The Law Society OF NEW SOUTH WALES

Our ref: BLC/RIC:RMsh081026

8 October 2026

Business Reporting Requirements Inquiry
Productivity Commission

Via portal

Dear Sir/Madam,

**PRODUCTIVITY COMMISSION INQUIRY INTO BUSINESS REPORTING**

The Law Society of NSW appreciates the opportunity to provide feedback on the Productivity Commission's *Business reporting requirements* call for submissions paper. The Law Society's Business Law Committee and Rural Issues Committee contributed to this submission.

**General comments**

The Law Society represents solicitors across metropolitan, regional, rural and remote (**RRR**) communities. Our members advise clients in a broad range of industries and at all stages of the business lifecycle, giving them direct insight into the practical operation of regulatory and reporting requirements affecting Australian businesses. Those who manage legal practices also bring first-hand experience of meeting these requirements within their own businesses.

We support effective regulation and recognise the important public interests served by reporting obligations and the associated compliance requirements. Our members have found, however, that fragmented, duplicative or difficult-to-navigate requirements can disproportionately burden small businesses, which must often accommodate new reporting and information-management work within existing operations. This may divert attention and resources from productive activity and constrain growth without a corresponding improvement in regulatory outcomes.

Legal practices in RRR areas provide an instructive example of these pressures. Many are small or medium-sized businesses, although the applicable definition varies between regulatory regimes.[1] They may provide a wide range of legal services with a small number of practitioners and support staff, limited access to specialist compliance assistance and little capacity to redistribute additional work. Their experience is relevant both because they are regulated businesses and because they advise local clients encountering similar requirements.

Consistently with the Law Society's longstanding advocacy for reforms that reduce unnecessary regulatory burden, including burden arising from duplicative and overlapping reporting requirements,[2] this submission

[1] As discussed further under Information Request 6, regulatory regimes adopt multiple definitions and thresholds for 'small business'.
[2] Law Society of NSW, *Review of small business experiences with regulatory policymaking* (Submission to the NSW Small Business Commissioner, 10 July 2024), online, https://www.lawsociety.com.au/sites/default/files/2024-07/Letter%20to%20Small%20Business%20Commissioner%20-%20Discussion%20Paper%20%E2%80%93%20Review%20of%20small%20business%20experiences%20with%20regulator

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considers the impact of non-financial reporting requirements on small businesses generally. It addresses Information Requests 4, 5 and 6, focusing on requirements beyond payment times, sustainability and environmental, and workplace gender equality reporting considered under Information requests 1 - 3. It draws on our members' experience advising business clients and operating legal practices, particularly in RRR communities. For this purpose, reporting burdens include the associated costs of collecting, verifying, retaining and providing information.

**Information Request 4 - Other non-financial reporting requirements**

Legal practices are subject to a broad range of regulatory reporting, information collection and record-keeping requirements arising under Commonwealth and State legislation. Our members identified the following requirements that contribute to the cumulative administrative burden on legal practices, particularly when the systems and processes needed to meet those requirements are considered. The concern is not with the necessity of these requirements, particularly trust-money requirements, which are crucial safeguards in legal practice, but with the resources required to collect, verify, maintain and provide information under multiple regulatory regimes concurrently:

- Anti-money laundering and counter-terrorism financing (**AML/CTF**) obligations, including customer due diligence – which may be extensive and require comprehensive inquiries and checks to be made, including beneficial ownership inquiries, reporting and record-keeping requirements;[3]
- Privacy-related record-keeping, data-breach assessment and notification, and requirements to provide information to regulators or affected individuals;[4]
- Revenue NSW reporting and lodgement requirements, including purchaser declarations, foreign-purchaser assessments, land-tax returns and transfer-duty documentation; [5]
- Foreign resident capital gains withholding processes, including applications for clearance certificates and the provision of supporting information;[6]
- Payroll and taxation obligations, including Single Touch Payroll, payroll tax and superannuation reporting requirements;[7] and
- Trust-money record-keeping, reconciliation, reporting and external examination requirements.[8]

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y%20policymaking%20-%2010%20July%202024.pdf; Law Society of NSW, *Regulatory Simplification - Report 813* (Submission to ASIC, 17 October 2025), online, https://www.lawsociety.com.au/sites/default/files/2025-11/Ltr%20to%20ASIC%20-%20Regulatory%20Simplification%20-%20Rep%20813%20-%2017.10.25.pdf; Law Society of NSW, *Reducing barriers to business dynamism in Australia* (Submission to the Productivity Commission, 3 July 2026), online, https://assets.pc.gov.au/2026-07/sub039-business-dynamism.pdf?VersionId=ghZjOCtl4mp5Auyr9NmL8WT1b0AAXtCl; Law Society of NSW, *Productivity Commission Inquiry: Creating a more dynamic and resilient economy* (Submission to the Law Council of Australia, 9 September 2025), online, https://www.lawsociety.com.au/sites/default/files/2025-10/PC%20Inquiry%20-%20Creating%20a%20more%20dynamic%20and%20resilient%20economy.pdf.

[3] *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth); *Anti-Money Laundering and Counter-Terrorism Financing Rules 2025* (Cth), s 6; ss 26C – 26, 26N - 26P; 28, 30, 32, 41, 43; 51B, 51E, 107, 108, 111, 114 and 116.

[4] *Privacy Act 1988 (Cth)*, pt IIIC, ss 26WH, 26WK - 26WL; sch 1, APPs 6, 10 - 11.

[5] See Revenue NSW, 'Documentary evidence and audit requirements' (updated 28 May 2026), online, https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/land-tax/lodge-return/update-land-tax-details; Revenue NSW, 'Lodge a land tax return' (updated 7 April 2026), online, https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/land-tax/lodge-return.

[6] *Taxation Administration Act 1953 (Cth)* sch 1, subdiv 14-D, ss 14-200, 14-210.

[7] Australian Taxation Office, 'Single Touch Payroll', online, https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/single-touch-payroll; Revenue NSW, 'Lodge and pay payroll tax returns', online, https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/payroll-tax/lodge-and-pay-returns; Australian Taxation Office, 'Get your super guarantee reporting right' (updated 16 March 2026), online, https://www.ato.gov.au/businesses-and-organisations/super-for-employers/setting-up-super-for-your-business/get-your-super-guarantee-reporting-right.

[8] *Legal Profession Uniform Law Application Act 2014* (NSW); *Legal Profession Uniform General Rules 2015*, pt 4.2; Law Society of NSW, *Trust Money and Fidelity Fund*, online, https://www.lawsociety.com.au/practising-law-in-NSW/trust-money-and-fidelity-funds.

Our members have reported that the costs of complying with reporting, information-collection and record-keeping requirements extend beyond individual transactions. Continuing costs are incurred in maintaining and adapting systems to identify applicable requirements, verify and retain records, obtain legal or accounting advice and repeatedly provide substantially similar identity, ownership, transaction and financial information to advisers, transaction platforms and government agencies.[9] These effects can be pronounced where related concepts are defined differently across regimes, reporting thresholds are inconsistent or information must be provided at different stages of the business lifecycle.[10] For RRR practitioners, the same structural issues arise in advising clients and operating their own practices. A single business transaction may require multiple prescribed forms, declarations, certificates and verification steps. For example, in a conveyancing matter, parties may need to provide and verify overlapping identity, ownership and, where relevant, residency or foreign-status information for electronic conveyancing and duties administration.[11]This increases professional costs, may delay completion and diverts attention from the commercial substance of the transaction.

In our members' experience, reporting-related compliance costs are heightened for small businesses without dedicated compliance personnel, where responsibility for implementing new reporting and information-management requirements falls directly on owners, managers or senior staff who are also responsible for core operations. In RRR legal practices, this often requires principals to absorb that work alongside legal work, client management, supervision and practice management.

The implementation of the expanded AML/CTF regime illustrates how compliance costs extend beyond the act of submitting information to a regulator. From 1 July 2026, legal practices providing designated services became subject to AML/CTF obligations including enrolment, development and maintenance of an AML/CTF program, which, among other things, requires the reporting entity to undertake risk assessments, carry out customer due diligence (which, depending on the matter, may be comprehensive and extensive), report to AUSTRAC and make and keep records to demonstrate compliance with the regime.[12] AUSTRAC has developed a program starter kit specifically for small legal practices with 15 or fewer personnel,[13] recognising that the legislative framework must be translated into practical systems suitable for practices without dedicated compliance staff. While that implementation assistance is welcome, feedback from our members indicates that the burden remains particularly acute for small and RRR practices. Reporting-related implementation costs include determining whether particular services are regulated, developing and maintaining risk assessments and policies, implementing and carrying out customer and beneficial-owner identification processes (some of which may not be recoverable from the client), training staff, adapting practice-management systems, determining whether

[9] For example, customer and beneficial-owner information may be required for AML/CTF customer due diligence; client identity and authority information is required for electronic conveyancing through property Exchange Australia (**PEXA**); and purchaser identity, foreign status and transaction information is required for Revenue NSW duties administration. See AUSTRAC, 'Initial CDD for body corporate, partnership or unincorporated association', online, https://www.austrac.gov.au/industry-and-business/obligations-and-guidance/your-amlctf-program/customer-due-diligence/initial-customer-due-diligence/initial-customer-due-diligence-guides-customer-type/initial-cdd-body-corporate-partnership-or-unincorporated-association and 'Determining ownership and control structures', online, https://www.austrac.gov.au/industry-and-business/obligations-and-guidance/additional-guidance/determining-ownership-and-control-structures; PEXA, 'Client Authorisations', online, https://help.pexa.com.au/s/article/Client-Authorisations and 'Verification of Identity', online, https://www.pexa.com.au/verification-of-identity/; Revenue NSW, 'Purchaser/Transferee Declaration: Individual' (Form ODA 076 I, May 2026), online, https://www.revenue.nsw.gov.au/help-centre/resources-library/forms/duty/oda076i.pdf, 'Purchaser/Transferee Declaration: Explanatory Notes and Supporting Evidence' (May 2026), online, https://www.revenue.nsw.gov.au/help-centre/resources-library/forms/duty/oda076en.pdf; and 'Documentary evidence and audit requirements' (updated 28 May 2026), https://www.revenue.nsw.gov.au/property-professionals-resource-centre/guides-rulings-cpns/topics/contracts-for-sale-of-land-and-transfers/supporting-evidence-audit-requirements.

[10] Above n 2, *Reducing barriers to business dynamism in Australia*.
discussing the cumulative costs arising from fragmented regulation, duplication of information requirements, inconsistent thresholds and differing renewal and reporting cycles across the business lifecycle.

[11] See above n 9, regarding the relevant PEXA and Revenue NSW requirements.

[12] Above n 3 (Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

[13] AUSTRAC, *Legal profession program starter kit: Getting started* (12 June 2026), explaining that the starter kit is designed for small legal practices with 15 or fewer personnel that provide designated professional services.

activity is unusual or suspicious, ensuring the practice meets its reporting and record-keeping requirements, undergoing independent evaluations and obtaining external advice where necessary. In addition, it is anticipated that some legal practices may also be required to pay a contribution levy, which is a levy that AUSTRAC reporting entities are required to pay to recover the costs of AUSTRAC's regulatory and financial intelligence functions.

**Information request 5 - Significant interactions between reporting requirements**

The principal concern identified by our members is not any single reporting obligation, but the cumulative effect of multiple overlapping obligations administered by different agencies. Information Request 5 seeks views on interactions of this kind. Our members have identified the following recurring issues.

*Duplication of information collection*

As discussed above, our members report that businesses may be required to provide and verify substantially similar information across multiple regulatory systems. The resulting burden is not confined to repeated data entry - differences in timing, format and evidentiary requirements may also require businesses and their advisers to revisit information already supplied. We suggest closer alignment between agencies and systems could reduce this duplication without compromising regulatory outcomes.

The Law Society therefore supports the consultation paper's proposal to explore whether information provided to one regulator could, with appropriate safeguards, be reused elsewhere. A coordinated approach to information collection and reporting across agencies could reduce transactional friction and uncertainty about whether previously supplied information remains current or satisfies the requirements of another regime.

*Impacts on small businesses, including in RRR communities*

Our members consider that the cumulative cost of duplicative and overlapping reporting and information requirements can affect small business decisions in ways that may not be apparent when each requirement is considered separately. They have observed that these costs may constrain investment and expansion, delay new ventures and impede restructuring, succession or exit.[14] The Law Society notes that the consultation paper raises a related question about the effect of combined reporting burdens on business strategy and participation. We support closer examination of that issue, particularly in relation to small businesses in RRR communities where limited access to specialist advisers and existing workforce constraints may compound the burden. For example, our members have consistently reported that small and RRR practices must generally absorb within existing operations the significant implementation work associated with the expanded AML/CTF obligations discussed under Information Request 4.

For legal practices, the diversion of principal and senior-practitioner time to reporting and information-management work may also affect the accessibility and cost of services available to local businesses and communities. These challenges arise against an established background of difficulty in recruiting and retaining legal practitioners in RRR areas.[15] Member feedback has identified areas with high vacancy and turnover rates, communities without locally based solicitors and practices that restrict workflows because they cannot attract or retain staff. Members have also reported that reliance on junior or temporary practitioners may not provide the continuity needed to build lasting client and community relationships. In that environment, new reporting

[14] Law Society of NSW, *Reducing barriers to business dynamism in Australia*, above n 2.
[15] Law Council of Australia, *HELP debt reduction and indexation relief for legal practitioners working in rural, regional and remote locations* (Position Paper, December 2023), online, https://lawcouncil.au/publicassets/b8db7833-bc93-ee11-948d-005056be13b5/LCA%20Position%20Paper%20-%20RRR%20HELP%20Debt%20Relief.pdf, 3 - 4; Law Council of Australia, *2026–27 Pre-Budget Submission* (6 February 2026), online, https://lawcouncil.au/publicassets/534791d4-f606-f111-94c3-005056acd090/4785%20-%20S%20-%202026%2027%20Pre-Budget%20Submission.pdf, 12 - 13.

requirements that demand substantial implementation or ongoing administration may compound existing capacity constraints. A practice may also find recruitment and retention more difficult if senior practitioners have less capacity to supervise and support new staff because increasing amounts of their time are occupied by reporting-related compliance and administration.

The consequences extend beyond the affected practice. Locally based solicitors contribute to access to justice and support the operation of regional economies. They advise small businesses, primary producers, community organisations and individuals on a broad range of legal matters. Firms also provide employment and contribute to school boards, charities, business forums and professional networks. Where a practice reduces services, delays appointments, declines particular work or closes because succession cannot be secured, the consequences are borne by the broader community.

**Information Request 6 - Reducing burdens arising from interactions between reporting requirements**

The Law Society considers that the greatest opportunities for reform lie in reducing unnecessary duplication. Consistently with our longstanding advocacy,[16] reform should focus on regulatory coherence, accessibility and proportionality across the business lifecycle. The objective is not to dilute legitimate regulatory protections, but to reduce avoidable cost and uncertainty where businesses must navigate multiple regimes directed to related risks or information.

*Adopt a "tell us once" approach*

The consultation paper raises a “tell us once” model, which the Law Society supports in principle. Under such a model, regulators should, wherever possible, draw on information already collected by other government agencies so that businesses are not required to provide substantially the same information repeatedly. Any such model should be underpinned by clear legislative authority and robust safeguards for privacy, data quality and information security, and should not compromise legal professional privilege or practitioners’ duties of confidentiality.

*Improve interoperability and digital integration*

The consultation paper asks whether greater interoperability, common reporting platforms and data standards could reduce reporting burdens. In the Law Society’s view, these options warrant further consideration particularly where they would simplify compliance processes and make reporting systems easier for small businesses to navigate. Any reforms should be workable for businesses that rely on external advisers or commercial software rather than bespoke systems.

*Harmonise definitions and reporting requirements*

A further source of complexity identified in the consultation paper is the use of inconsistent definitions and thresholds across reporting regimes. Our members have identified differing definitions of “small business” as a recurring example. Depending on the regime, small business status may be determined by different employee, turnover or other thresholds, making it more difficult for businesses and their advisers to identify the obligations, protections or concessions that apply.[17] In our view, there should be greater consistency where this is compatible with the policy objectives of the relevant regimes. Where uniformity is not appropriate, regulators should clearly explain the differences and provide coordinated guidance.

*Strengthen consideration of cumulative impacts*

[16] Above n 2.
[17] *Reducing barriers to business dynamism in Australia* and *Regulatory Simplification - Report 813*, above n 2.

Our members have expressed concern that the cumulative effect of new reporting and information-management obligations may not be sufficiently considered when individual regulatory proposals are assessed. As discussed under Information Request 4, the extension of the AML/CTF regime to designated services provided by legal practices illustrates the cumulative burden that can arise when a new reporting, due-diligence and record-keeping framework is added to an already complex regulatory environment.

The consultation paper asks whether existing regulatory-policy processes adequately address adverse interactions between reporting requirements. In response, the Law Society suggests that future regulatory impact assessments give greater weight to cumulative reporting-related compliance burdens, particularly for small and medium-sized businesses. In our view, the assessment should encompass the costs of understanding overlapping reporting obligations, adapting systems, collecting and verifying information, retaining records, training staff, obtaining professional advice and responding to multiple regulators. It should also consider the opportunity cost of diverting owner and senior-staff time from core business activities. Where affected businesses provide essential or difficult-to-replace services in RRR communities, the assessment should also consider potential effects on service capacity and continuity. This would provide a fuller account of how reporting requirements may affect business growth, restructuring and exit.

*Provide implementation support appropriate to small businesses*

Feedback from our members suggests that practical implementation support can reduce the cost and complexity of complying with reporting, information-collection and record-keeping requirements. Clear, practical guidance and fit-for-purpose tools may help businesses interpret those requirements and develop proportionate systems. Providing support sufficiently early would also allow businesses to budget, implement systems and train staff before commencement. Guidance could also usefully recognise that small businesses often rely on external advisers and commercial software providers rather than internal compliance teams. Coordination across related reporting regimes may further assist businesses to understand how overlapping requirements interact. This approach is consistent with the Law Society's previous support for consolidated, audience-focused guidance and streamlined regulatory interfaces.[18]

Any questions in relation to this letter should be directed in the first instance to Sonja Hewison, Policy Lawyer, on

Yours sincerely,

*pp.*
**Ronan MacSweeney**
President

[18] See above n 2, particularly *Regulatory Simplification - Report 813* and *Reducing barriers to business dynamism in Australia*.