

Inquiry into Business Reporting Requirements

Reducing cumulative non-financial reporting burden while preserving information value

Formal submission to the Australian Productivity Commission

Prepared by Nicholas Kemp and Michael McGuinness

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Core proposition Regulatory burden should be assessed by reference to the full activity chain required to produce, validate, govern and assure reported information, recognising that obligations can induce wider organisational responses, including controls, documentation, assurance and governance, that materially shape total burden over time. Burden should then be compared with demonstrated information value so reporting systems can be redesigned to achieve policy objectives at lower total social cost. This submission proposes a practical pilot and measurement framework. It does not claim that reporting burden has been established as a material cause of Australia's economy-wide productivity slowdown.

About the Authors

Nicholas Kemp is a systems thinker and organisational design practitioner with experience in regulatory implementation, governance, capability architecture and structural diagnostics. His work examines how formal obligations interact with organisational behaviour, decision processes and assurance systems. He originated several analytical models referenced in this submission, including Quiet Narrowing, the Assurance Engine, and Organisational Capability Sclerosis. These models inform the submission's analysis of organisational capability constraints, structural drift and system-level performance.

Michael McGuinness works in regulatory governance, regulatory systems architecture and institutional analysis. His research focuses on how regulatory structures, information flows and organisational interfaces generate cumulative effects, dark matter, and architecture-level failure modes. He originated the Regulatory Dark Matter framework and contributes to the development of system-centric stewardship and architecture-intelligibility methods. His work spans administrative-burden measurement, information-value assessment, cost attribution and evidence-based regulatory reform. For this submission, he contributed methodological design, burden-measurement frameworks and policy evaluation.

The authors prepared this submission independently for the Productivity Commission's Inquiry into Business Reporting Requirements.

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Executive summary

The Australian Government has asked the Productivity Commission to identify significant pain points in non-financial business reporting and opportunities to achieve reporting objectives more efficiently. This submission responds directly by focusing on costs often missed when burden estimates concentrate on form completion or report preparation alone.

A reporting obligation can induce a wider chain of work: data extraction and transformation, definition reconciliation, control design, management and board review, assurance, remediation, system maintenance and responses to regulator queries. These activities can be necessary to produce credible information. The policy question is whether their combined cost remains proportionate to the information's use and public value, and whether duplication can be removed without weakening transparency, accountability or risk management.

The submission highlights that reporting burden arises not only from the formal obligation but from the organisational responses it triggers. These structural and behavioural dynamics, including defensibility expectations, assurance layering and governance escalation, can expand activity chains over time even when the underlying obligation remains stable. Recognising these dynamics helps the Commission distinguish visible reporting tasks from the underlying drivers of cumulative burden.

The submission proposes a Cumulative Reporting Burden Assessment Framework that maps obligations, induced activities, resource use, duplication, assurance and information use. It recommends a targeted pilot before any whole-of-government mandate. The evidence supports further measurement and reform testing. It does not yet support a quantified economy-wide productivity effect or universal burden multiplier. The submission's central methodological recommendation is that the Productivity Commission support development of a common protocol for measuring both reporting burden and information utility, so that reform decisions are based on attributable cost, demonstrated information use and net public value rather than assumptions about burden alone. This submission treats information value as a co-equal objective: burden reduction should never weaken transparency, accountability or risk management.

Recent analysis by the New Zealand Ministry for Regulation highlights that regulatory design can generate behavioural and capability-reducing effects that are not captured in traditional compliance estimates. Counsell and Sin (2026) distinguish compliance costs from distortionary costs: foregone social value where regulation alters incentives or market outcomes in ways that impede competition, efficient investment, innovation or resource allocation. These effects concern activity that does not occur and are therefore difficult to observe. Their work concerns regulation generally and does not establish that any Australian business reporting regime produces such effects. It reinforces the case for a pilot capable of testing whether reporting design creates material behavioural, competitive or dynamic-efficiency effects alongside directly attributable reporting costs, rather than assuming such effects exist.

Principal recommendations

Foundational measurement reform

1. **Develop a common burden-and-value measurement protocol** for non-financial business reporting. The protocol should provide a consistent method for measuring direct and indirect reporting costs, attribution, information use, duplication, assurance activity and wider effects, and should clearly distinguish between reporting burden, information value and any demonstrated broader impacts.
2. **Conduct a 12-month pilot of full activity-chain assessment** across three materially different reporting regimes. The pilot should estimate direct and attributable indirect costs, information use, duplication, assurance activity, SME impacts and reform opportunities using a common methodology. Results should be published and independently evaluated.
3. **Establish a whole-of-government inventory of major non-financial business reporting obligations**, including purpose, statutory basis, responsible agency, data fields, definitions, frequency, assurance requirements, intended users and review dates. The inventory should support burden measurement, harmonisation analysis and identification of reuse opportunities.
4. **Introduce scheduled burden-and-value reviews** for major reporting regimes. Reviews should assess purpose, information use, data quality, direct and indirect costs, duplication, assurance arrangements, SME impacts and reform opportunities using the common measurement protocol.

Evaluation and decision-making reforms

5. **Apply a reuse-before-collection test** to all new or expanded reporting requirements. Agencies should demonstrate why existing government-held data cannot be reused before imposing new reporting obligations and should publish assessments of legal feasibility, technical feasibility, data quality and incremental collection costs.
6. **Assess wider effects separately from compliance costs.** Reviews should examine potential impacts on competition, entry, investment, innovation, organisational flexibility and implementation delays where plausible mechanisms and measurable outcomes exist, while keeping such effects analytically separate from directly attributable reporting costs.

Reporting-system reforms

7. **Harmonise overlapping definitions and reporting standards** where evidence demonstrates that harmonisation would reduce duplication and reconciliation effort without reducing information quality, regulatory utility or accountability.
8. **Rationalise duplicate assurance requirements** by identifying opportunities for mutual recognition, coordinated testing or shared evidence approaches where materially similar information is subject to multiple assurance processes.
9. **Develop proportionate pathways for SMEs** where evidence demonstrates disproportionate burden relative to information value, including consideration of simplified reporting pathways, staged implementation, standardised templates and other proportionate responses.

1. Purpose, scope and response to the inquiry

The Productivity Commission's call for submissions seeks evidence on regulatory pain points and ways to improve the efficiency and value of non-financial business reporting. It recognises both the transparency benefits of reporting and the costs imposed on reporting businesses and, in some cases, their suppliers. This submission therefore treats burden reduction and information value as joint objectives, not opposing absolutes.

1.1 Scope boundaries

- Primary focus: reporting compelled by Australian governments or regulators, including associated assurance, governance and data requirements that are reasonably attributable to the obligation.
- Relevant context: investor, customer, contractual and voluntary reporting where these interact with regulated data systems or amplify duplication.
- Excluded from quantified burden unless attribution is demonstrated: ordinary management information, voluntary brand or investor communications, and controls that would exist irrespective of regulation.
- Analytical unit: the reporting obligation and the incremental activity chain it induces, not the organisation's total compliance function.

2. Key findings and degree of confidence

Table 1. Policy findings for prioritising reporting reform and evidence development

Finding	Assessment	Confidence
1. Direct preparation time is not a complete measure of burden.	Credible reporting often requires upstream data, controls, governance and assurance.	High
2. Duplication can occur across definitions, data requests, formats, sign-offs and assurance.	Mapping is required to distinguish genuine duplication from different legitimate purposes.	Moderate to high
3. Fixed reporting costs may be disproportionately material for smaller entities.	The effect depends on thresholds, supply-chain pass-through and access to systems and specialists.	Moderate
4. Reporting can generate substantial private and public benefits.	Benefits include transparency, accountability, market decisions and regulatory risk monitoring.	High
5. Current evidence is insufficient to estimate a general burden multiplier.	Regime-specific measurement is required before adopting thresholds or benchmarks.	High
6. Current evidence does not establish an economy-wide productivity effect.	Capacity displacement is a plausible mechanism, but magnitude and causality remain unmeasured. Section 4, "Distortionary costs and the boundary of the submission", explores one possible explanation through the emerging concepts of Quiet Narrowing and the Assurance Engine. These concepts are analytical hypotheses, not established findings.	High

The table shows that the submission relies most strongly on the existence of wider reporting activity chains and least on any claim of a quantified economy-wide productivity effect. The findings indicate that reporting burden is shaped not only by the direct task of preparing a disclosure but by the organisational responses that obligations induce, including data engineering, controls, governance, assurance and remediation, which vary significantly across regimes and entity sizes.

Reporting burden does not arise in isolation. It is a structural consequence of how regulatory and administrative systems are designed. Obligations create defensibility incentives, which drive organisations to expand controls, documentation, assurance and governance over time. These behavioural dynamics, including assurance layering, governance escalation and procedural growth, are predictable responses to regulatory and administrative expectations. Without recognising these causal drivers, burden assessments risk treating symptoms rather than the underlying mechanisms that generate reporting proliferation.

This is why activity-chain measurement is essential: it captures both the visible reporting task and the induced organisational activity that determines total burden.

3. What the evidence demonstrates, and what it does not

3.1 What can reasonably be concluded

- Reporting obligations can induce work beyond preparing and lodging a disclosure.
- The scale and composition of indirect work vary by regime, organisation, data maturity, assurance model and reporting frequency.
- Existing government guidance already requires new regulatory changes to quantify regulatory costs, creating a practical foundation for improved attribution of reporting-related activities.
- There is a policy case for testing whether fuller activity-chain measurement reveals material duplication or avoidable assurance effort.
- Observed practice shows that indirect activity often arises from organisational responses to reporting expectations – including controls, documentation, governance review and assurance – which are not visible in direct preparation estimates.

3.2 What remains unproven

- That indirect cost always exceeds direct preparation cost.
- That a specified multiplier threshold reliably identifies an inefficient regime.
- That the three illustrative case studies are representative of all sectors or entity sizes.
- That cumulative reporting obligations have caused a measurable share of Australia's aggregate productivity slowdown.
- That reducing a reporting requirement necessarily yields an equivalent productivity gain, because released resources may be redeployed in different ways.
- That observed organisational responses (such as assurance layering or defensibility-driven process growth) operate consistently across all regimes or entity sizes without further empirical testing.
- That observed organisational responses necessarily represent inefficiency; some may reflect proportionate risk management, governance or assurance requirements.

- That behavioural or capability-reducing effects identified internationally operate in the same way within Australian reporting regimes; these effects must be tested empirically rather than assumed.

Accordingly, the submission advances a testable measurement and reform agenda rather than presenting these propositions as settled causal findings. It proposes activity-chain mapping precisely because current evidence captures visible reporting tasks but not the induced organisational activity that determines total burden. International evidence strengthens this agenda by showing that induced behavioural effects can be material, cumulative and largely invisible without structured assessment, but does not establish their presence or magnitude in Australian reporting systems.

4. Distortionary costs and the boundary of the submission

Counsell and Sin (2026) distinguish administrative and substantive compliance costs from distortionary costs. In their framework, distortionary costs arise when regulation shifts resources away from their most efficient use or changes incentives and market outcomes, including through effects on competition, investment, innovation and price signals. Because these costs represent value foregone rather than an observed financial outlay, conventional administrative-cost measures can overlook them.

This distinction is analytically useful but does not imply that any Australian business reporting regime currently produces distortionary effects. The submission's activity-chain framework measures directly attributable reporting activity and resource use; it does not classify that activity as distortionary cost, nor assume that reporting design generates behavioural or capability-reducing effects. Any such effects must be tested empirically, using credible counterfactuals and observable outcome indicators.

Accordingly, the pilot should separately examine whether reporting requirements affect entry, investment, innovation, delay, organisational flexibility or other measurable outcomes, and should compare any identified effects with the benefits and information value created by the regulation. This ensures that potential dynamic-efficiency effects are assessed rigorously and kept analytically separate from directly attributable reporting costs.

4.1 Emerging structural models and hypotheses

The findings and recommendations in this submission do not depend on acceptance of any particular author-developed concept. They are supported by observed reporting practices, established administrative-burden and institutional literature, government impact analysis and the practical evidence considered elsewhere in the submission.

The author-developed concepts included here are hypotheses intended to guide empirical testing. They are not relied upon as evidence for findings or recommendations. Their purpose is heuristic: to identify structural and behavioural mechanisms that may help explain why reporting-related activity can expand over time even when formal obligations remain stable. Each mechanism requires independent testing through process maps, attribution registers, assurance records and longitudinal evidence.

Comparable international work – including recent analysis by the New Zealand Ministry for Regulation – identifies behavioural and capability-reducing effects arising from regulatory design. These effects concern foregone activity and are difficult to observe. They do not establish that similar effects exist within Australian reporting regimes. Their relevance here is limited to motivating structured measurement rather than supporting any causal claim.

4.2 The Rosetta Hypothesis

The Rosetta Hypothesis proposes that reporting burden can be better understood by tracing how obligations cascade across three interacting levels: the macro level of legislation, policy and formal requirements; the meso level of regulator interpretation, guidance and assurance expectations; and the micro level of organisational controls, governance, documentation and operational responses. Under this hypothesis, cumulative burden may emerge from interactions across levels, rather than from the original obligation alone.

4.3 Quiet Narrowing

Quiet Narrowing is a proposed behavioural mechanism through which organisations progressively increase controls, documentation, governance review and assurance activity in response to scrutiny and demands for defensibility. These patterns reflect broader organisational dynamics in which regulatory and administrative expectations gradually narrow institutional flexibility, increasing defensibility behaviours and reducing productive capacity over time. The concept should be tested by comparing changes in formal requirements with changes in internal processes, approval layers and assurance effort over time, supported by documented counterfactuals and attribution analysis.

4.4 The Assurance Engine

The Assurance Engine is a proposed model describing a reinforcing sequence in which greater visibility increases sensitivity to anomalies and exceptions, which can trigger additional scrutiny, controls, documentation and assurance. Those responses can create still greater visibility and further review. The model offers a possible explanation for assurance layering, but requires empirical validation using process maps, assurance records and longitudinal cost data. These dynamics may contribute to organisational narrowing – a reduction in flexibility, adaptability and decision velocity – but this remains a hypothesis requiring structured measurement.

4.5 Status of the concepts

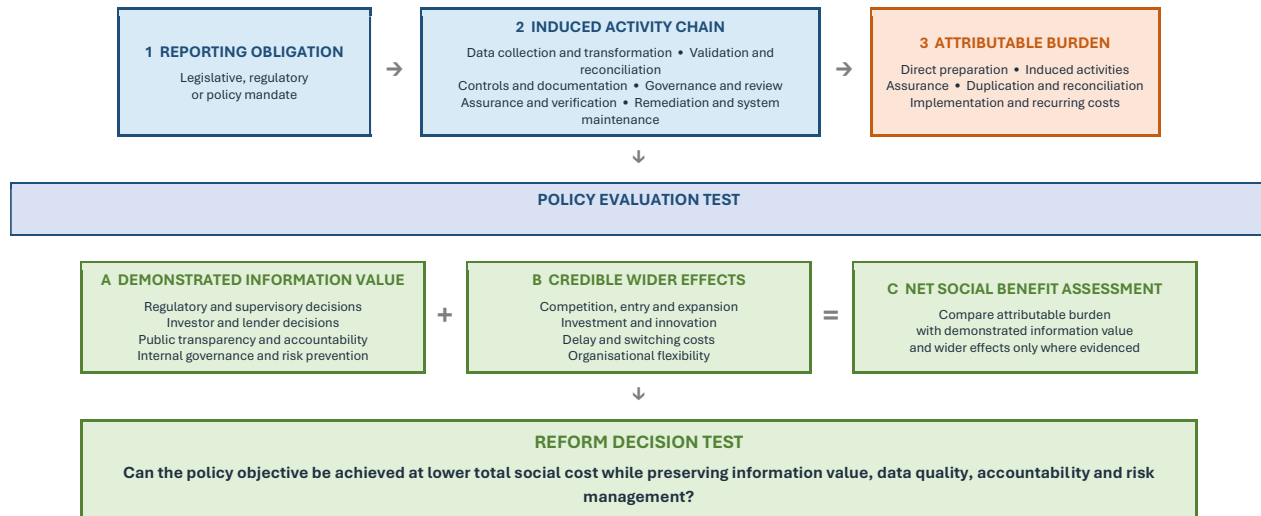
These concepts do not substitute for burden measurement, cost-benefit analysis or evidence of information use. They identify possible organisation-level mechanisms – defensibility incentives, assurance layering, procedural growth, inherited interpretations – that may help generate hypotheses about where indirect burden arises and how it should be measured. Their value lies in structuring empirical inquiry, not in substituting for evidence. They are consistent with emerging international regulatory analysis but require Australian-specific measurement before drawing conclusions about magnitude, operation or causality.

5. Analytical framework: full reporting activity chains

Figure 1 summarises the submission's proposed burden-and-value evaluation framework. The detailed measurement process is set out in Table 2.

Figure 1. Cumulative Reporting Burden and Information Value Framework

A structured test of attributable burden, demonstrated information value and credible wider effects



Interpretive note. Directly attributable reporting costs should be measured separately from wider distortionary effects. Wider effects should be included only where a plausible mechanism, measurable outcome and credible counterfactual are established.

The proposed framework has six stages. Each stage should record the counterfactual: which activities and costs would remain if the reporting obligation did not exist? This helps avoid attributing ordinary management or governance activity to regulation.

Table 2. Detailed activity-chain assessment methodology

Stage	Required analysis	Output
1. Define obligation	Legal source, objective, population, frequency, data, assurance and intended users.	Obligation profile
2. Map activity chain	Preparation, data engineering, validation, controls, governance, assurance, remediation and maintenance.	Process map
3. Establish attribution	Identify incremental, shared and non-attributable activities using a stated counterfactual.	Attribution register
4. Measure resources	Hours by role, external expenditure, systems, delay and one-off versus recurring costs.	Cost estimate and range
5. Measure information value	Who accesses and uses the information, for which decisions, with what demonstrated outcomes.	Utility assessment
6. Test reform options	Reuse, harmonisation, frequency changes, thresholds, assurance redesign and removal.	Net-benefit comparison

This framework provides the practical method for distinguishing ordinary business activity from incremental reporting burden and for comparing burden with information value.

Activity chains may expand because organisations respond to regulatory and administrative expectations by strengthening controls, increasing documentation and elevating assurance over time. These dynamics have been observed in some reporting contexts, but their magnitude, consistency and causal significance vary and must be tested empirically rather than assumed. Incorporating these potential behavioural effects into activity-chain analysis helps ensure that burden assessments capture both visible tasks and any induced organisational responses, while keeping such effects analytically separate from directly attributable reporting costs.

6. Measurement method and worked example

Estimate total reporting-related cost as direct preparation cost plus attributable indirect cost. Report one-off transition expenditure separately from recurring expenditure. Allocate shared infrastructure transparently and test it with sensitivity analysis.

$$\text{Reporting burden ratio} = \text{total attributable reporting-related cost} / \text{direct preparation cost}$$

The ratio is descriptive, not a decision rule. A high ratio may reflect appropriate assurance for high-risk information. Reform should turn on net benefits and alternatives, not the ratio alone. The purpose of the ratio is to make indirect activity visible, not to prescribe thresholds or benchmarks.

6.1 Types of reporting burden ratio

The Commission should distinguish between four complementary measures so that one ratio does not obscure different cost drivers. Each measure should be calculated separately for each regime and reported with low, central and high estimates.

Table 3. Policy measures for distinguishing implementation, recurring, assurance and duplication burden

Measure	Calculation	Policy use
Implementation ratio	One-off implementation cost / first-cycle direct preparation cost	Identifies transition, system build and initial control-design costs.
Steady-state ratio	Recurring total attributable cost / recurring direct preparation cost	Measures the continuing activity chain after implementation.
Assurance ratio	Attributable assurance and assurance-support cost / direct preparation cost	Shows the share associated with verification, evidence and review.
Duplication ratio	Attributable repeated collection, reconciliation and assurance cost / direct preparation cost	Highlights costs potentially amenable to reuse, harmonisation or mutual recognition.

Separating these ratios avoids overstating a single burden figure and helps identify whether costs arise from implementation, steady-state reporting, assurance or duplication. It also enables analysts to distinguish necessary risk-management activity from avoidable or repeated organisational responses.

Shared systems and controls should be allocated using a transparent driver such as transaction volume, staff time, data fields or system use. Analysts should test alternative allocation methods. Costs should be excluded where they would exist for ordinary management, financial reporting or risk control in the absence of the reporting obligation.

Ratios should be reported separately for the initial implementation period and for a representative steady-state year. They should not be aggregated across regimes without addressing shared infrastructure and double counting. Where regimes share data pipelines or assurance processes, allocation rules should be documented to avoid overstating cumulative burden.

6.2 Illustrative worked example only

Table 4. Illustrative attribution test for estimating reporting-related activity and cost

Activity	Hours per cycle	Attribution assumption
Prepare and lodge disclosure	40	Direct and fully attributable
Data extraction and transformation	55	Incremental to obligation
Validation and reconciliation	45	Incremental share only
Management and board review	20	Documented incremental agenda time
Assurance support	35	Incremental evidence preparation
Remediation	25	Expected annualised value
System maintenance	30	Allocated incremental share
Total	250	Illustrative total

The worked example demonstrates why attribution matters: a high apparent ratio may reflect necessary assurance or systems activity and should not be treated as a decision rule without empirical testing. Ratios are descriptive indicators only. They help reveal the composition of reporting-related activity, but they do not classify regimes, identify inefficiency or imply behavioural or capability-reducing effects. Indirect activity varies materially across regimes, entity sizes and assurance models, and must be measured rather than assumed. The Commission should not adopt 3.0, 5.0, or any other threshold without representative empirical testing, and should interpret any observed ratio alongside information value, risk context, and documented attribution.

7. Evidence hierarchy and research design

Because the submission draws on different kinds of evidence, the following table clarifies how much weight to place on each source type.

Table 5. Evidence hierarchy for weighting claims in reporting burden policy

Evidence type	Proposed weight	Use in this submission
Administrative microdata or audited cost records	High	Preferred for volumes, frequency, expenditure and processing time.
Representative business survey with documented sampling	High to moderate	Suitable for hours, system impacts and entity-size distribution.
Government impact analysis or regulator evaluation	Moderate to high	Useful where assumptions and scope are transparent.
Structured case studies with records and counterfactual	Moderate	Useful for mechanisms and implementation detail.
Industry submissions and expert interviews	Moderate to low	Useful for issue identification, but may reflect selection or advocacy bias.
Author-developed concepts or unpublished working papers	Exploratory only	Not relied on as evidence for findings or recommendations.

This hierarchy supports the submission’s cautious treatment of case studies and author-developed concepts while giving priority to auditable records, representative surveys and transparent government analysis. It also clarifies where stronger empirical work is needed to test organisational responses such as assurance layering, duplication and defensibility-driven process growth. These mechanisms are hypotheses only; their magnitude, consistency and causal significance vary across regimes and must be tested empirically rather than assumed.

The distortionary-cost framework also has an evidentiary implication. Direct expenditure and staff time can be measured through records, surveys and activity logs, but foregone entry, investment, innovation or organisational adaptation requires credible counterfactuals and observable outcome measures. The pilot should therefore report directly attributable activity-chain costs separately from any wider behavioural or capability-reducing effects, and should avoid applying general multipliers from other regulatory settings to business reporting. Any potential dynamic-efficiency effects must be tested empirically and kept analytically distinct from directly attributable reporting costs.

7.1 Recommended empirical programme

- Stratified survey of reporting entities by regime, industry and size, including non-response analysis.
- Time-and-motion studies or activity logs in a smaller purposive sample.
- Administrative data linkage to test duplication of fields, timing and covered populations.
- Interviews with information users to document actual decisions supported by the data.
- Cost-benefit and distributional analysis of reform options, including privacy and cybersecurity implications.
- Pre-specified evaluation metrics and publication of assumptions, ranges and sensitivity tests.
- Attribution registers and process maps to distinguish necessary risk-management activity from avoidable or duplicative organisational responses.
- Outcome indicators for potential behavioural or capability-reducing effects – including entry and expansion, investment delay, innovation constraints, switching costs and displaced improvement activity – supported by stated counterfactuals and kept analytically separate from directly attributable reporting costs.

8. Case studies and evidence gaps

The following cases illustrate different mechanisms that may contribute to reporting-related activity. They are illustrative only and do not establish a representative national multiplier or any generalisable burden magnitude. Each case provides indicative evidence of plausible activity-chain components, not proof of consistent or regime-wide effects.

Across the three regimes, the available evidence is strongest on visible preparation activity and weakest on upstream systems, governance, assurance, remediation and information use. These observations suggest where induced organisational responses might arise, but they do not establish their magnitude, consistency or attribution. The pilot should convert these indicative mechanisms into observed, regime-specific estimates with documented attribution.

The case studies therefore function as structured illustrations of potential burden mechanisms, not as representative proof of total national reporting costs. They highlight where empirical work is needed to distinguish necessary risk-management activity from avoidable duplication or assurance layering, recognising that organisational responses may be proportionate, legitimate and not attributable to the reporting obligation.

Table 6. Case study evidence gaps to guide the Commission's pilot design

Regime	Observed or cited evidence	Likely induced activities	Critical evidence gap
Climate-related financial disclosures	Treasury Climate Reporting Impact Analysis Statement (2024) provides a modelled estimate of regulatory burden.	Emissions data, scenario analysis, controls, governance and assurance.	Actual first-wave costs, benefits and incremental attribution by entity size.
Workplace Gender Equality Agency reporting	Employer reporting-time evidence and known cross-system data preparation.	HR and payroll extraction, definition reconciliation, validation and executive sign-off.	Representative indirect hours, rework, software and realised user benefits.
Payment Times Reporting	High-volume structured reporting and scheme data.	Supplier classification, data pipelines, validation and responsible-member approval.	Current cost per reporter, data use, behavioural effects and small-business benefits.

8.1 Evidence collection template for each case

- Legal obligation, reporting population, frequency and change history.
- Direct hours and expenditure, with median, quartiles and entity-size distribution.
- Indirect hours and expenditure by activity, one-off versus recurring.
- Number of definitions, data fields, systems, assurance providers and approval layers.
- Data access and use by regulators, investors, customers, workers and the public.
- Measurable outcomes, unintended effects and credible counterfactual.
- Reform options and expected change in costs, benefits, risk and data quality.
- Attribution registers and process maps to identify where induced organisational responses arise and whether they are incrementally attributable to the reporting obligation.

9. Benefits and the cost of not reporting

A balanced assessment must consider both reporting burden and the harms that reporting is designed to prevent. Inadequate reporting can reduce visibility, impair regulatory targeting, increase information asymmetry or shift due-diligence costs onto investors, workers, customers and smaller suppliers. These are plausible structural risks, but their magnitude and incidence vary across regimes and must be evidenced rather than assumed. They should be assessed at the field or disclosure level wherever practicable, recognising that some reporting elements materially support decisions while others may have limited or declining use.

These risks should be considered alongside burden estimates. Reporting reform should not weaken information value, transparency, accountability or risk detection. This requires distinguishing high-value fields from low-use or duplicative elements and ensuring that burden reduction does not erode core information functions.

Table 7. Policy rationale for preserving high-value reporting while reducing avoidable burden

Reporting domain	Potential information value	Potential cost of inadequate reporting	Evaluation question
Climate and sustainability	Supports risk assessment, governance and capital allocation.	Risk may be mispriced or inconsistently assessed.	Which users rely on which fields, and how does assurance affect decisions?
Workforce equality	Supports benchmarking, transparency and internal review.	Persistent disparities may be less visible; comparison becomes harder.	Does disclosure change employer practice or stakeholder decisions?
Payment practices	Supports supplier choice, accountability and policy monitoring.	Poor payment behaviour may remain hidden, affecting small-business cash flow.	Is the information timely and used, and does it change payment behaviour?
Safety and modern slavery	Supports risk detection, due diligence and accountability.	Harms may be missed or shifted through supply chains.	Which reporting elements improve prevention, detection or remediation?

The table reinforces that reporting reform should not be framed as burden reduction alone; it must also protect the information uses that justify collection.

The appropriate policy objective is not minimum reporting. It is reporting that achieves the intended outcome at the lowest practicable total social cost while maintaining data quality, accountability and trust. This requires distinguishing high-value fields from low-use or duplicative elements, and ensuring that burden reduction does not weaken core information functions.

9.1 Operational information value framework

Table 8. Evaluation framework for testing whether reported information is actually used

Information use	Evidence of value
Regulatory and supervisory decisions	Documented frequency, materiality and consequence of use; whether the data changes targeting, enforcement or policy.
Investor and lender decisions	Evidence that information is incorporated into risk assessment, pricing, allocation or engagement.
Public transparency	Access, download and citation data, complemented by qualitative evidence about accountability value.
Internal governance	Board papers, management actions, changed controls or resource allocation attributable to the information.
Supply-chain and procurement decisions	Evidence that buyers, suppliers or financiers use the information in contracting, due diligence or monitoring.
Risk prevention and early detection	Evidence that reporting supports identification, prevention or remediation of material harm.

This framework converts the general concept of information value into observable evidence about access, use, decision relevance and outcomes. It enables agencies to identify which fields materially support decisions and which may no longer justify their cost.

Information value should be assessed at the field or disclosure level where practicable. A regime may have a valuable overall purpose while containing fields whose use is limited, duplicative or no longer aligned with decisions. Conversely, low public access statistics do not by themselves imply low value where information supports targeted regulatory or supervisory decisions. The goal is to align reporting design with actual information use, not assumed or historical use.

10. Small and medium enterprise impacts

SME impacts require separate analysis because reporting costs often contain fixed components and because some obligations may be transmitted through commercial relationships even where statutory thresholds exempt smaller firms. These effects are plausible but vary materially across regimes, industries and supply-chain structures, and must be evidenced rather than assumed. An SME assessment should therefore distinguish between costs directly imposed by government and costs indirectly generated through customer questionnaires, financing requirements, assurance demands or defensibility expectations.

Table 9 outlines potential SME burden pathways and proportionate design responses for policy testing. These pathways are indicative only; they highlight where empirical work is needed to determine whether fixed costs, supply-chain pass-through, capability constraints or competitive effects are incrementally attributable to the reporting obligation. Proportionate pathways must preserve information value and should be tested for cliff effects, incentives to restructure, reduced information quality and the risk that larger entities simply transfer burden through contractual requests.

Table 9. SME burden pathways and proportionate design responses for policy testing

Issue	Potential SME effect	Design response to test
Fixed systems and specialist costs	Higher cost relative to revenue or staff.	Thresholds, simplified standards, templates and shared digital tools.
Supply-chain pass-through	Data requests may reach entities outside statutory coverage.	Limit requested fields to material data and provide safe-harbour or standard questionnaires.
Limited bargaining power	SMEs may need to meet multiple customer formats.	Interoperable definitions and portable, reusable data records.
Cash-flow and timing	Frequent reporting may create concentrated workload.	Align frequency with decision need and coordinate reporting calendars.
Capability constraints	Reliance on advisers or manual processes.	Guidance, staged implementation and regulator support.
Competitive effects	Compliance scale economies may favour incumbents.	Competition assessment, entry analysis and exemptions where net benefits are negative.

The SME analysis highlights why average burden estimates can be misleading where fixed costs, supply-chain pass-through and capability constraints *may* fall unevenly across firms and must be evidenced rather than assumed. It also shows why proportionate design must consider both statutory obligations and the commercial transmission of reporting expectations.

Any threshold or simplified pathway should be tested for cliff effects, incentives to restructure, reduced information value and the risk that larger entities simply transfer the burden through contractual requests. Testing should include behavioural analysis of how large entities adjust procurement, assurance and onboarding processes when SME exemptions are introduced.

11. Competition, innovation and data considerations

- Competition: assess whether fixed compliance costs raise barriers to entry, favour vertically integrated firms or disadvantage innovative business models, and whether reporting expectations are transmitted through commercial relationships as well as regulation.
- Innovation: distinguish between wasteful bespoke compliance systems and productive investment in reusable data capability. Harmonisation may reduce switching and integration costs, but prescriptive standards can also freeze technology choices.
- Data quality: reuse is beneficial only where definitions, timeliness, coverage and quality are fit for the new purpose.
- Privacy and cybersecurity: centralisation and reuse can create concentration risks and must be designed consistently with secrecy, consent, access and retention requirements.
- Government administration: agencies incur transition costs to build inventories, harmonise definitions and redesign systems. These costs must be included in net-benefit analysis.

11.1 Competition assessment questions

Competition effects should be assessed separately from aggregate compliance cost. A requirement may appear modest on average while imposing a high fixed cost on entrants, challengers or firms operating across multiple jurisdictions.

For each material obligation, the Commission could examine whether compliance costs vary by firm size; whether incumbents can spread fixed systems and assurance costs across larger revenue bases; whether requirements favour vertically integrated firms; whether bespoke data requests impede switching; and whether a common standard would reduce or increase barriers to entry. Assessment should also consider whether reporting-related expectations imposed by large customers or financiers create de facto obligations for smaller firms.

Policy options should also be tested for dynamic competition. Prescriptive standards may improve comparability but can lock in particular technologies or service providers. Outcomes-based requirements may support innovation but increase interpretation and assurance costs. A considered design should therefore assess both short-run compliance savings and longer-run effects on entry, innovation and market concentration. Dynamic effects should be evaluated using evidence on switching costs, vendor dependence and the adaptability of reporting systems.

The pilot should include at least one indicator of entry or expansion effects, such as set-up cost, time to comply, reliance on external advisers, system switching cost or the proportion of compliance cost that is fixed rather than variable. Indicators should be reported separately for new entrants and existing firms to capture differences in scale economies and onboarding burden.

This approach is consistent with Counsell and Sin's emphasis on the dynamic channels through which regulation may affect long-run outcomes. These channels – fixed compliance costs bearing more heavily on smaller firms, process prescription affecting technology choice, uncertainty influencing investment timing – are plausible mechanisms to test, not effects that can be presumed for the reporting regimes considered in this submission. Any potential competition, innovation or dynamic-efficiency effects must be evidenced rather than assumed and should be assessed separately from directly attributable compliance costs.

International and domestic policy benchmarks

12.1 Australia

The Office of Impact Analysis states that new regulation or changes to regulation must quantify regulatory costs using the Regulatory Burden Measurement (RBM) Framework, with regulatory burden estimates accompanying impact analyses. The activity-chain method extends RBM attribution by making indirect and induced activity visible, but does not replace RBM categories or expand the definition of regulatory cost. The proposed activity-chain method should extend and operationalise this existing discipline rather than create a parallel framework. It provides a way to attribute indirect activity and duplication within the RBM structure, improving consistency and transparency.

12.2 Productivity Commission precedents

The Commission's 2007 Performance Benchmarking of Australian Business Regulation report found that benchmarking compliance burdens was technically feasible but methodologically complex, and recommended a limited and targeted programme that could learn by doing. It identified compliance activities, delays, uncertainty, duplication and inconsistency as relevant dimensions of burden. This supports a staged pilot rather than immediate government-wide implementation. The proposed pilot follows this precedent by focusing on a small number of materially different regimes and publishing comparable results.

The Commission's annual reviews of regulatory burdens on business were expressly directed at improvements producing net benefits to business and the community without compromising underlying policy goals. The proposed burden-and-value framework adopts the same discipline: simplification should preserve the objective and information value of reporting. This aligns burden reduction with policy integrity rather than treating it as an end in itself.

The Commission's 2023 five-year Productivity Inquiry emphasised competition, dynamism and the business environment for productive investment. For this inquiry, that suggests examining whether reporting design creates fixed-cost advantages for incumbents, barriers to entry or constraints on innovative business models, not merely measuring average administrative cost. This reinforces the need to test potential dynamic effects empirically, recognising that such mechanisms are plausible but not established for Australian reporting regimes.

12.3 United Kingdom

The UK Better Regulation Framework is intended to ensure regulatory provisions are efficient, proportionate and evidence based. It uses options assessment, impact assessment and post-implementation review, and includes scrutiny of wider effects and small and micro business impacts. Relevant lessons are early alternatives analysis, independent scrutiny and planned evaluation. The UK experience highlights the value of structured evaluation cycles and transparent publication of assumptions.

12.4 New Zealand

New Zealand offers two relevant benchmarks. First, its regulatory stewardship approach emphasises proactive monitoring and continuing responsibility for regulatory-system performance. Second, analysis published by the New Zealand Ministry for Regulation distinguishes compliance costs from distortionary costs. Counsell and Sin (2026) describe distortionary costs as foregone social value where regulation changes incentives or market outcomes, including through competition, investment, innovation and price-signal channels. These effects concern activity that does not occur and are therefore difficult to observe. Their work does not establish that similar effects exist within Australian business reporting regimes. The lesson for this inquiry is methodological: a complete evaluation should test both directly attributable reporting activities and any credible wider effects, while weighing all identified costs against the regulation's benefits and information value, and keeping any wider effects analytically separate from directly attributable reporting costs.

12.5 OECD

OECD work on regulatory impact assessment and burden simplification supports systematic ex ante analysis, evaluation and attention to procedural complexity. International material should be used as a design benchmark, not evidence that a specific Australian reform will produce the same result. The key contribution is methodological discipline: clear attribution, documented assumptions and evaluation of both costs and information value.

12. Reform options and safeguards

Table 10. Reform options with safeguards to protect data quality, confidence and policy objectives

Option	Potential benefit	Risk or trade-off	Necessary safeguard
Government data reuse	Reduces repeated collection and reconciliation.	Data may not be fit for purpose; privacy and security risks.	Purpose, quality, authority and access assessment.
Common definitions and standards	Improves interoperability and reduces translation.	Different policy purposes may require legitimate differences.	Harmonise only where objectives and concepts materially overlap.
Risk-based assurance	Targets effort to material risk.	Lower assurance may reduce confidence or comparability.	Transparent criteria, escalation triggers and outcome monitoring.
Frequency reduction	Cuts repeated cycles.	Information may be less timely.	Evidence about users' decision cycles and risk.
Thresholds or simplified pathways	Reduces disproportionate SME burden.	Cliff effects, avoidance and information gaps.	Phase-ins, anti-avoidance review and supply-chain monitoring.
Periodic review and sunset mechanisms	Prevents burden accumulation and tests continued need.	Review itself consumes resources and can create uncertainty.	Proportionate review schedule and stable evaluation criteria.

The reform options are therefore conditional: each can reduce burden only if supported by safeguards that preserve data quality, information value, accountability, comparability and legitimate policy objectives. Safeguards ensure that simplification does not weaken risk detection or transparency, and that burden reduction targets avoidable activity rather than necessary controls, governance or assurance. Reform options should be tested empirically and adopted only where evaluation demonstrates net benefits.

13.1 Options for the Commission

Table 11. Commission pathways for sequencing evidence-building, reform testing and broader implementation

Option	Description	Assessment
Option 1: foundational inventory and guidance	Establish the reporting inventory, reuse-before-collection test and common evaluation guidance without immediate regime redesign.	Low implementation risk and creates a baseline. Benefits may be slow and duplication remains until specific regimes are reviewed.
Option 2: targeted pilot and evaluated reform	Apply the full activity-chain and information-value framework to three contrasting regimes, trial selected reforms and publish results.	Balances evidence quality, pace and cost. Recommended option. Provides empirical attribution and tested reform options before any broader mandate.
Option 3: priority-domain harmonisation	Select a high-overlap data domain and mandate common definitions, identifiers and machine-readable exchange across participating agencies.	Could produce earlier savings, but transition, privacy and data-quality risks are higher without a baseline. Best pursued only once inventory and attribution evidence are available.
Option 4: broader government-wide mandate	Require all major regimes to undertake activity-chain assessments and periodic reviews on a fixed timetable.	Provides comprehensive coverage but risks creating a new compliance process before the method is validated. High risk of premature scaling without tested metrics or allocation rules.

The option analysis supports a staged approach: begin with evidence-building and targeted reform testing before moving to broader mandates. This sequencing reflects Productivity Commission precedent – learn by doing, validate the method, then scale. The preferred approach is Option 2: a targeted pilot supported by a foundational inventory, followed by scaling only where evaluation demonstrates net benefits. This ensures that reform is guided by observed burden, information use and documented attribution, not assumptions or untested multipliers.

Implementation proposal

Phase 1: establish baseline and pilot

- Lead: Department of the Treasury with the Office of Impact Analysis and participating regulators.
- Timing: commence within 12 months of the Government response to the inquiry.
- Scope: three regimes selected to vary by policy objective, entity coverage, reporting frequency and assurance model.
- Outputs: public methodology, burden and utility baseline, field-level duplication map, reform options and sensitivity analysis. Baseline should include documented attribution rules and allocation methods to ensure consistency across regimes.
- Attribution rules should be published and applied consistently across regimes to avoid over-attributing ordinary business activity.

Phase 2: test reforms

- Co-design changes with reporting entities, information users, SMEs, assurance providers, software vendors and civil-society stakeholders.
- Trial at least one data-reuse or harmonisation intervention and one assurance or frequency intervention.
- Collect pre- and post-change measures of hours, expenditure, timeliness, error rates, user access and decision utility. Evaluation should distinguish necessary risk-management activity from any avoidable duplication or assurance layering, recognising that such organisational responses are plausible mechanisms rather than established effects and must be tested empirically.

Phase 3: scale only proven approaches

- Publish evaluation results and independent methodological review.
- Adopt common standards only where benefits exceed transition and ongoing costs.
- Integrate proven activity-chain measures into OIA guidance and agency stewardship processes. Scaling should occur only where attribution evidence demonstrates net social benefit, preserved information value and no material loss of transparency, comparability or risk-detection capability.

Decision gate 1 should confirm the selected regimes, baseline methodology and stakeholder panel before data collection. Decision gate 2 should select reforms only where the baseline identifies material, avoidable cost or weak information use. Decision gate 3 should determine whether to scale, modify or discontinue each intervention after evaluation. Each gate should publish criteria and assumptions to support transparency and replicability.

Governance and evaluation

A steering group should include the Department of the Treasury, the Office of Impact Analysis, participating regulators and an independent evaluation adviser. A reference panel should include reporting entities of different sizes, information users, assurance providers, software vendors and civil-society representatives. The methodology, assumptions and de-identified results should be published.

Core outcome measures should include recurring hours and expenditure, one-off transition cost, reporting delay, error and rework rates, duplicate data fields, number of assurance layers, user access and decision relevance, SME incidence, and any identified competition or privacy effects. Outcome measures should be reported separately for implementation and steady-state periods to avoid conflating transition cost with ongoing burden.

The evaluation should present three analytically separate results: directly attributable reporting costs; demonstrated information value and regulatory benefits; and any wider effects on competition, investment, innovation, delay or organisational flexibility for which a credible counterfactual can be established. These wider effects must be tested empirically, kept analytically distinct from compliance cost and interpreted cautiously to avoid assuming distortionary impacts or double-counting. This separation ensures that dynamic-efficiency mechanisms are identified only where evidence supports them.

13. Recommendations

The recommendations are organised in three stages. The first establishes the measurement and evaluation architecture needed to generate reliable evidence. The second embeds that evidence into regulatory decision-making. The third applies the resulting evidence to reform reporting systems where net benefits can be demonstrated. This sequencing reflects the central proposition of this submission: measure reporting burden comprehensively, compare it with demonstrated information value, and redesign it only where policy objectives can be achieved at lower total social cost.

Foundational measurement reforms

Recommendation 1: establish a common burden-and-value measurement protocol

The Office of Impact Analysis, in consultation with the Department of the Treasury and relevant regulators, should develop a common protocol for measuring reporting burden and information utility. The protocol should include measures of direct and indirect costs, attribution, information access, information use, decision relevance, duplication, assurance activity, behavioural effects and unintended consequences, recognising that such effects are plausible mechanisms rather than established outcomes and must be tested empirically. It should require publication of assumptions, ranges and sensitivity analysis where estimates are uncertain.

The protocol should become the standard measurement framework for evaluating major non-financial reporting regimes and should clearly distinguish between directly attributable reporting costs, demonstrated information value and any wider behavioural or capability-reducing effects that are plausible mechanisms rather than established outcomes. Any such effects must be tested empirically and kept analytically separate from compliance cost.

Recommendation 2: pilot full activity-chain assessment

The Australian Government should conduct a 12-month pilot across three materially different non-financial reporting regimes using the common measurement protocol.

The pilot should estimate direct and attributable indirect costs, information use, duplication, assurance activity, SME impacts and reform opportunities. Publish results using a common methodology. Success

should be assessed through the production of comparable baselines, identification of material duplication or weak-value activities, and evaluation-quality evidence on at least two tested reform options.

Recommendation 3: create a whole-of-government reporting inventory

The Department of the Treasury should coordinate a public inventory of major Commonwealth non-financial business reporting obligations.

The inventory should record purpose, statutory basis, responsible agency, covered entities, data fields, definitions, frequency, assurance requirements, intended users and review dates. The inventory should support burden measurement, harmonisation analysis, reuse opportunities and periodic reviews.

Recommendation 4: implement scheduled burden-and-value reviews

Major reporting regimes should be reviewed at least every five years, or earlier following substantial expansion.

Reviews should assess purpose, information use, data quality, direct and indirect costs, duplication, assurance arrangements, SME impacts and reform opportunities. Reviews should follow the common burden-and-value measurement protocol and publish assumptions, ranges and sensitivity testing.

Evaluation and decision-making reforms

Recommendation 5: implement a reuse-before-collection test

For any new or expanded reporting obligation, agencies should demonstrate why existing government-held data cannot be reused before proposing new collection requirements.

Assessment should include legal feasibility, technical feasibility, data quality, timeliness, coverage and the incremental costs associated with new collection. Results should be incorporated into impact analysis and published alongside final decisions.

Recommendation 6: assess wider effects separately from compliance costs

Major reporting reviews should separately examine potential wider effects on competition, market entry, investment, innovation, organisational flexibility and implementation delays where plausible mechanisms and measurable outcomes exist.

Evaluate these effects independently of direct reporting costs, supported by stated counterfactuals and weighed against demonstrated information value and regulatory benefits. These wider effects are plausible mechanisms rather than established outcomes and must be evidenced rather than assumed. Do not transfer estimates or multipliers from unrelated regulatory settings to business reporting without representative evidence.

Reporting-system reforms

Recommendation 7: harmonise overlapping definitions and standards

Where reporting objectives materially overlap, responsible agencies should develop harmonisation plans covering definitions, identifiers, metadata standards and machine-readable exchange mechanisms.

Implementation should proceed only where evidence demonstrates that harmonisation would reduce duplication or reconciliation costs without materially reducing information quality, regulatory utility or accountability.

Recommendation 8: rationalise duplicate assurance requirements

Agencies should identify circumstances where materially similar information is subject to multiple assurance processes and assess opportunities for mutual recognition, coordinated testing or shared evidence approaches.

Any retained duplication should be supported by a distinct risk, legal requirement or demonstrable user need. Review assurance arrangements as part of regular burden-and-value assessments.

Recommendation 9: develop proportionate pathways for SMEs

All major reporting reviews and new reporting proposals should include a dedicated assessment of SME impacts, including direct compliance costs, supply-chain pass-through effects, competitive impacts and threshold effects.

Where evidence shows disproportionate burden relative to information value, agencies should consider simplified reporting pathways, staged implementation, standardised templates or other proportionate approaches, while preserving the information needed to achieve policy objectives and avoiding cliff effects, burden transfer or reduced data quality.

14. Specific matters for the Commission to examine

1. Whether the current Regulatory Burden Measurement Framework captures the material upstream and downstream activities needed to produce credible non-financial information. This includes testing whether indirect activity can be consistently attributed across regimes.
2. Which regimes or data domains show the strongest prima facie evidence of duplicate collection, reconciliation or assurance. Evidence should distinguish necessary risk-management activity from avoidable duplication.
3. How reporting information is accessed and used, and whether low-use fields can be removed, sampled or collected less frequently. Assessment should rely on documented information-use evidence rather than assumed use.
4. How statutory exemptions interact with supply-chain data requests and finance or procurement requirements imposed on SMEs. This should include analysis of de facto obligations transmitted through commercial relationships.
5. Whether common identifiers, definitions and metadata could enable safe reuse across agencies. Testing should include transition cost, data-quality and privacy implications.
6. What institutional owner should maintain an inventory and coordinate cross-agency simplification. Ownership should include responsibility for scheduled reviews, harmonisation plans and assurance mapping.
7. What pilot evidence would be required before embedding activity-chain assessment in government-wide guidance. Criteria should include comparability, attribution quality, information-value evidence and evaluation of tested reforms.

8. Whether and how reporting reviews should identify potential distortionary effects without conflating them with directly attributable compliance costs or assuming an economy-wide productivity impact.

15. Limitations

1. The submission does not present original representative survey data.
2. The case studies are illustrative and may reflect selection bias.
3. Information value can be difficult to monetise and may accrue to parties other than the reporting entity.
4. Attribution is challenging where reporting and internal management systems are integrated. Indirect activity may therefore be estimated with ranges rather than point values.
5. International models operate in different legal and institutional settings. They provide design lessons, not transferable empirical estimates.
6. The New Zealand distortionary-cost analysis concerns regulation generally. It provides a conceptual and methodological benchmark, not evidence that Australian reporting obligations have caused distortionary effects or that estimates from other regulatory settings are transferable.
7. The proposed worked multiplier is illustrative and must not be treated as an empirical estimate. It demonstrates method only; actual ratios require regime-specific measurement.

16. Conclusion

Existing burden measures tend to make preparation and submission visible while leaving upstream data work, controls, governance, assurance, remediation and maintenance less visible. The evidence reviewed in this submission does not establish a universal multiplier or an economy-wide productivity effect. It does establish that indirect reporting effort is sufficiently plausible, potentially material and poorly measured to warrant systematic investigation. The absence of consistent attribution and information-use evidence is itself a policy gap.

The distinction between compliance and distortionary costs sharpens the reason for the proposed pilot. Direct reporting costs can be measured through attributable activities and resource use. Wider effects on competition, investment, innovation or organisational flexibility require separate evidence, credible counterfactuals, and careful comparison with regulatory benefits. These wider effects are plausible mechanisms rather than established outcomes, and the submission does not import estimates from other regulatory settings or treat organisational process growth as proof of productivity loss.

The Commission has several options. It could begin with an inventory and guidance, conduct a targeted pilot, pursue priority-domain harmonisation, or recommend a broader government-wide mandate. This submission recommends a staged pathway: establish the inventory, conduct a three-regime pilot, test selected reforms, and scale only approaches that demonstrate net benefits while preserving data quality, accountability, transparency and risk management. This sequencing reflects Productivity Commission precedent: validate the method, test reforms, then scale.

This is a considered reform agenda rather than a case for indiscriminate deregulation. Its purpose is to improve the efficiency and value of reporting by identifying where information is used, where effort is duplicated, where assurance is proportionate, and where reporting design affects SMEs, competition and innovation. The author-developed concepts provide testable explanations for how burden may

accumulate, but the practical recommendations stand independently of those concepts. They offer hypotheses to guide empirical work, not assumptions for policy design. The agenda strengthens both regulatory effectiveness and administrative efficiency by aligning reporting effort with demonstrated information use.

The inquiry therefore presents an opportunity not merely to simplify reporting, but to establish a common evidence base for understanding what information is used, what it costs to produce, and whether public objectives can be achieved at lower total social cost. The proposed pilot would provide that evidence and allow future reform to proceed on measured outcomes rather than assumptions.

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Annex A. Emerging research directions

Purpose and status

This annex preserves the submission's original conceptual contribution while clearly separating it from the evidentiary basis for the recommendations. The concepts below are proposed research hypotheses. They are not relied upon as proof of economy-wide productivity effects, and acceptance of them is not necessary to support the submission's practical reform proposals.

Their purpose is heuristic: to identify structural and behavioural mechanisms that may help explain why reporting-related activity can expand over time, even when formal obligations remain stable. Each concept is designed to be testable through process mapping, attribution analysis, assurance records and longitudinal evidence.

Organisational Capability Sclerosis

Organisational Capability Sclerosis describes a hypothesised reduction in organisational flexibility arising from cumulative procedural growth, increasing defensibility requirements and expanding compliance infrastructure. It narrows the earlier formulation of Democratic Capability Sclerosis to the organisational mechanism relevant to this inquiry. It does not imply that democratic institutions or the economy as a whole have been shown to experience such an effect.

A test of this hypothesis would examine whether the accumulation of reporting-related processes is associated with slower decision cycles, reduced managerial discretion, higher approval density or displacement of operational and improvement activity, while controlling for risk, organisational scale and other regulatory responsibilities.

Regulatory Dark Matter

Regulatory Dark Matter refers to the hidden, unmandated structures, routines and cognitive patterns that accumulate around formal regulatory obligations and shape system behaviour without appearing in statutory design, organisational charts or conventional burden estimates. It includes both operational artefacts (such as templates, checklists, additional sign-offs, shadow data sets, parallel reconciliations and locally imposed workflow controls) and deeper architectural phenomena such as inherited decision logics, legacy interfaces, epistemic hierarchies, structural drift, cumulative effects and unowned risks.

These elements emerge as organisations interpret, defend and operationalise formal obligations, often in response to uncertainty, scrutiny or capability constraints. Although individually rational, they can collectively distort regulatory action, reduce intelligibility, and generate architecture-level failure modes that regulators cannot readily perceive due to behaviour-centric role-identity inheritance.

The concept extends administrative-burden, institutional and audit-society literatures by focusing on the invisible organisational and architectural structures created in response to external reporting expectations and regulatory density. Empirical work should distinguish necessary risk-management practices from avoidable duplication, identify how each activity is incrementally attributable to the underlying obligation, and assess how dark-matter accumulation contributes to system drift, cumulative effects and the need for system-centric stewardship.

Quiet Narrowing

Quiet Narrowing is a proposed behavioural mechanism through which organisations progressively increase controls, documentation, governance review and assurance activity in response to scrutiny and demands for defensibility. It seeks to explain why reporting-related effort may continue to expand even when a formal obligation remains relatively stable.

Testing this hypothesis would require comparing changes in formal requirements with changes in internal processes, approval layers and assurance effort over time, supported by documented counterfactuals and attribution registers.

The Assurance Engine

The Assurance Engine describes a reinforcing sequence in which greater visibility increases sensitivity to anomalies and exceptions, which can trigger additional scrutiny, controls, documentation and assurance. Those responses can create still greater visibility and further review. The model offers a possible explanation for assurance layering, but requires empirical validation using process maps, assurance records and longitudinal cost data.

Relationship between the models

Taken together, the concepts suggest a testable sequence. A formal obligation moves through macro, meso and micro levels under the Rosetta Hypothesis. Regulatory Dark Matter may form as organisations translate the obligation into local controls and artefacts. The Assurance Engine may reinforce those controls as exceptions attract scrutiny. Quiet Narrowing describes the possible behavioural reduction in discretion and option space, while Organisational Capability Sclerosis describes a possible longer-term capability effect.

This sequence is a research proposition, not a demonstrated causal chain. Each mechanism should be tested independently and comparatively across regimes, entity sizes and assurance models.

Future research agenda

- Estimate regime-specific reporting burden ratios using representative samples and transparent attribution rules.
- Measure assurance layering and identify where multiple reviews address materially distinct risks or repeat substantially the same work.
- Trace supply-chain transmission of data requests to entities outside statutory reporting thresholds.
- Test whether reporting-related activity displaces operational, innovation or improvement capacity, rather than assuming one-for-one displacement.
- Measure information access, use and decision relevance alongside burden, so that simplification options preserve high-value reporting.
- Map macro, meso and micro changes over time to test the Rosetta Hypothesis and identify where burden is generated.

- Compare organisations and regimes to identify the conditions under which Quiet Narrowing, Regulatory Dark Matter and the Assurance Engine are more or less likely to arise.
- Develop attribution registers and process maps to distinguish necessary risk-management activity from avoidable duplication or defensibility-driven responses.
- Assess dynamic competition effects, including fixed-cost incidence, technology lock-in and switching costs associated with reporting design.

The research design should use pre-specified measures, comparison groups where feasible, longitudinal evidence and sensitivity analysis. Findings should be reported independently of the terminology used to describe the proposed mechanisms. Results should be published with ranges, assumptions and documented allocation rules to support comparability across regimes.