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1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

Over the past decade, Australia has witnessed declining private sector investment outside the mining sector, driven by several interlinked constraints:

1. Policy Uncertainty: Shifting positions on energy, industrial relations, and climate policy have introduced uncertainty and reduced long-term confidence.

2. Fragmented Infrastructure and Service Delivery: Inadequate coordination between state and federal initiatives has undermined investment predictability, particularly in health, housing, and transport.

3. Overreliance on Migration-Led Growth: Rather than capital deepening or innovation-driven productivity, growth has disproportionately relied on population increase, leading to capital dilution.

4. Insufficient Incentives for R&D and Innovation: While the R&D tax incentive exists, its implementation has been administratively burdensome and unstable.

By contrast, what has encouraged investment:

Proximity to Asian markets and stable macroeconomics remain competitive advantages.

Superannuation pools and sovereign fund strength offer long-term domestic capital.

Digital infrastructure advances and a growing innovation ecosystem, particularly in fintech and healthtech, have opened new opportunities.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

Discouraging elements:

1. Flat company tax rates penalise SMEs reinvesting profits and distort incentives for long-term productivity investments.

2. Complex reporting requirements and uncertainty around eligible deductions raise compliance costs and risk.

3. Double taxation of savings and investment income discourages entrepreneurial reinvestment.

Encouraging elements:

1. Instant asset write-offs and capital depreciation schemes (when implemented consistently) have spurred equipment and software investments.

Proposal ideas:

1. Introduce progressive SME corporate tax tiers, rewarding reinvestment, job creation, and R&D.

2. Establish corporate dividend reinvestment incentives linked to national productivity goals.

3. Replace inefficient taxes with a Resource Sovereignty Dividend on fossil fuel exports.

4. Reward "impact investment" through Capital Gains Tax deferrals for capital invested in innovation, clean tech, or regional development.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

Challenges include:

1. Fragmented state-federal tax interactions, especially for companies operating across jurisdictions.

2. Red tape in claiming legitimate deductions, particularly for R&D, workforce training, and export development.

3. High administrative burden for SMEs compared to their capacity.

Recommendations:

1. Introduce a one-stop SME compliance portal combining ATO, ASIC, and state tax requirements.

2. Develop pre-filled or AI-supported corporate tax filing tools for small businesses.

3. Conduct an annual Red Tape Audit to simplify and sunset outdated reporting rules.

4. Introduce a "Trusted Innovator" status for fast-tracking deductions and GST refunds for qualifying firms.

5. Digitalise ASIC and ATO processes fully with one-stop business portals per ABN.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

Enhancing regulations:

1. Strong environmental standards when applied consistently can drive clean tech innovation.

2. Data privacy laws build consumer trust, supporting long-term digital market growth.

Constraining examples:

1. Overlapping federal/state responsibilities in sectors like construction, digital health, and education impede scale.

2. Inflexible labour regulations that don’t reflect new workforce models (e.g. remote, hybrid, portfolio careers).

3. Land planning laws and infrastructure approval delays restrict rapid industrial and housing development.

Proposed reforms:

1. A National Regulation Audit to eliminate legacy red tape and harmonise state-federal rules.

2. Empower a Productivity and Innovation Commission to test new pro-innovation regulation sandboxes.

3. Fast-track business setup, permitting, and zoning with AI-assisted decision portals and digitised end-to-end processes.

2. How has your regulatory burden changed over time?

The burden has intensified—especially for new economy sectors (health tech, education platforms, AI tools) that fall between outdated regulatory categories. This forces entrepreneurs to navigate grey areas, obtain expensive legal advice, or forgo innovation altogether.

Examples:

1. Significant time spent by executives on NDIS compliance for digital health services without outcome-linked evaluation.

2. Inflexible and slow approvals in clinical research and health startup partnerships due to overlapping ethics and governance frameworks.

Proposed response:

1. Introduce Regulatory Efficiency Scorecards and require major regulators to report annual reductions in compliance time per unit revenue.

2. Incentivise regulators to co-design guidance with industry through standing councils (e.g. AI, EdTech, HealthTech).

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

1. Research, Clinical Trials, and Digital Health Innovation
Issue: Startups, researchers, and health innovators face complex, duplicative ethics and governance processes when trialling digital tools, apps, and care models—especially those interacting with public hospitals, NDIS, or My Health Record.

Impact: This slows innovation, limits co-design, and disincentivises partnerships.

Proposal: A unified Digital Health & Research Gateway should be established to streamline approvals across jurisdictions, with single-touch ethics and governance for low-risk, technology-enhanced innovations.

2. Early Childhood, Health, and Disability Sector Compliance
Issue: Regulatory frameworks such as NQF (National Quality Framework) for childcare, and NDIS provider compliance, have grown complex, with mounting documentation and audit demands often untethered from real-world outcomes.

Impact: These disproportionately affect small operators and social enterprises—who often deliver the most tailored services.

Proposal: Introduce Outcomes-Based Regulation: focus on user satisfaction, safety metrics, and workforce capability rather than excessive process documentation. Pilot this in early childhood centres and NDIS providers.

3. Planning and Infrastructure Approvals
Issue: Lengthy, multi-tiered zoning, heritage, and environmental approvals—especially across State and Local councils—add significant time, cost, and uncertainty for housing, renewable energy, and infrastructure projects.

Impact: This slows capital deployment, inflates housing costs, and discourages private investment.

Proposal: A National Fast-Track Planning Code for clean energy, modular housing, and infrastructure projects of strategic value—integrated with digital twin modelling and AI-assisted assessment tools.

4. Tax and Regulatory Complexity for SMEs and Startups
Issue: SMEs face fragmented systems across ASIC, ATO, and ABN registration, with uncertain treatment of digital assets, platform work, and employee benefits.

Impact: High compliance costs divert time from growth and innovation, especially for small and solo entrepreneurs.

Proposal: Establish a One-Stop Business Gateway, with bundled compliance services, automatic accounting integration, and real-time tax estimation and submission tools for small firms.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

   Positive Example – Australian Signals Directorate (ASD)
   Why it worked: ASD has demonstrated clarity and responsiveness in supporting businesses with cyber security guidelines, through its Essential Eight Maturity Model and cyber.gov.au resources. These are pragmatic, accessible, and widely trusted by industry.

   Lesson: Clear, modular guidance tailored to capability level supports both compliance and capability uplift.

   Negative Example – NDIS Commission
   Why it didn't work: While well-intentioned, the NDIS Commission has created a regulatory system that is overly prescriptive and operationally heavy—especially for innovative or hybrid models such as digital therapy platforms or co-designed peer services. The compliance burden often outweighs the service delivery effort.

   Lesson: Risk-based regulation and co-design with service users and innovators would yield better outcomes and higher quality care.