Retail Council
Australian Travel Industry Association
Business Council of Australia
Chartered Accountants Australia and New Zealand
Communications Alliance
CPA Australia
Corporate Tax Association
Council of Small Business Organisations
Energy Networks Australia
Group of Eight
Insurance Council of Australia
Master Builders Australia
Minerals Council of Australia
National Farmers' Federation
Property Council of Australia
Tech Council of Australia
Tourism and Transport Forum
Universities Australia

Productivity policy focus area 1:

Investment and Innovation (with a focus on R&D + AI)

Problem statement	<p>Australia is in a global contest for capital, and we must be positioned to win more of it. Investing in, and commercialising, R&D is crucial to driving productivity, ensuring we have self-reliance, expanding key industries such as resources and health, and opening new sectors like quantum, advanced manufacturing, defence, cyber and AI. But investment in R&D has fallen to 1.7 per cent of GDP and is below the OECD average of 2.7 per cent of GDP.</p> <p>This matters to every Australian. It shapes the jobs they and their children will have, the technologies their families will rely on, and the country's ability to stay secure and competitive. Without greater investment in innovation, Australia risks falling behind, with fewer high-quality jobs, slower wage growth, and less influence over its own future.</p>
Action 1: Reform incentives and funding models to dramatically scale up private-sector investment in R&D and commercialisation, while building the skills capacity to support this.	<ul style="list-style-type: none">• Develop an R&D and innovation investment roadmap, including a timeline, to lift investment in R&D from 1.7 per cent to an aspirational goal of 3 per cent of GDP.• Revise the R&D tax settings to further incentivise industry to invest more, including by reviewing the definition of eligible R&D Tax Incentive expenditure, abolishing the spending threshold (or at least increasing it to \$250 million), increasing the small business threshold or accelerated depreciation of R&D capital expenditures.• Greater support of Australian R&D and innovation to be commercialised in Australia through incentives such as low-interest, stage-specific loans support for SMEs, a concessional tax regime to encourage, retain and scale innovation onshore, procurement policies, or other measures.
Action 2: Reinvigorate national infrastructure for R&D	<ul style="list-style-type: none">• Develop a publicly accessible National Researcher Directory to help connect industry with research expertise.

<p>collaboration (e.g. industry-research centres, innovation precincts) to more effectively convert Australia's high-quality research into commercial opportunities.</p>	<ul style="list-style-type: none"> • Establish a nationally coordinated network of industry-led R&D centres modelled on the UK's successful Catapult Network (which contributes £5.50 in GDP uplift for every £1 invested). • Introduce a Collaboration Premium to drive high-impact research partnerships.
<p>Action 3:</p> <p>Position Australia as a leading jurisdiction for AI and emerging technologies and skills through pro-investment, outcomes-based regulatory frameworks.</p>	<ul style="list-style-type: none"> • Only implement clear, risk-based regulations based on a transparent and thorough review of current legislation to identify any AI-related gaps. • Establish the Australian AI Safety Institute (AAISI), focused on the technical aspects of AI safety and reliability. • Simplify digital infrastructure (i.e. data centres, fibre and mobile networks) development by establishing a dedicated public-private council, bringing together Commonwealth, state and territory government agencies, infrastructure providers, and tech companies, to facilitate coordination and troubleshoot bottlenecks. • Create a National AI Skills Compact to formalise collaboration, boost investment in these skills, creating a structured partnership to scale talent pipelines, align training with industry needs, and expand access to AI careers.
<p>Action 4:</p> <p>Develop a national strategy to boost Australia's investment competitiveness, backed by regular benchmarking against global peers.</p>	<ul style="list-style-type: none"> • Draw on existing international comparisons, or develop a robust, bespoke index, that compares Australia's ranking across a range of global regulatory and competitiveness factors. Use this benchmark to commit to targets to improve Australia's ranking. • Develop a National R&D Strategy that aligns Australia's R&D system and improves existing investment facilitation efforts at the Commonwealth and state/territory levels. This could be supported by a single agency for research and innovation.

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- Establish a single, coordinated set of research priorities and direct the majority of Commonwealth R&D funding to areas where Australia can lead—such as clean energy, health, and advanced manufacturing.
 - Consolidate fragmented grant programs into fewer, larger initiatives with clear objectives, to maximise impact, reduce duplication and drive stronger cross-sector and international collaboration.

Productivity policy focus area 2:

Reduction in red tape (better regulation)

Problem statement	<p>Australia’s regulatory landscape is weighed down by duplication, inconsistency and inefficiency. Consumers and businesses are bogged down in layers of costly red tape, some of it delivering little real value or could be achieved more efficiently. Regulations could be simplified to achieve the same outcomes without compromising necessary protections.</p> <p>A comprehensive reform agenda is essential to create growth-oriented regulatory frameworks, cut red tape for businesses and consumers and enable greater productivity.</p> <p>Across the developed world, like-minded countries are urgently pursuing pro-growth, pro-investment reforms through comprehensive red tape reduction programs. Australia cannot afford to be an idle bystander.</p> <p>The EU and UK’s Labour government are already leading the way, setting minimum 25 per cent red tape reduction targets and reshaping regulatory systems to prioritise growth and reduce inefficiency. This precedent is an internationally credible and publicly compelling step for a returned Labor government to adopt in Australia.</p> <p>Cutting red tape means faster home builds, quicker loan approvals, and lower prices at the checkout. This is because fewer delays and less duplication reduce the cost of doing business. For Australians, it’s the difference between waiting months or days for a service, and it ensures growth isn’t choked by outdated processes that haven’t kept up with the modern world.</p>
Action 1: Undertake a regulatory stocktake to establish the baseline cost of red tape to business, create case studies of when cutting red tape has cut costs previously, and commit to reduce the regulatory cost	<ul style="list-style-type: none">• The Commonwealth Government commit to undertake and publish an economy-wide regulatory stocktake.• Commit to a 25 per cent reduction in regulatory costs by 2030 across government.• This approach should also be adopted by state and territory governments.

<p>of doing business by 25 per cent by 2030</p>	<ul style="list-style-type: none"> ○ The Productivity Commission can help develop a robust, cost-effective and common method to support this work, in line with existing international norms for regulatory policy such as those established by the OECD.
<p>Action 2: Reduce overreach, uncertainty, counterproductive and duplicative across our expansive regulatory system (including states and territories)</p>	<ul style="list-style-type: none"> ● Increase the envelope and accelerate the use of the National Productivity Fund to incentivise states to: <ul style="list-style-type: none"> ○ harmonise and simplify state-based taxes and regulations, such as payroll tax and occupational licensing arrangements. ○ eliminate duplication of regulation across the levels of government, particularly where regulation can be conflicting. ● Accelerate and prioritise the creation of a Single Front Door for inbound investment. ● Simplify and rationalise the Corporations Act. This could be supported by a new corporate law reform body, such as the former Corporations and Markets Advisory Committee (CAMAC). ● Prioritise reforms to clarify data retention requirements. ● Accelerate and prioritise the Simplified Trade System reforms, including a Trade Single Window and paperless trade. ● Undertake a comprehensive stocktake of small business definitions and thresholds across all levels of government. This could form the basis of greater alignment of the definition for a more consistent application of regulation. ● Undertake a comprehensive review of business reporting obligations to ensure they are well-targeted, effective and do not unnecessarily increase compliance costs. ● Continue the process of modernising business and regulatory communication processes. This

	<p>includes adopting and utilising digital reporting technology to streamline duplicative regulatory reporting into federal and state government agencies.</p> <ul style="list-style-type: none"> • Commit to better balance board focus towards growth by addressing compliance issues, including around duplicative liability laws and onerous sign-off requirements.
<p>Action 3: Embed a pro-growth focus in government decision making and regulatory culture (e.g. include economic growth and risk-based approach in regulator mandates, Statements of Expectations and require reporting against it)</p>	<ul style="list-style-type: none"> • Appoint a Minister for Better Regulation within Cabinet with clear responsibility across departments to help drive a regulation agenda that makes it easier to do business in Australia. This will help to bring focus to the task and ensure progress. • Introduce a mandate that policy proposals must be subject to an exemplary Impact Analysis before being able to proceed further, including for Cabinet consideration. • Require mandatory post-implementation reviews and sunset clauses for major pieces of legislation to help ensure that reforms operate as intended and compliance costs are minimised. • Reflect the importance of regulator stance on industry performance and consumer access to services by updating the Regulator Performance Guide to include: <ul style="list-style-type: none"> ○ An expectation for regulators to outline how they will reflect a more growth-oriented mindset in their approaches that better matches regulatory burden with risk. ○ Assessment and reporting of the compliance costs imposed by their activities. • Commit to including the identification of improving regulation opportunities in the Statements of Expectations for regulators as well as terms of references of all future government inquiries.

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- Benchmark key existing business regulation and new regulatory proposals against relevant international best practices, including the OECD's best practice principles for regulatory policy.

Productivity policy focus area 3:

Planning and Major Project Approvals

Problem statement	<p>To get more homes and more power, Australia needs faster approvals of these projects. Australia’s planning and approvals system for major developments has become increasingly slow, complex and fragmented. Approval timelines are too long, adding uncertainty, risk, and cost to critical projects, including housing, energy, renewable generation, resources and infrastructure (including digital).</p> <p>Regulatory requirements are often highly subjective and prone to late-stage interpretation or policy changes, leaving proponents exposed to delays and shifting expectations. Third-party challenges to approvals can cause significant disruption and uncertainty. Guardrails and time limits for third-party challenges of decisions in the courts would provide greater certainty and minimise the risk of vexatious challenges.</p> <p>Overlapping processes across federal, state, and local jurisdictions create duplication and administrative burden without delivering proportional environmental or social benefits.</p> <p>For governments to achieve the national housing target of 1.2 million homes over five years, there must be reform to planning systems. We acknowledge work is underway, including through the National Planning Reform Blueprint and the National Construction Industry Forum Blueprint, but also that the criticality of this work in achieving the outcomes sought.</p> <p>Delays in planning approvals mean Australians wait longer and pay more for homes, power bills stay higher, and job-creating projects get stuck in limbo. Improving the approvals system means homes can be built sooner, energy comes online faster, and the economy benefits from quicker, more certain investment in the infrastructure communities rely on.</p>
Action 1: Reform the overarching framework for [environmental and	<ul style="list-style-type: none">• Reform the EPBC Act by implementing the key elements of the independent Samuel Review, including streamlined assessment, state-accredited approval of projects, and national

planning] approvals, ensuring a single, predictable, and transparent approval pathway that provides timely and certain decisions.

environmental standards.

- Building on the National Planning Reform Blueprint, work with states and territories to implement evidence-based reform to planning approval systems, with a focus on reducing the unnecessary assessment requirements, improving efficiency, and delivering a consistent assessment process.
- Provide funding to state, territory and local governments that release more housing supply through rezoning, which could be delivered through updated strategic statutory plans.
- Ensure planning and approvals systems are subject to cost-benefit considerations: does the requirement deliver sufficient public value relative to its cost and time burden? Are there simpler ways to achieve the same result? And are unintended consequences being accounted for in compliance costs?

Action 2:

Coordinate and unify federal, state, and local planning processes to eliminate duplication and delays and ensure beneficial outcomes, while simultaneously incentivising faster approvals under existing systems

- Use the National Productivity Fund to reward states and territories that undertake major planning reform, supported by experts, that is successful in planning for more homes in well-planned communities and achieves tangible improvements in efficiency and consistency of process (including at local government level).
- Ensure the EPBC reforms simplify and streamline environmental approval processes, reducing the compliance burden and shortening decision times, while actually delivering environmental outcomes. This requires efficiency of both Environmental Impact Assessments preparation, and in actual assessment processes.
- Proceed with the Samuel Review recommendation of accredited state and territory decision-making under National Environmental Standards to provide a 'single desk' approach to decision-making.

	<ul style="list-style-type: none"> • Establish a national environment restoration fund to acquit project proponent offset requirements, on an optional basis, and invest in landscape restoration. This should be able to be used across state and federal offset requirements.
<p>Action 3: Create a national framework for streamlined data sharing (environmental, heritage, and social) to accelerate and de-risk approval processes, with a transparent approval pathway across all jurisdictions and clear targets for approval times</p>	<ul style="list-style-type: none"> • Develop an environmental information function to build and maintain a stock of environmental data that can be accessed by project proponents, agencies, and the public. • Develop a National Planning and Housing Data Hub to measure and improve planning system performance, because we prioritise what we measure. This would enable benchmarking of state and territory performance (average time from ‘application’ to ‘approval to start construction’ inclusive of time with proponent, given the impact of ‘stop the clock’ and information request provisions) to assess whether improvements are being achieved. States and territories should be benchmarking and publishing local government performance and penalising poor-performing council areas. Governments should be working to achieve meaningful year-on-year reductions in time taken. • Fund improved natural hazard data standards to help inform resilience mitigation and put downward pressure on business and personal insurance premiums.

Productivity policy focus area 4:

Tax reform

Problem statement	<p>Australia has a 20th century tax system in the 21st century. Our outdated and complex tax system is holding back people and businesses from realising their full potential by discouraging investment, innovation and entrepreneurship. These are key elements of productivity.</p> <p>The design and mix of Australia’s tax system has a higher economic cost than it should. This is because our heavy reliance on income taxes has an outsized impact on decisions to work, save and invest. Broad-based tax reform should rebalance Australia’s tax mix in a way that better promotes growth and investment.</p> <p>Tax provides the revenue that funds vital services. Keeping the tax burden as low as possible is key to meeting the Prime Minister’s goal of business taking its “rightful place as the primary source of growth in our economy”.</p> <p>Tax across all levels of government has risen over the past decade. Putting downward pressure on revenue requirements must go together with reform of the overall tax system.</p> <p>The tax system must be reviewed holistically. The community deserves to be informed about the full suite of possibilities, the benefits they bring and the trade-offs they involve.</p> <p>Tax is needed to fund a range of essential supports and services, including welfare payments, community services, and public goods. But taxes influence nearly all the decisions being made by individuals and businesses. Well-crafted taxes can incentivise productive activities, like investment in innovation and R&D, but inefficient taxes can discourage individuals and businesses from creating value and being productive by distorting prices, incentives and rewards. Others cause people to engage in wasteful and unproductive activity.</p>
Action 1:	<ul style="list-style-type: none">• Undertake a holistic assessment of the overall tax system to enable a common understanding of the implications for individuals, businesses and

Initiate a three-month review, supported by Treasury, the Productivity Commission, business representatives and other relevant stakeholders, for the purposes of undertaking comprehensive tax reform.

governments of the status quo.

- Deliberate and provide recommendations to government that:
 - Are guided by a set of principles that develops and maintains an internationally competitive tax system.
 - Supports the dynamism and productivity of Australian individuals and businesses, including by encouraging investment and enterprise, raise revenue with the least possible cost to society and minimise distortions to the way we work, save and invest.
 - Reflect assessment as to how potential changes to taxes interact with other taxes and the implications for individuals, businesses and governments.
 - Are easy to understand and simple to follow.
 - Provides advice on how incentives can be used to make state taxes more efficient.
- Tax reform, and the trade-offs it entails, should not be pursued or evaluated separately from government efficiency measures and spending restraint to ensure government lives within its means, as well as enacting broader productivity-enhancing reforms.

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Australian Chamber of Commerce and Industry
Australian Energy Council
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Australian Industry Group
Australian Investment Council
Australian Retail Council
Australian Travel Industry Association
Business Council of Australia
Chartered Accountants Australia and New Zealand
Communications Alliance
CPA Australia
Corporate Tax Association
Council of Small Business Organisations
Energy Networks Australia
Group of Eight
Insurance Council of Australia
Master Builders Australia
Minerals Council of Australia
National Farmers' Federation
Property Council of Australia
Tech Council of Australia
Tourism and Transport Forum
Universities Australia