



The Fragmentation Tax

How regulatory inconsistency is costing Australian retailers and households

Report prepared by Mandala for the Australian Retail Council

FEBRUARY 2026



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Note: All dollar figures are Australian dollars unless indicated otherwise.

Australian retailers face a patchwork of fragmented regulations that will cost \$26 billion over the next 10 years, along with higher prices and lower productivity

Australians are struggling with high prices while weak productivity growth reduces their wages and living standards. Addressing regulatory inconsistencies in one of the most systemic sectors and biggest employers in the economy – the retail sector – is a unique opportunity to help address both these challenges at once.

Prices are 23 per cent higher today than they were just five years ago. Housing costs are up 28 per cent. Transport costs are up 22 per cent. Health costs are up 24 per cent. Households have lost 14 years' worth of real income growth since 2020. Persistently weak productivity growth – which drives living standards and reduces inflationary pressure – underlies these challenges. Productivity growth in the last 10 years is the lowest it has been in more than half a century. It's now likely children will have a worse standard of living than their parents.

To support retail is to support the economy. The retail sector is the second largest employer in the country. It employs over 1.5 million Australians and generates \$649 billion of income for the Australian economy every year. The retail sector is highly systemic. It permeates throughout the economy and is a critical part of the supply chain for almost every business in Australia. This presents a significant opportunity: addressing problems in the retail sector is one of the biggest-bang-for-buck reforms the government can pursue.

Left unchecked, inconsistent state and territory regulations will cost the Australian economy \$26 billion and cost households \$9.4 billion over the next 10 years.

By any measure, the regulatory burden on Australian businesses has increased substantially. Over the last 10 years, the number of regulatory compliance roles in businesses has doubled, and the number of federal legislative instruments has also doubled.¹ People can debate whether these regulations are valuable or not, but there is little debate when it comes to the value of having inconsistent regulations between jurisdictions.

Regulatory inconsistencies mean retailers face unnecessary costs as they contort their business operations to deal with inconsistent approaches to regulation. It means a retailer transporting goods from one state to another may have to change trucks at the border. It means fleet managers must design elaborate delivery plans when neighbouring local councils have different delivery curfew regulations. It means national retailers need to procure different types of cups in different states to meet fragmented regulatory requirements. These costs fall disproportionately on small and medium retailers, which make up 99.5 per cent of retail businesses.

Areas for immediate reform are in transport and logistics, and in packaging and waste reduction regulations.

- **Transporting goods across Australia is a regulatory challenge.** Heavy vehicle standards, accreditation and permit processes, commercial vehicle standards, and fatigue management requirements are inconsistent. Harmonising these regulations alone would inject \$1 to \$1.3 billion into the economy over 10 years.
- **Packaging and waste reduction regulations are riddled with jurisdictional inconsistencies.** Container deposit schemes and bans on single-use plastics vary. Cleaning up these regulatory inconsistencies alone would add \$300 to \$350 million to the economy over 10 years.

The Federal Government should use its National Competition Policy framework to prioritise cross-jurisdictional reforms in the retail sector. To achieve this the Commonwealth Government should:

- Increase the National Productivity Fund by \$260M to support regulatory harmonisation
- Establish a National Harmonisation Council within the NCC to drive cross-jurisdiction decisions and delivery
- Deliver the first harmonised regulatory package within 12 months
- Mandate that Regulatory Impact Statements explicitly acknowledge and quantify fragmentation risks

¹ Based on Mandala complexity index using ALRC analysis.
Source: AICD (2025) *The cost of Commonwealth regulatory complexity*; Mandala analysis.



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Boosting productivity in retail will advance our national economic priorities

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Regulatory fragmentation is a handbrake on retail productivity that costs the economy \$2.6B per year

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To unlock retail sector productivity, governments should commit to a nationally coordinated harmonisation program

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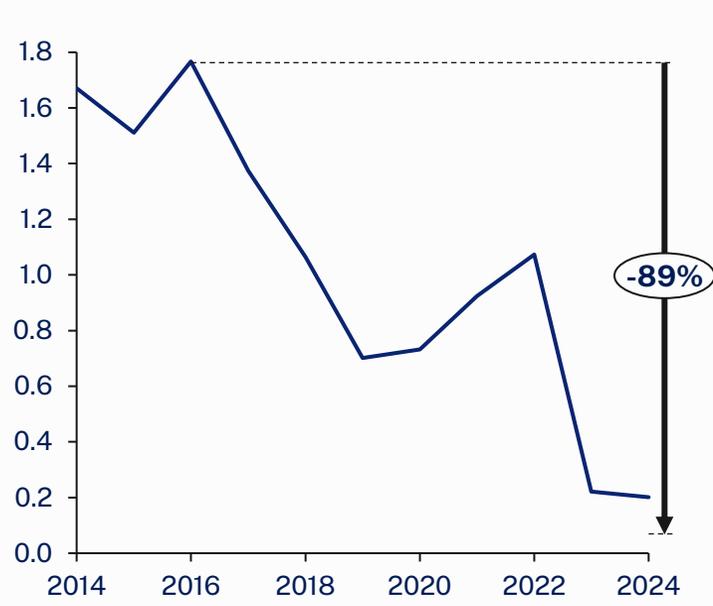
Appendix

Key priorities for governments around Australia include addressing declines in productivity, the cost of living, and unemployment

Productivity

Productivity growth has fallen sharply over the last decade. This means less real economic growth for Australia and slower improvements to living standards.

5-year average growth rate (%) in labour productivity, FY2015-2024



Cost of living

Cost of living pressures have increased. Inflation has eroded Australians' purchasing power, real household incomes have fallen to around 2011 levels.

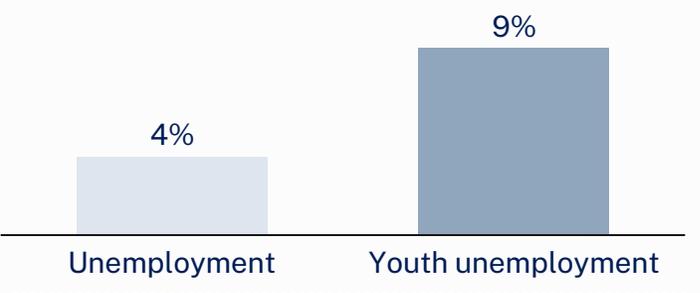
Index of real income, 2010-2025



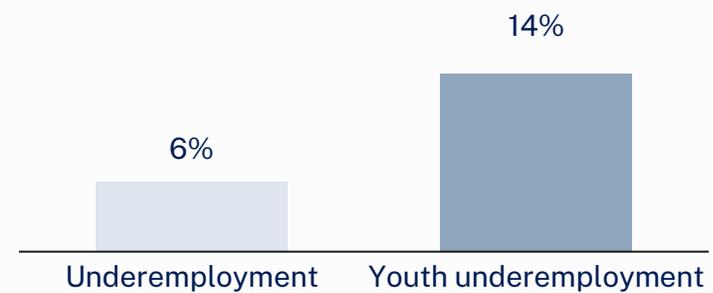
Employment

Youth are twice as likely to experience unemployment and underemployment,¹ which undermine their skill development and future career trajectories.

Unemployment rates (%), Dec 2025



Underemployment rates (%), Dec 2025



¹ Youth are defined as persons aged 15-24.

Source: ABS (2025) Key National Accounts Aggregates; ABS (2025) Wages; Department of Employment and Workplace Relations (2026) Data Dashboard; Mandala analysis.

The retail sector can drive these priorities given its importance across the economy and as an employer



¹ The retail sector refers to Division G (Retail Trade) under the Australian and New Zealand Standard Industrial Classification (ANZSIC) system.

Source: ABS (2025) Australian Industry; ABS (2025) Counts of Australian Businesses, including Entries and Exits; ABS (2025) Australian National Accounts: Input-Output Tables; Mandala analysis.

Retail is a major driver of economic growth, generating \$649B in income annually

The retail sector is the second largest private sector industry in Australia by total income. In FY24, retail generated \$649 billion in income, behind only wholesale trade (\$782 billion) and ahead of construction (\$634 billion).

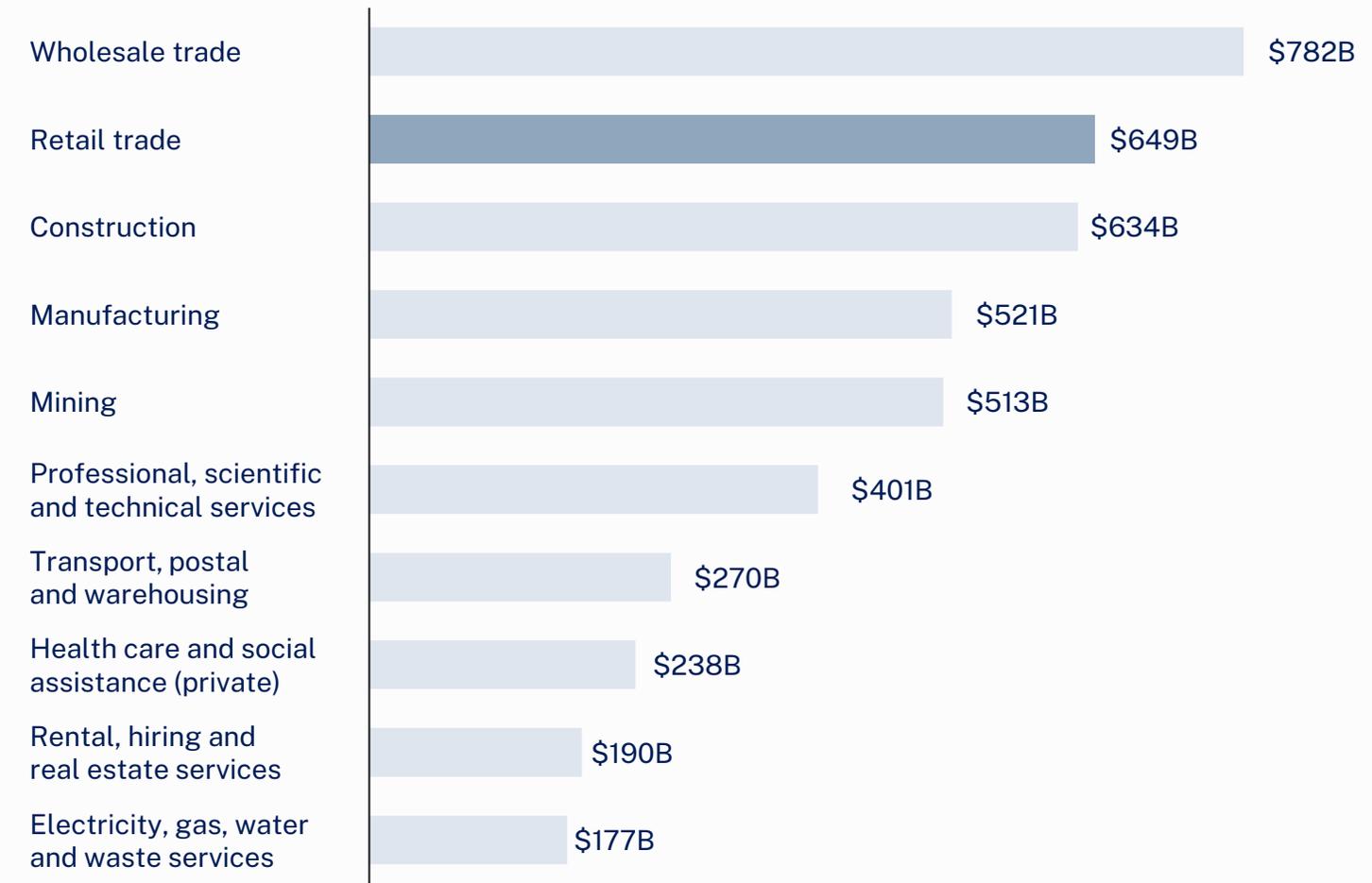
Retail also makes a significant direct contribution to the broader economy. In FY24, the sector generated \$124 billion in gross value added, accounting for approximately 6.6 per cent of gross domestic product.

Small and medium-sized businesses are central to this contribution. Of the approximately 80,000 employing retail businesses¹ in Australia, 99.5 per cent are SMEs with less than 200 employees. These businesses contribute \$64 billion to the economy – over half of the sector’s total economic contribution.

¹ Employing retail businesses are defined as those with at least one employee
 Source: ABS (2025) *Australian Industry*; ABS (2025) *Counts of Australian Businesses, including Entries and Exits*; Mandala analysis.

Ten largest private sector industries by total income

\$A, FY24



Source: ABS (2025) *Australian Industry*; Mandala analysis.

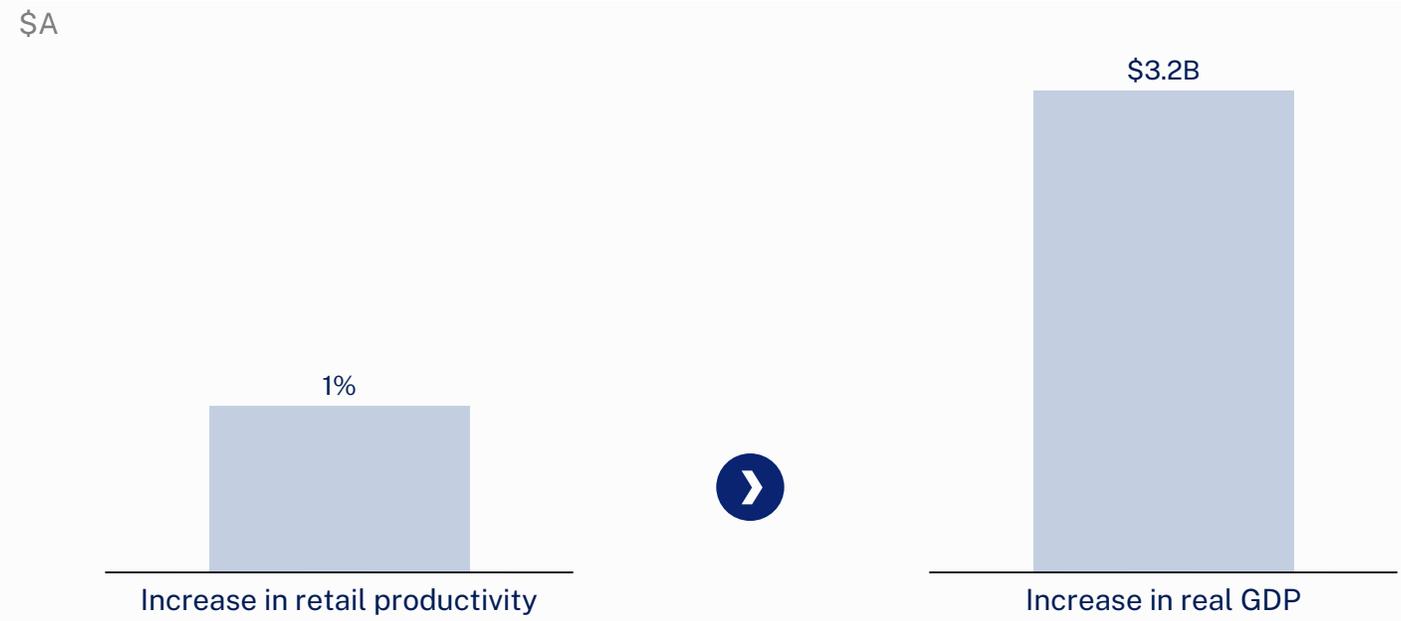
A 1% increase in retail productivity would lift real GDP of Australia by \$3.2B

Improving productivity in Australia's retail sector would deliver substantial, lasting benefits for households and the broader economy. A 1 per cent uplift in productivity, for example from reduced regulatory friction, better technology adoption, or streamlined operations, could lift real GDP by around \$3.2 billion per year, or more than \$32 billion over the next decade.

Because retail sits at the centre of most supply chains, productivity improvements can flow through to consumers via lower unit costs and prices. The 1990s Legislation Review Program illustrates a practical way to unlock such gains: systematically test existing rules against a clear public interest standard, and remove or streamline those that do not pass. As costs fall, households have more room to spend elsewhere in the economy, supporting broader activity.

Note: The annual values are discounted averages, calculated over a 25-year period using a 7% discount rate.
 Source: ACCC (2013) *Australia's experience driving economic growth through competition policy reforms speech*; Productivity Commission (2005) *Review of National Competition Policy Reforms*; Mandala analysis.

Average annual real GDP increase from a 1% increase in retail productivity



Impact on output

Retail productivity gains would flow through the wider economy, lifting output across multiple industries. A 1% improvement will raise Australia's real GDP by \$3.2 billion annually.

Note: Values show the difference from the baseline (no-shock) scenario.
 Source: Mandala analysis.

Increasing retail productivity would lead to \$1.3B annual household savings

A 1 per cent increase in retail productivity would lower unit costs, lowering prices for consumers and easing cost of living pressures. Nationally, this equates to around \$1.3 billion in annual household savings, or about \$115 per household - roughly half a week's worth of groceries.

This particularly benefits lower-income households. Retail spending is around 11 per cent of the average household budget, but lower-income households can spend up to 25 per cent of income on groceries alone. Because essentials take up a much larger share of their spending, the same price reduction delivers a larger boost to disposable income and living standards. As a result, the cost of living benefit for a low-income household can be up to five times larger than for a high-income household.

Source: ABS (2025) Australian National Accounts: Input-Output Tables; ABS (2025) Labour Force Status of Families; ABS (2025) Monthly Household Spending Indicator, Dec 2025; ACCC (2024) Higher grocery prices force many consumers to make sacrifices, ACCC hears; Mandala analysis.

Average savings to households from a 1% increase in retail productivity

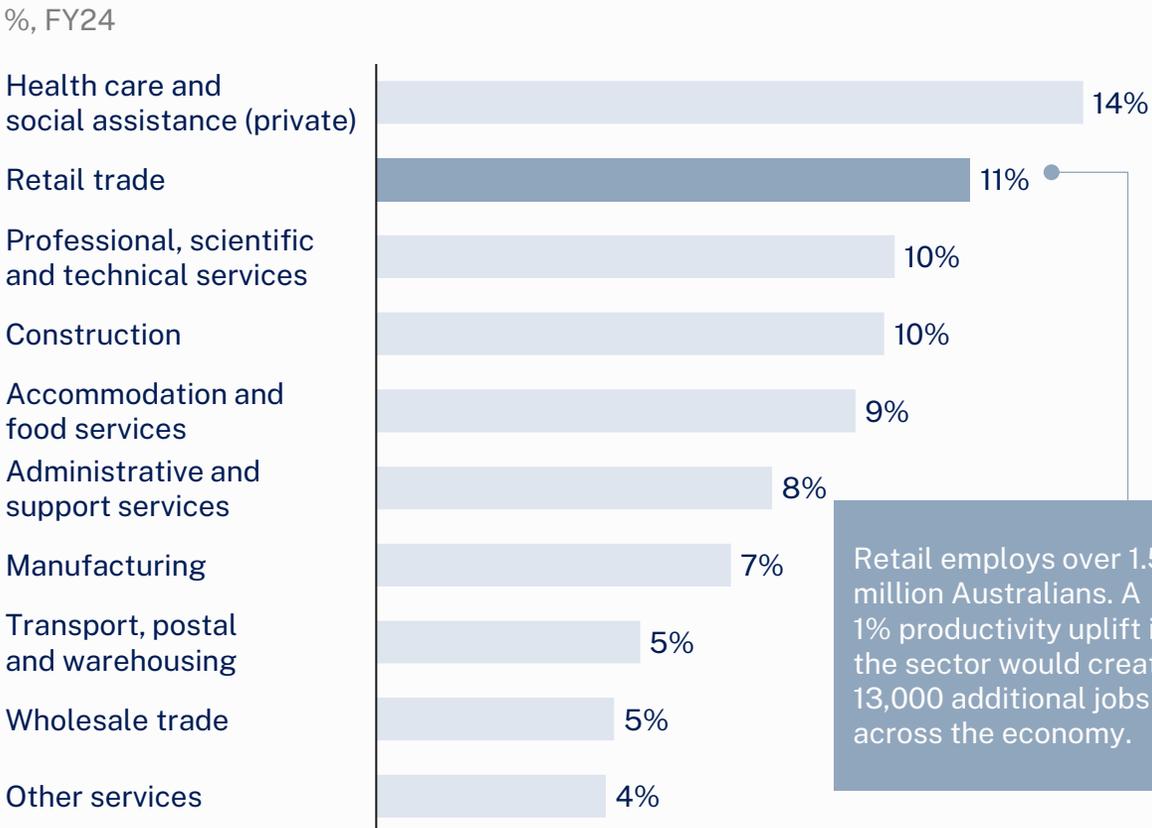


A 1% lift in retail productivity delivers ~\$1.3B in annual household savings, or about \$115 per household. The cost of living benefit for low-income households can be up to 5x larger.

Note: Values show the difference from the baseline (no-shock) scenario. Source: Canstar Blue (2025) What is the average grocery bill?; Healthylife (2025) Living healthy report; Mandala analysis.

Retail is the second largest private sector employer in Australia...

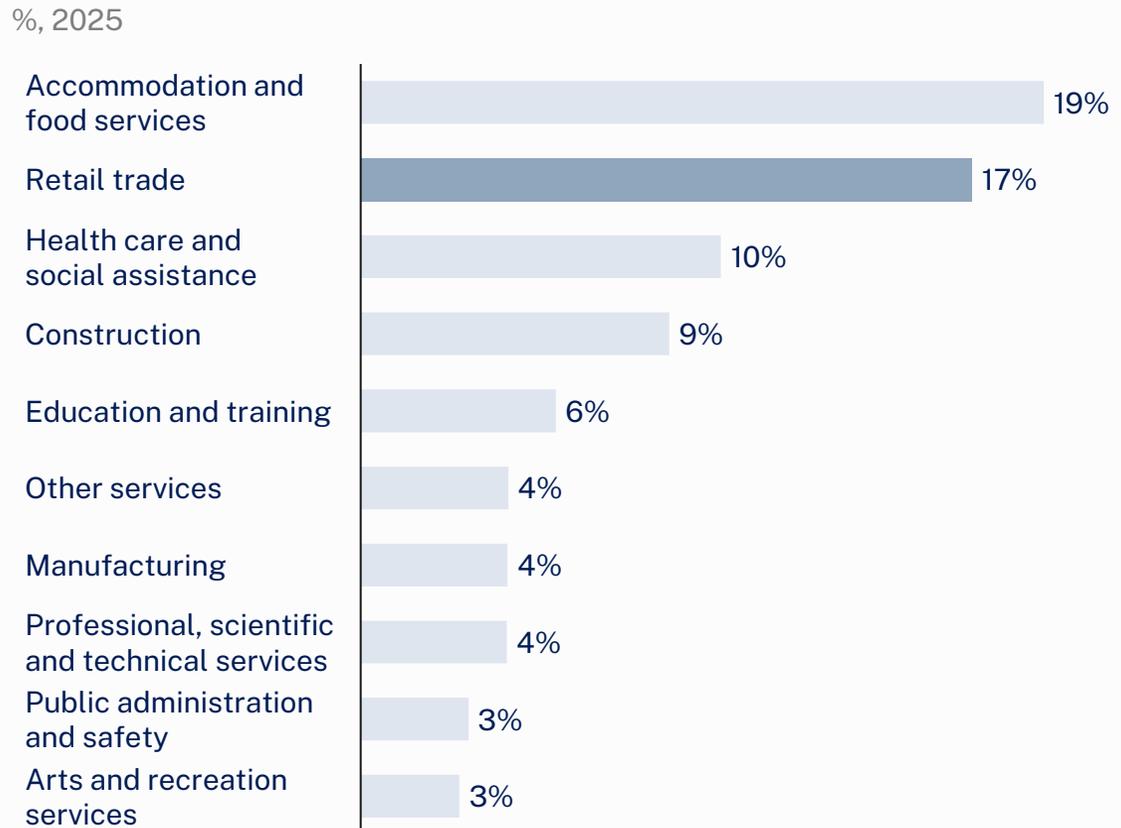
Ten largest private sector industries by share of employment



Note: Examples of Other Services include hairdressing and beauty services, religious services and machinery repair services.
 Source: ABS (2025) *Australian Industry*; Mandala analysis.

... providing 1 in 6 jobs for young Australians

Ten largest industries by share of youth employment (age 15–24)



Source: ABS (2025) *Labour Force, Australia, Detailed*; Mandala analysis.



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Appendix

Australian businesses face a significant compliance burden, growing to \$240 billion in 2025

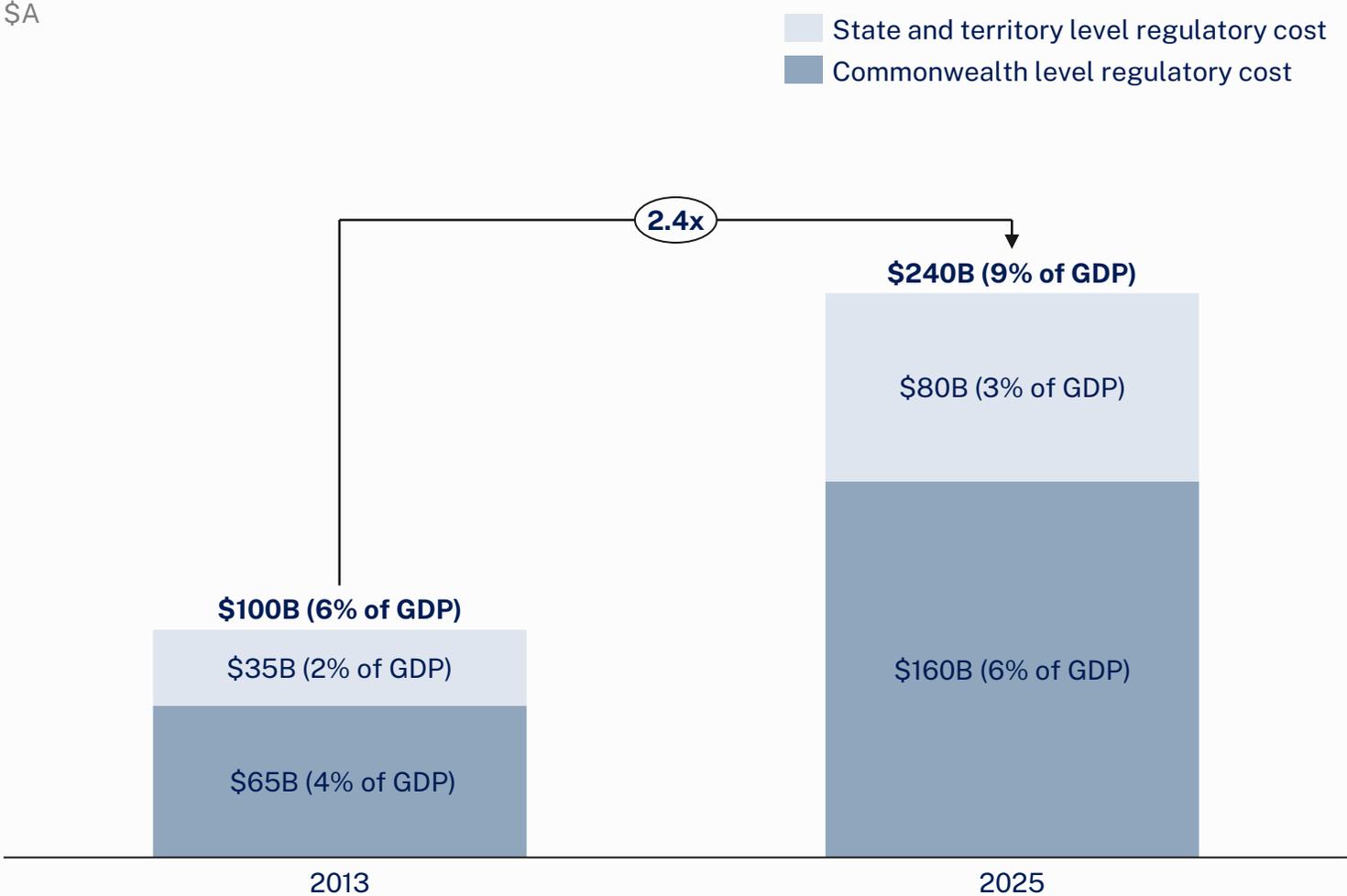
Australian businesses operate within a complex regulatory framework spanning Commonwealth, state and territory governments, imposing significant and fragmented compliance requirements on businesses. They must comply with overlapping rules, reporting processes and administrative requirements across jurisdictions, increasing operating complexity and costs.

Total regulatory costs to businesses are estimated to be \$240 billion in 2025, 2.4 times as high as in 2013. Federal regulatory costs account for approximately \$160 billion, with state and territory costs contributing a further \$80 billion.

Unnecessary compliance costs are a constraint on investment, innovation, and growth. Small and medium businesses are disproportionately affected by compliance costs.¹ Unlike their larger counterparts, they cannot spread fixed regulatory costs across large revenue bases, dedicate specialist in-house compliance staff, or absorb administrative complexity without diverting resources from core operations.

¹ Small firms spend less on compliance than medium-sized firms due to tiered regulatory requirements. Source: Trebbi et al (2023) The cost of regulatory compliance in the United States; Queensland Productivity Commission (2021) Improving regulation; Mandala analysis.

Estimated cost of complying with regulations for Australian businesses



Note: State and territory level regulatory costs include local government regulatory costs. Source: AICD (2025) The cost of Commonwealth regulatory complexity; Queensland Productivity Commission (2021) Improving regulation; Mandala analysis.

Regulatory fragmentation can be an unnecessary contributor to the burden of compliance

Dimensions of fragmentation (non-exhaustive)

DIMENSION OF FRAGMENTATION	Jurisdictional fragmentation between states, territories, and LGAs (<i>focus of this report</i>)	Fragmentation in the application of regulations based on business type or activity
<p>EXAMPLES (non-exhaustive)</p>	<p>Anecdotes from industry:</p> <ul style="list-style-type: none"> ▪ Source and supply cups made of different materials in different states to meet inconsistent single-use packaging requirements ▪ Increase resources dedicated to reporting five-fold to meet divergent CDS requirements ▪ Have different settings for fresh produce scales in each state to reflect the different weights of different packaging required in each state ▪ Stop running competitions and promotions in their stores due to the burden of having to apply for different permits in each state and local council area ▪ Navigate complex and overlapping registration processes for electrical equipment 	<p>Examples of regulations or proposals that apply differentially based on business type or activity include:</p> <ul style="list-style-type: none"> ▪ Cash acceptance rules that apply to physical shopfronts of certain retailers (e.g., fuel and grocery) over \$10M turnover during certain hours ▪ Mandatory ACCC product safety reporting requirements that apply to Australian retailers, but not to overseas retailers that sell directly to Australian consumers ▪ Different rules for tobacco point-of-sale display regulations for tobacconists and other retailers that previously existed in many states ▪ Regulations that apply differently depending on whether a sale is made through an online or offline channel (e.g., alcohol sales, tax requirements, potentially the proposed ex-ante or unfair trading practices provisions)

In all domains, there are instances where fragmentation is necessary to reflect genuine differences in risks or circumstances. For example, some differences in biosecurity requirements between states may reflect differences in the types of agricultural industries that exist in each state. In this report, we focus on examples of unnecessary fragmentation between jurisdictions.

Source: Australian Treasury (2025) *Mandating cash acceptance*; ACCC (2024) *Product Safety Priorities*; OECD (2023) *Online product safety sweep report*; ACCC (2021) *Product safety mandatory reporting guideline*; Australian Treasury (2024) *A new digital competition regime*; Better Regulation Victoria (2022) *Addressing Illicit Tobacco: Review into Victoria's Approach to Illicit Tobacco Regulation*; Victorian Government (2025) *Remote seller's liquor licence*; Industry interviews; Mandala analysis.

We quantify fragmentation costs between jurisdictions: the additional cost of complying with different rules and processes across multiple jurisdictions

Jurisdictional fragmentation costs vs other regulatory costs

SOURCE OF COSTS	Jurisdictional fragmentation costs The additional costs of complying with different rules or compliance processes across jurisdictions, beyond the cost of meeting any one jurisdiction’s requirements		Other regulation costs The costs of complying with any one jurisdiction’s regulations
CATEGORY	Administrative fragmentation costs	Substantive fragmentation costs	<i>Not within the scope of modelling</i>
DESCRIPTION	Additional costs required to demonstrate compliance across jurisdictions	Additional costs to run jurisdiction-specific operating models to meet different regulatory requirements	
ILLUSTRATIVE EXAMPLE: Single-use plastics	<ul style="list-style-type: none"> Cost of additional record-keeping, monitoring, and reporting to comply with fragmented single-use plastic regulations 	<ul style="list-style-type: none"> Cost of procuring different packaging to meet differing state-based single-use plastic requirements Cost of additional product testing to keep pace with uncoordinated state-based regulatory changes 	<ul style="list-style-type: none"> Cost of purchasing compliant alternatives required under a single jurisdiction’s single-use plastics rules (e.g., replacing banned cutlery with approved compostable or paper options)

Note: This analytical framework is informed by OECD (2014) *Regulatory Compliance Cost Assessment Guidance*.

Jurisdictional fragmentation in retail costs the economy \$2.6B per year across a diverse range of areas

Jurisdictional fragmentation costs Australia’s economy \$2.6 billion each year by slowing productivity in the retail sector. The impacts don’t stop with businesses. They flow through to households as higher prices, adding an estimated \$940 million per year in household costs. The productivity hit also shows up in lost opportunities, with around 90,000 jobs forgone across the economy.

This estimate reflects the cumulative burden of fragmentation across the retail sector. It spans inconsistent requirements across logistics, waste and recycling schemes, planning and zoning, trading hours, product labelling, WHS and employment, liquor licensing, payroll tax, promotions, product safety, and chemicals and dangerous goods.

In short, fragmentation acts like a persistent tax on retail productivity, with costs borne by households and the broader economy.

Source: Mandala analysis.

Each year, regulatory fragmentation slows productivity in the retail sector, costing ...

\$2.6B

in lost economic activity from regulatory costs to retailers alone

This is equivalent to...



5x the annual economic contribution of the Australian Open

\$940M

in additional costs to households



Half a week of groceries per household per year

90,000

forgone jobs supported across the economy



The entire workforce of Ballarat

Beyond direct compliance, fragmented regulation diverts resources from investment and innovation into administration, dampening competition and long-term growth

Note: Modelling captures the impacts of fragmentation costs incurred by retailers only. It does not capture the fragmentation costs incurred by other actors. Figures are averages over 25 years, weighted by a discount rate of 7%. Source: Australian Open (2024) Australian Open confirmed as biggest economic generator in Aussie sport; ACCC (2024) Higher grocery prices force many consumers to make sacrifices, ACCC hears; ABS (2024) Labour Market Data Dashboard; Mandala analysis.

Transport and logistics, and packaging and waste reduction, are among the most disruptive sources of regulatory fragmentation for retailers' core operations

■ Focus areas for analysis

Higher ●●●●● Lower

Domains	Area of fragmentation raised (non-exhaustive)	Frequency raised in industry feedback
Transport and logistics	Heavy vehicle accreditation and permit processes	High
	Local commercial vehicle curfews	High
	Varying heavy vehicle standards (e.g., axle limits)	Medium-High
	Fatigue management requirements	Medium-High
Packaging and waste reduction	Bans on single-use plastics	High
	Container deposit schemes	High
	Inconsistency between mandatory and voluntary schemes (e.g. packaging and batteries)	Medium-High
Other issues	Product safety	Medium
	Trading hours	Medium
	Payroll tax	Medium
	Zoning and land use	Medium
	Development approval processes	Medium
	Registration processes for electrical equipment	Medium-Low
	Food product restrictions	Medium-Low
	Knife and gun storage	Medium-Low
	Long service leave	Medium-Low
	Liquor licences	Medium-Low

Domains	Area of fragmentation raised (non-exhaustive)	Frequency raised in industry feedback
Other issues	Public holiday schedules	Low
	Working with children accreditation process	Low
	Toy safety and age labelling	Low
	Product labelling	Low
	Country of origin labelling	Low
	Worker health and safety	Low
	Penalty rates and award interpretation	Low
	Worker compensation schemes	Low
	Warranty and returns signage obligations	Low
	Food handling and safety	Low
	Permits for temporary structures (e.g. stalls)	Low
	Dangerous goods storage (e.g. chemicals)	Low
	Requirements for running competitions	Low
	Retail leasing and tenancy	Low
	Waste processing	Low
Disposal levies	Low	
Road and footpath trading permits	Low	
State biosecurity requirements	Low	

Source: Industry interviews; Mandala analysis.

Specific instances of fragmentation in transport and logistics, and packaging and waste reduction, costs the economy up to \$165M p.a.

This bottom-up analysis focuses on specific issues in transport and logistics, and packaging and waste reduction, which were raised frequently by industry.

Fragmentation in specific areas of transport and logistics regulation costs \$100–130 million per year in lost economic activity. These impacts arise because retailers must navigate different rules and processes across jurisdictions, including heavy vehicle accreditation, and local delivery curfews that constrain efficient routing and scheduling.

Fragmentation in packaging and waste reduction also imposes meaningful costs, draining an estimated \$30–35 million per year in lost economic activity. This reflects the cumulative burden of inconsistent requirements across states and territories, including differences in single-use plastics rules and container deposit schemes.

Source: Mandala analysis.

 **Transport and logistics (selected issues)**

\$100-130M	in lost economic activity
\$35-45M	in additional costs to households
3,500-4,500	forgone jobs across the economy

 **Packaging and waste reduction (selected issues)**

\$30-35M	in lost economic activity
\$10-15M	in additional costs to households
1,000-1,500	forgone jobs across the economy

Note: Modelling captures the impacts of fragmentation costs incurred by retailers only. It does not capture the fragmentation costs incurred by other actors.
Source: Mandala analysis.

Transport and logistics regulations are fragmented, forcing national retailers to run parallel compliance processes and absorb avoidable operating costs

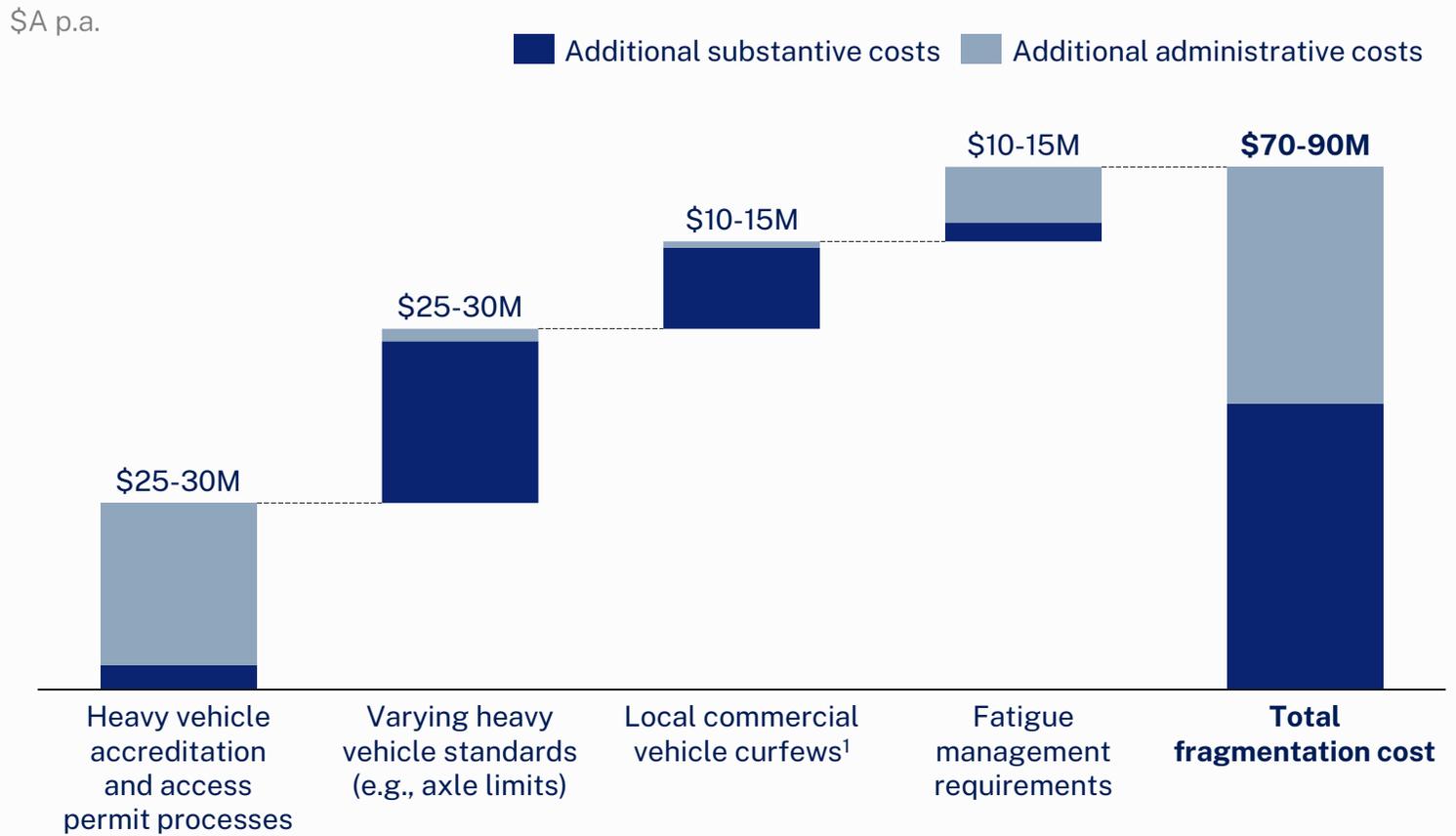
Area of fragmentation	Description	Implications for business (non-exhaustive)
<p>Heavy vehicle accreditation and access permits</p> 	<p>While most jurisdictions use National Heavy Vehicle Accreditation Scheme (NHVAS) through the National Heavy Vehicle Regulator (NHVR), WA runs a separate WA Heavy Vehicle Accreditation scheme with different audit and documentation requirements. Access permits are also split between the NHVR permit system and separate permit regimes in WA and NT, requiring separate applications and conditions.</p>	<p>National operators who need access in both NHVR and WA/NT regimes incur duplicated accreditation and permit compliance effort, including repeat audits, documentation, application fees, and staff time to maintain two parallel systems.</p>
<p>Heavy vehicle standards (axle and mass limits)</p> 	<p>Axle and mass limits for heavy vehicles are not applied consistently across jurisdictions or road networks. Limits and access conditions are set through a mix of HVNL notices and permits (administered by the NHVR) and road manager decisions, with separate rules and networks in WA and NT.</p>	<p>National operators incur reconfiguration costs when cross-border trips must be unloaded and reloaded to meet local axle or mass limits, adding handling time and labour. Some operators also incur dual fleet costs by holding additional trucks and drivers to manage incompatible standards across jurisdictions.</p>
<p>Fatigue management requirements</p> 	<p>Most jurisdictions regulate driver fatigue under the HVNL fatigue management framework (administered by the NHVR), including national work and rest options and work diary requirements, while WA and NT apply separate fatigue regimes outside HVNL with different work-rest rules and recordkeeping requirements.</p>	<p>National operators moving between HVNL and WA/NT incur duplicated fatigue compliance effort, including parallel work diary costs and driver time to record hours, plus additional system costs to administer and monitor fatigue compliance across two rule sets.</p>
<p>Local commercial vehicle curfews</p> 	<p>Local councils set commercial vehicle delivery curfews on local roads and precincts, including permitted delivery hours and any permit or exemption rules. These curfews vary across neighbouring councils, creating inconsistent delivery windows within the same metro area.</p>	<p>Operators incur higher fleet and driver costs because delivery runs must be scheduled to the tightest curfew window they encounter. This reduces the effective delivery window and requires more vehicles and driver hours to complete the same delivery task.</p>

Note: See appendix for detailed descriptions of how regulations differ by jurisdiction.

Source: NHVR (n.d.) *National Heavy Vehicle Accreditation Scheme*; Main Roads Western Australia (2023) *WA Heavy Vehicle Accreditation*; NHVR (n.d.) *Access permits*; National Transport Commission (2023) *Heavy Vehicle National Law High-Level Regulatory Framework*; Industry interviews; Mandala analysis.

Jurisdictional fragmentation in key areas of transport and logistics regulation costs the economy \$100-130M in lost economic activity

Cost of selected areas of regulatory fragmentation in transport and logistics to retailers per year



Cost to the economy per year



¹ Our conservative estimate includes efficiency gains from optimised delivery planning for retailers that are likely to require daily deliveries to shopfronts.
 Note: Modelling captures the impacts of fragmentation costs incurred by retailers only. It does not capture the fragmentation costs incurred by other actors.
 Source: Mandala analysis.

Retailers must move goods between different types of trucks on interstate routes to navigate differences in heavy vehicle technical standards

Different regions have different regulatory requirements for heavy vehicles. For example, while high-capacity B-Triple vehicles can be used in some states, they cannot be used on major transport routes in other states. Retailers have reported:



To help with **growth in population and retail demand**, it is sometimes **more efficient** to use high capacity and the latest **High Productivity Vehicles (HPVs) for intrastate freight and major routes**.



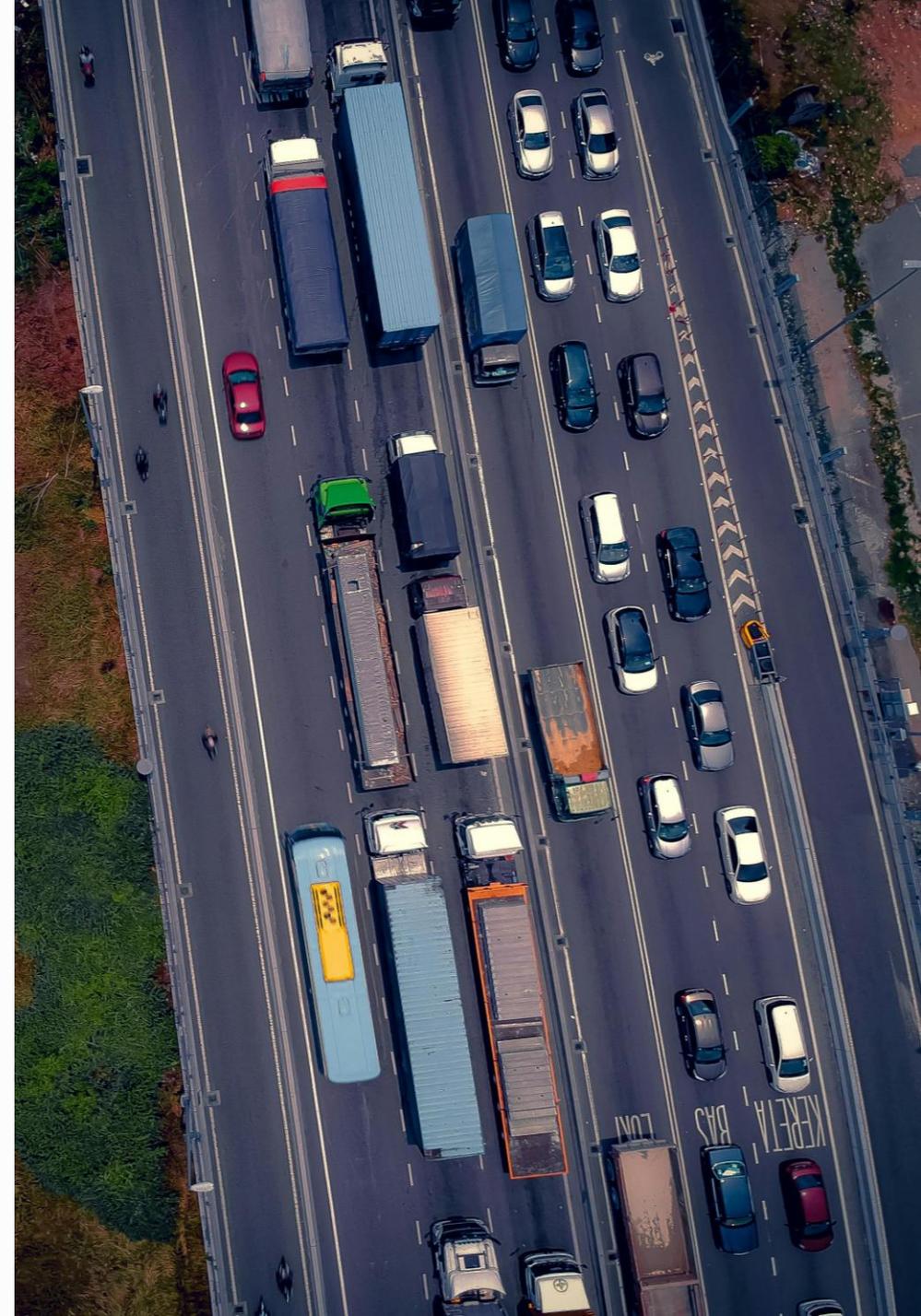
With the development of infrastructure and **growth of population in SE QLD**, consideration could be given to the **trial of HPVs like B-Triples, on major routes in the region** and to support the domestic growers with intra-state freight.



A **B-Triple can move up to 30 per cent more freight per trip** than a standard B-Double, which will also help **reduce the truck footprint on key arterial roads** and maintain supply chain resilience. Improved vehicle loading also contributes to transport decarbonisation, with **higher capacity vehicles emitting 10-20 per cent fewer emissions** compared to baseline vehicles.



Increased transport expenses, including the lack of ability to use HPVs on key routes and higher labour costs, **increase the price of goods for consumers**. It also reduces the ability to transport fresh produce and other goods to and from populations across jurisdictions.



On some freight routes, permitting can take up to 12-24 months with retailers needing approval from every state and council they traverse

Retailers delivering goods across jurisdictions must obtain access permits from multiple road authorities. This is often a complex and time-consuming process due to fragmented responsibilities, varying rules and inconsistent assessment processes.

For example, Northern Territory, Western Australia and other states (under the Heavy Vehicle National Law) each operate different permit systems.

For a truck delivering goods interstate, major retailers have reported that:



Operators must **seek approval from each state and local council they traverse**, with each authority having its own set of assessment processes and rules.



There is **limited transparency on timelines and decision-making criteria**. It may also involve **several duplicative checks** – such as safety checks, consultations with drivers, and vehicle trials.



The process can take anywhere **between 12 and 24 months**.

Source: Industry interviews; Mandala analysis.



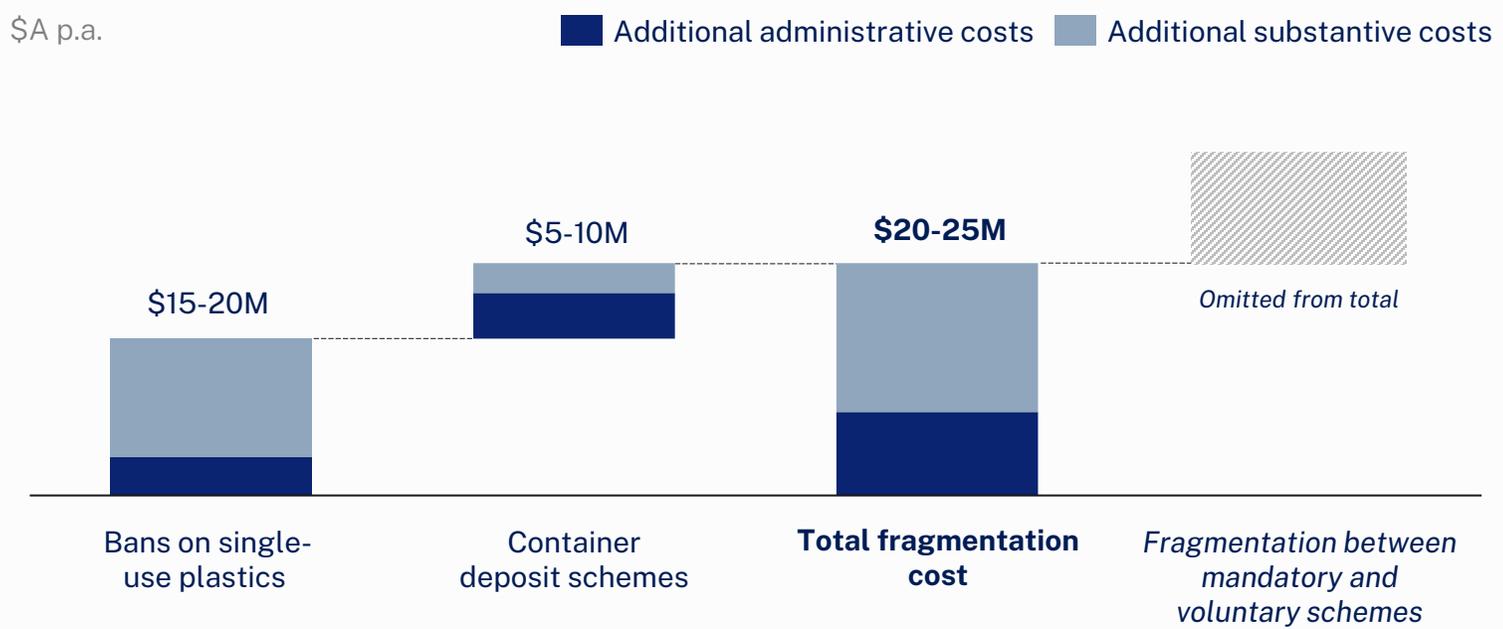
Packaging and waste reduction fragmentation requires retailers to conduct extra admin, and procure different packaging to meet inconsistent requirements

Area of fragmentation	Description	Implications for business (non-exhaustive)
<p>Bans on single-use plastics</p> 	<p>States and territories (and the City of Hobart) apply different bans on single-use plastics, and these bans are phased in at different times across jurisdictions. For example, while Western Australia, South Australia and ACT banned reusable plastic shopping bags, Queensland supported reusable plastic shopping bags made from 80 per cent recycled content. In another example, ‘reusable’ definitions vary across jurisdictions, from being used twice to passing 780 wash cycles.</p>	<p>Retailers must undertake additional research, development and product testing when states phase in bans in an uncoordinated way. Some retailers must maintain separate supply chains to procure different packaging to meet inconsistent regulatory requirements. Many retailers have noted that inconsistent and unpredictable changes in single-use plastic requirements deter them from making investments in alternative packaging materials.</p>
<p>Container deposit schemes</p> 	<p>Container deposit schemes in each state and territory have different record-keeping, reporting, and monitoring requirements. There are multiple dimensions of fragmentation: schemes are inconsistent in the materials and container sizes they accept, and change their acceptance criteria in an uncoordinated manner.</p>	<p>Retailers that sell eligible containers in multiple states must unnecessarily expand their teams to comply with different reporting requirements in each state. When states make unilateral changes to their acceptance rules, retailers may need to relabel their national supplies to comply with these rules, sometimes incurring significant equipment costs.</p>
<p>Inconsistency between mandatory and voluntary schemes (e.g., packaging and battery EPRs)</p> 	<p>There are several examples of inconsistency between mandatory and voluntary schemes.</p> <p>For batteries – New South Wales has a mandatory extended producer responsibility (EPR) scheme. While other states have voluntary schemes, Victoria may potentially introduce a state-based battery EPR scheme.</p> <p>For packaging – while retailers can comply with packaging regulations in each state by becoming voluntary members of APCO, some states (e.g., NSW) may potentially introduce mandatory rules independently.</p>	<p>While we are not including the cost of fragmentation between mandatory and voluntary schemes, retailers have noted that this type of fragmentation imposes significant regulatory burden.</p> <p>The proposed unilateral introduction of state-based mandatory requirements for both battery and packaging EPRs raises a risk of further fragmentation costs for retailers in the future.</p>

Note: See appendix for detailed descriptions of how regulations differ by jurisdiction.
 Source: ARC (2024) *Current status of container deposit scheme in Australia*; ARC (2024) *Summary of Bans on Single-Use Plastics*; DCCEE (2026) *Reforming packaging regulation*; NSW EPA (2025) *Draft Product Lifecycle Responsibility Regulation*; NSW EPA (2024) *Single-use plastic guidance for industry - food serviceware items*; Industry interviews; Mandala analysis.

Jurisdictional fragmentation in packaging and waste regulation costs the economy \$30-35M in lost economic activity

Cost of selected areas of regulatory fragmentation in packaging and waste to retailers per year



Cost to the economy per year



There are several examples of fragmentation between mandatory and voluntary schemes, which result in additional regulatory burden for retailers. For example, in **batteries**, there exists a mandatory EPR scheme in NSW, but voluntary schemes in other states. For **packaging**, requirements in each state can be satisfied through voluntary APCO membership. In both cases, states have unilaterally proposed introducing mandatory regulations that risk creating inconsistencies in requirements across states.

Note: Modelling captures the impacts of fragmentation costs incurred by retailers only. It does not capture the fragmentation costs incurred by other actors. Source: Mandala analysis.

Retailers must duplicate their container deposit scheme reporting and registration across states, as each scheme varies in its compliance requirements

Many national retailers are subject to container deposit schemes specific to each state. Each scheme varies by container eligibility, reporting requirements, registration rules and sometimes minor label differences. For example, glass wine and spirit bottles are accepted in Queensland but are not eligible in Victoria.

Additionally, the need to register and report to separate administrators creates unnecessary duplicative effort for retailers.

To respond to inconsistencies and duplication in container deposit schemes, major retailers have reported that:

-  There are **different pricing structures for identical products** in adjacent states due to inconsistencies in container deposit schemes.
-  Retailers must comply with varying **reporting requirements and register identical products to five separate administrators**, duplicating effort fivefold.
-  Retailers must **separate products based on tiny eligibility differences** – for example, Tasmania accepts wine in plastic sachets up to 3L in Tasmania but ineligible in Victoria, where the threshold is 250mL.

Source: Tasmanian Government (2025) *Recycle Rewards*; Victorian Government (n.d.) *Eligible containers*; Industry interviews; Mandala analysis.



Food retailers must supply different food packaging for their shopfronts in the City of Hobart to those in neighbouring councils

The **City of Hobart maintains bans on single-use plastics** across the following four areas: plastic cutlery, plastic takeaway containers, plastic cups and plastic lids. These **bans do not exist in any other local government areas (LGAs) in Tasmania.**

Major retailers have reported that: Supermarkets and food outlets operating across different Tasmanian LGAs, including the City of Hobart, must operate separate and duplicative systems to comply with inconsistent bans in place.



Retailers with multiple locations across Tasmania **maintain separate stock** for the City of Hobart, requiring dual ordering systems and separate warehouse space.



Staff working across multiple locations in Tasmania must **undergo additional training** to comply with different processes within and outside the City of Hobart.



Some retailers have had to **decant sauces from non-compliant containers into fibre-based packaging** for sale in Hobart, introducing food safety risks. Other retailers have had to remove certain products entirely from Hobart locations if suitable non-plastic packaging was not available.





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Appendix

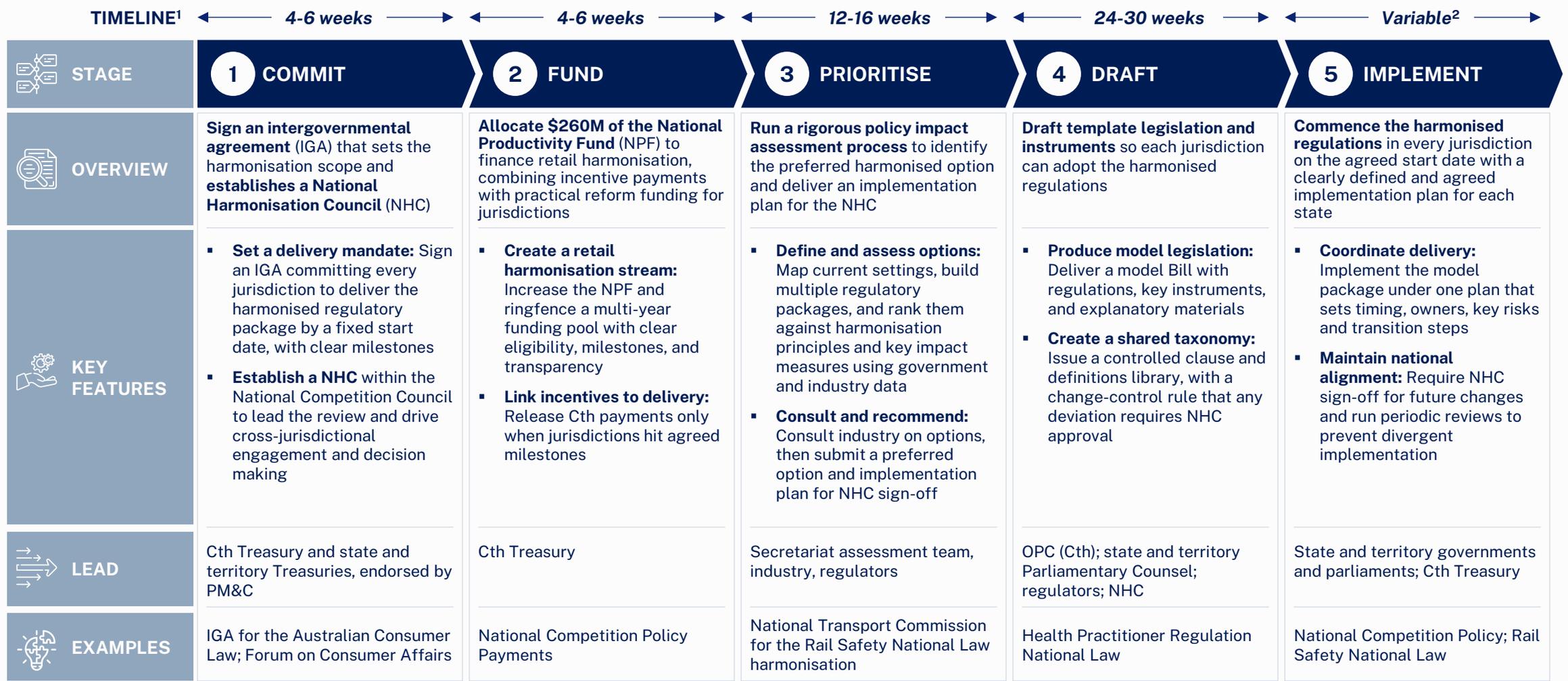
Governments should prioritise reducing regulatory fragmentation to unlock retail productivity gains, guided by four recommendations

RECOMMENDATIONS	DETAIL
<p>01</p> <p>Increase the National Productivity Fund by \$260M to support regulatory harmonisation¹</p>	<p>The National Competition Policy (NCP) reforms of the 1990s are widely credited as a benchmark for productivity-enhancing microeconomic reform, and the basis for today’s National Productivity Fund (NPF). However, the funding for the NCP was 13x greater than the current allocation (relative to GDP). An additional \$260 million would provide the NPF with equivalent resourcing to address fragmentation in retail. Other sectors of the economy would also directly benefit from addressing issues in retail. For example, construction, mining and agriculture sectors would also benefit from harmonised transport and logistics regulations.</p>
<p>02</p> <p>Establish a National Harmonisation Council within the NCC to drive cross-jurisdictional decisions and delivery</p>	<p>The National Competition Council (NCC) has been revitalised and tasked with reviewing mutual recognition regimes across the country. The NCC should now also be tasked with a comprehensive evaluation of the costs of fragmented regulation, and approaches to harmonisation.</p>
<p>03</p> <p>Deliver the first harmonised regulatory package within 12 months</p>	<p>Without intervention, the costs to businesses and the economy will continue to build - particularly as jurisdictions continue to regulate inconsistently and in an uncoordinated way. Consistent with OIA and PM&C guidance, governments should commit to an ambitious timetable and deliver an initial, well-scoped harmonised package within 12 months.</p>
<p>04</p> <p>Mandate that Regulatory Impact Statements explicitly acknowledge and quantify fragmentation risks</p>	<p>Some fragmentation, whether it be due to jurisdictional inconsistencies or fragmentation in how regulations are applied to different activities or business types, will likely continue to exist. While fragmentation introduces costs, in some cases it is necessary to achieve a policy objective. To assess whether fragmentation is necessary, Regulatory Impact Statements (RIS) should consistently and comprehensively conduct cost-benefit assessments of fragmentation costs.</p>

¹ See appendix for the basis for the quantity of funding needed to support regulatory harmonisation.

Source: The Office of Impact Analysis (2023) *Regulatory Impact Analysis Guide for Ministers’ Meetings and National Standard Setting Bodies*; PM&C (2023) *Guidance for Intergovernmental Meetings*; Australian Department of Finance (2024) *Regulatory Policy, Practice & Performance Framework*; Council of Australian Governments (2004) *Principles and guidelines for national standard setting and regulatory action by ministerial councils and standard-setting bodies*; Mandala analysis.

To deliver these recommendations, the Commonwealth should lead a five-step national harmonisation process



1 Timeline based on OIA and PM&C guidance and Australian harmonisation case studies (below). 2 Implementation timing varies with each state and territory parliamentary processes. Source: PM&C (2023) Regulatory Impact Analysis Guide for Ministers' Meetings and National Standard Setting Bodies; PM&C (2023) Guidance for Intergovernmental Meetings; Council of Australian Governments (2009) Intergovernmental Agreement for the Australian Consumer Law; Australian Treasury (2007) National Competition Policy Report; National Transport Commission (2025) National transport reform implementation monitoring report; Safe Work Australia (2025) History of the model WHS laws; Queensland Parliament (2009) Health Practitioner Regulation National Law Bill; Mandala analysis.

The National Competition Policy reform program is a model for retail regulation harmonisation

Context

The National Competition Policy was a nationally agreed harmonisation program (mid-1990s) that aligned state and territory regulation, backed by incentive payments to drive consistent application

Process

COMMIT: Intergovernmental commitment 01	The Council of Australian Governments (COAG) signed the CPA, CCA and Implementation Agreement , and established the National Competition Council to independently track delivery and resolve blockages
FUND: Incentive payments 02	Competition payments were released in tranches , with the NCC assessing progress and recommending reductions or deferrals where jurisdictions missed agreed milestones
PRIORITISE: Assessment criteria and decision rules 03	States ran formal NCP reviews (CPA clause 5), keeping restrictions only where a net public benefit was demonstrated , with annual reporting for assessment
DRAFT: Model legislation 04	Governments implemented agreed national regimes through applied or mirror laws (e.g., Part IIIA access framework and national energy market codes)
IMPLEMENT: Coordinated rollout and assurance 05	Reforms were delivered to published timetables, with CPA-mandated 10-year reviews to prevent regulatory drift

Impact

2.5%
increase in GDP (~\$72B in 2026 terms)

↑

\$5,000
increase in annual household income (2026 equivalent)

↑

Source: Australian Treasury (2007) National Competition Policy Report; Productivity Commission (2005) Review of National Competition Policy Reforms; National Competition Council (2007) Competition Principles Agreement; Australian Parliament (1995) Competition Policy Reform Bill; ACCC (2010) National Competition Policy – A Little History and a Glance Forward; Australian Senate (1999) The Socio-Economic Consequences of the National Competition Policy; Mandala analysis.



Rail Safety National Law and the Rail Safety Regulator show how harmonisation can be delivered and sustained

Context

The Rail Safety National Law (RSNL) and the Office of the National Rail Safety Regulator (ONRSR) established a single national rail safety framework, replacing 46 state, territory and Commonwealth rail safety laws and consolidating seven separate regulators into one national regulator

Process

COMMIT: Intergovernmental commitment	01 COAG signed the 2011 IGA to deliver the RSNL using an applied law approach with South Australia as host , and established the National Rail Safety Regulator Project Office (NRSRPO) and ONRSR to coordinate delivery
FUND: Incentive payments	02 The Cth funded establishment via National Partnership / Project Agreements to South Australia (host), paying milestone-based tranches to stand up the NRSRPO and core ONRSR transition and systems
PRIORITISE: Assessment criteria and decision rules	03 The National Transport Commission (NTC) ran a national impact assessment and consultation process to test options and quantify impacts, including topic-specific case studies (e.g., fatigue management)
DRAFT: Model legislation	04 SA enacted the Rail Safety National Law Act in 2012 as the 'model package' for adoption, which other states adopted via adoption Acts (applied/mirror legislation)
IMPLEMENT: Coordinated rollout and assurance	05 The ONRSR commenced in 2013 and expanded as all jurisdictions adopted the RSNL (progressively through to 2017), providing ongoing national oversight and amendment processes to limit drift

Impact

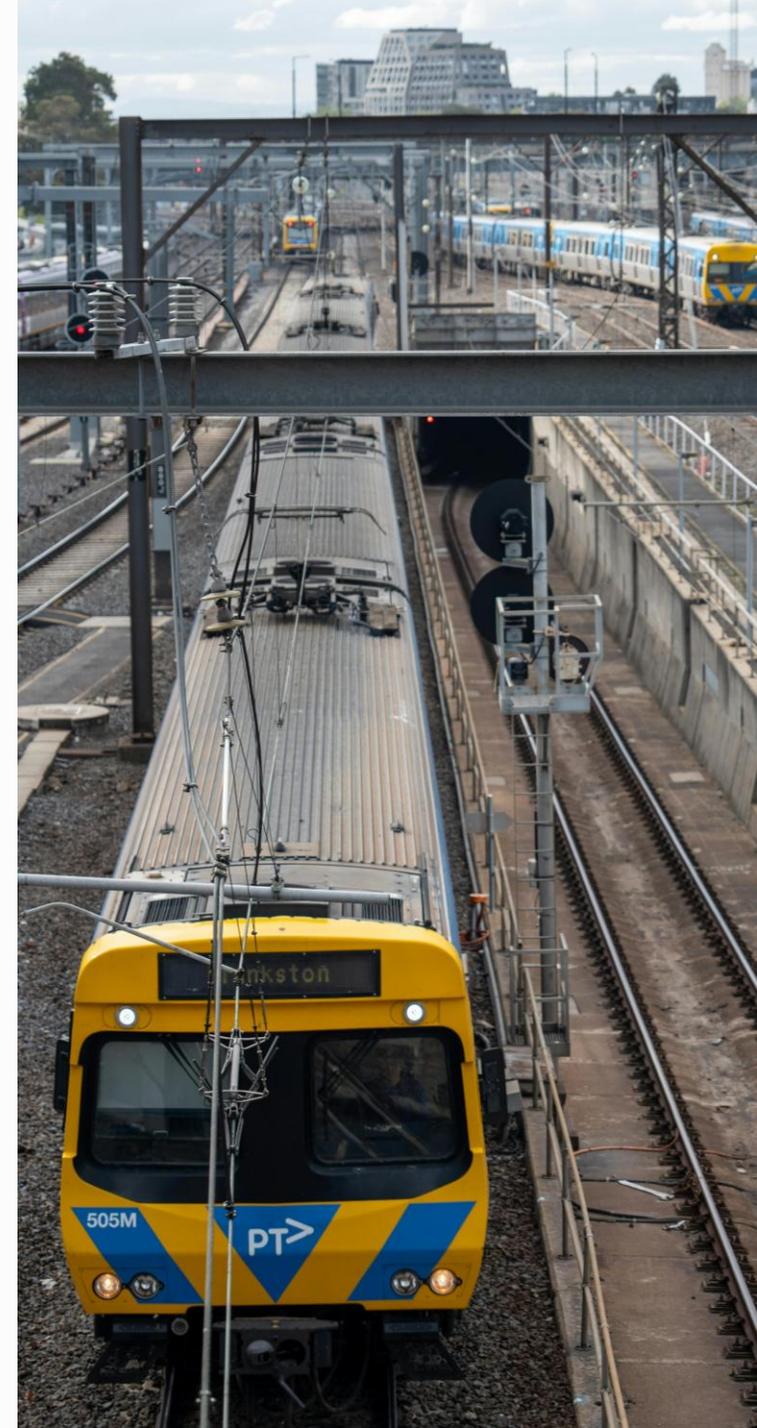
**\$28M-
\$71M**

estimated net economic benefit over 10 years



46

pieces of legislation consolidated into one national law (RSNL)



Source: Council of Australian Governments (2011) *Intergovernmental Agreement on Rail Safety Regulation and Investigation Reform*; National Transport Commission (2011) *Rail Safety National Law: Regulatory Impact Statement*; South Australian Government (2012) *Rail Safety National Law*; Productivity Commission (2020) *National Transport Regulatory Reform*; Mandala analysis.



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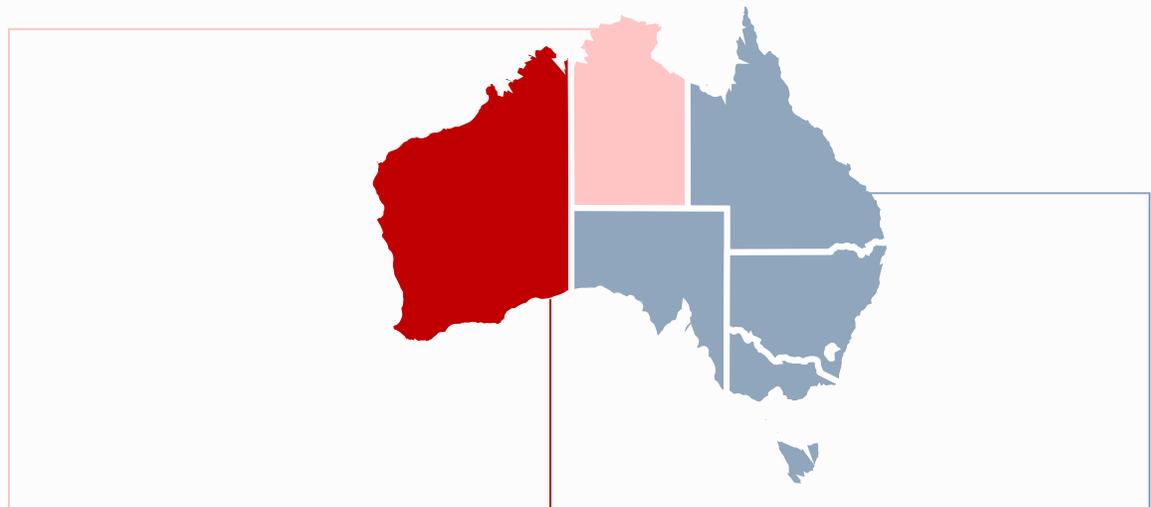
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Appendix

A. Description of fragmented regulations

B. Methodology

Fragmentation in transport and logistics: Heavy vehicle accreditation, permits, fatigue management and mass schemes



	Northern Territory	Western Australia	Heavy Vehicle National Law States (ACT/NSW/QLD/SA/TAS/VIC)
PRIMARY REGULATOR	Motor Vehicle Registry (MVR)	Main Roads WA (Heavy Vehicle Services)	National Heavy Vehicle Regulator (NHVR)
ACCREDITATION SCHEME	NHVAS (optional)	WA Heavy Vehicle Accreditation (WAHVA)	NHVAS
PERMITS	MVR permit system	Main Roads permit system	NHVR permit system
FATIGUE MANAGEMENT	Separate fatigue rules and record-keeping administered through NT WorkSafe	Separate fatigue rules and record-keeping administered through WorkSafe WA	NHVR requirements and logging portal
ADDITIONAL MASS SCHEME	OSOM permit/notice	AMMS (plus WA permits)	CML / HML (NHVR) ¹

¹ While the scheme and standard mass limits are consistent across NHVR states, each state can set its own eligible vehicles and routes, resulting in different limits in practice. Source: Australian Government DITRDCSA (n.d.) *Heavy vehicle regulation*; NHVR (n.d.) *National Heavy Vehicle Accreditation Scheme*; NHVR (n.d.) *Access management applications*; NHVR (n.d.) *Fatigue management*; NHVR (n.d.) *Higher Mass Limits (HML)*; NHVR (n.d.) *Concessional Mass Limits (CML)*; Main Roads WA (n.d.) *WA Heavy Vehicle Accreditation (WAHVA)*; Main Roads WA (n.d.) *Accredited Mass Management Scheme (AMMS)*; WorkSafe WA (n.d.) *Fatigue management for commercial vehicle drivers*; Northern Territory Government (n.d.) *Heavy vehicle accreditation and driving interstate*; Northern Territory Government (n.d.) *Oversize or overmass permit (OSOM permit and notices)*; NT WorkSafe (n.d.) *Guide to fatigue management for heavy vehicle drivers*; Mandala analysis.

Fragmentation in retail transport and logistics: LGA curfews

Example of fragmentation between neighbouring LGAs in Melbourne

■ No access
 ■ Limited access
 ■ 24/7 access

Local Government Councils	Roads	Effective delivery window	Notes
Maribyrnong	Francis St (Roberts St–Hyde St); Somerville Rd (Geelong Rd–Whitehall St); Buckley St/Napier St; Moore St (Ballarat Rd–Hopkins St)	No-Truck Zone	Exemptions for certain vehicles and exempt journeys (travel check / proof process)
	Hyde St (north of Francis St)	No-Truck Zone	No heavy vehicle access at all
	Hyde St (south of Francis St); Whitehall St	24/7	Curfew lifted to enable access via Hyde St ramps
Hobsons Bay	Blackshaws Rd (Melbourne Rd–Grieve Pde); Hudsons Rd (Melbourne Rd–Booker St)	No-Truck Zone	No heavy vehicle access at all
	Williamstown Rd (Geelong St, Seddon–West Gate Fwy, Yarraville)	6am–8pm weekdays	Exemptions for essential deliveries (groceries, parcels)
Brimbank	Windsor Blvd; Foleys Rd; The Avenue/Wright St; Hatchlands Dr (selected residential streets)	No-Truck Zone	No through-truck access; local deliveries only
	Arterial/industrial roads (Sunshine Rd, Geelong Rd, etc.)	24/7	Major freight routes remain unrestricted
Moonee Valley	All	24/7	Construction vehicle movements limited to 7am–6pm Mon–Fri, 9am–3pm Sat
Merri-bek	All	7am–6pm weekdays; 7am–1pm Sat	Permit required to park/use heavy vehicles on Council land or restricted roads
Yarra	All	7am–10pm weekdays and Sat; 9am–10pm Sun	Permit for curfew exceptions may apply
City of Melbourne	All	24/7	Construction deliveries: 7am–7pm weekdays, 8am–3pm Sat

Source: Transport Victoria (n.d.) *No-truck zones in Melbourne's inner west*; Transport Victoria (n.d.) *Guide to truck curfews in the inner west*; Brimbank (2024) *"No Trucks" zones in Brimbank*; Owner Driver (2022) *VTA announces changes to curfews and restrictions in Melbourne*; Yarra City (2021) *General Local Law (consolidated)*; Mandala analysis.

Fragmentation in packaging and waste reduction: bans on single-use plastics

■ Banned item and date implemented

	ACT	NSW	NT	QLD	SA	VIC	WA	TAS	HOBART
Light plastic bags with handles (≤ 35 microns)	Jul-11	Jun-22	Sep-11	Jul-18	Mar-09	Nov-19	Jan-19	Nov-13	
Thick plastic bags with handles (> 35 microns)	Jan-24	In discussion	In discussion		Sep-24		Jul-22		
Plastic laminated paper bags with handles	Jan-24	In discussion			Sep-24		Jul-22		
Plastic produce bags		In discussion			Sep-24		Sep-24		
Plastic straws	Jul-22	Nov-22	In discussion	Sep-21	Mar-21	Feb-23	Jul-22		Jul-21
Plastic cutlery and stirrers	Jul-21	Nov-22	In discussion	Sep-21	Mar-21	Feb-23	Jul-22		Jul-21
Plastic takeaway containers					Sep-24		Jul-22		Jul-21
Expanded polystyrene takeaway containers	Jul-21	Nov-22	In discussion	Sep-21	Mar-22	Feb-23	Jul-22		
Expanded polystyrene cups	Jul-21	Nov-22	In discussion	Sep-21	Mar-22	Feb-23	Sep-23		
Plastic cups for cold products		In discussion			Sep-24		Oct-22		
Plastic-lined paper cups for hot products		In discussion			Sep-24		Mar-24		Jul-21
Plastic lids for plastic and plastic-lined cups		In discussion			Sep-24		Mar-24		Jul-21
Plastic plates and bowls	Jul-23	Nov-22	In discussion	Sep-21	Sep-23	Feb-23	Jul-22		
Plastic-lined paper plates and bowls		Nov-22			Sep-24		Jul-22		
Plastic lids for plastic and plastic-lined bowls		In discussion			Sep-24		Sep-24		
Expanded polystyrene plates and bowls	Jul-23	Nov-22			Mar-22	Feb-23	Jul-22		
Cotton buds with plastic sticks	Jul-22	Nov-22		Sep-23	Sep-23	Feb-23	Sep-23		
Products containing microbeads	Jul-23	Nov-22	In discussion	Sep-23			Sep-23		
Oxo-degradable plastics	Jul-22	In discussion			Mar-22		Sep-23		
Non-compostable stickers for fruit		In discussion			In discussion				
Expanded polystyrene packaging (loose-fill void)	Jul-23			Sep-23	Sep-24		Sep-23		
Expanded polystyrene packaging (moulded)							Jul-25		

Fragmentation in packaging and waste: scope of container deposit schemes (1/2)

Not yet implemented, excluded from scope State/territory requirement different to others

		ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Year introduced		2018	2017	2012	2018	1977	2025	2023	2020
Network operator		Re: Group – Return It	TOMRA Cleanaway	Container Deposit Scheme Team	Container Exchange	Industry Super Collectors & Beverage Producers	TOMRA Cleanaway	VicReturn	WA Return Recycle Renew Ltd
Lid eligibility		Does not accept lid on bottle	Accepts lid on bottle	Acceptance of lid on bottle varies	Acceptance of lid on bottle varies	Acceptance of lid on bottle varies	Accepts lid on bottle	Accepts lid on bottle	Must separate lid on bottle
Alcohol Beverage Items	Beer and cider bottles	Eligible if between 150ml-3L	Eligible if between 150ml-3L	Eligible if ≤ 3L	Eligible if between 150ml-3L	Eligible if ≤ 3L	Eligible if between 150ml-3L	Eligible if between 150ml-3L	Eligible if between 150ml-3L
	Cask wine	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if between 150ml-3L	Eligible if < 1 Litre	Eligible if < 1 Litre
	Wine in plastic sachets	Eligible if ≤ 250 ml	Eligible if ≤ 250 ml	Eligible if ≤ 250 ml	Eligible if ≤ 250 ml	Eligible if ≤ 250 ml	Eligible if between 150ml-3L	Contact scheme	Eligible if between 150ml-250 ml
	Glass wine and spirit bottles	Not accepted	Eligible by late 2027	Eligible in mid-2026	Eligible late 2023 between 150ml-3L	Eligible by late 2027	Not accepted	Not accepted	Not accepted
	Plastic wine bottles	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if under 250ml	Eligible if between 150ml-3L	Eligible if < 1 Litre	Eligible if between 150ml-250 ml
	Spirit bottles - non glass (typically plastic)	Eligible if between 150ml-3L	Eligible if between 150ml-3L	Eligible if ≤ 3L	Eligible if between 150ml-3L	Eligible if ≤ 3L	Eligible if between 150ml-3L	Eligible if between 150ml-3L	Eligible if between 150ml-3L
	Spirit-based mixed drinks	Eligible if between 150ml-3L	Eligible if between 150ml-3L	Eligible if ≤ 3L	Eligible if between 150ml-3L	Eligible if ≤ 3L	Eligible if between 150ml-3L	Eligible if between 150ml-3L	Eligible if between 150ml-3L

Note: Only includes scheme eligibility implemented as of December 2025.

Source: Australian Beverages (2025) *Container Deposit Schemes – Tasmania*; National Retailers Association (2024) *Current status of container deposit scheme in Australia*; Mandala analysis.

Fragmentation in packaging and waste: scope of container deposit schemes (2/2)

State/territory requirement different to others

		ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Non-Alcohol Beverage Items	Aluminium cans	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if 150ml-3L
	Steel cans	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if 150ml-3L
	Plastic bottles (PET, HDPE, LDPE)	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if 150ml-3L
	Glass bottles	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if 150ml-3L
	Aseptic (LPBC) cartons/casks	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if 150ml-3L
Exemptions	Pure juice containers	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Not accepted	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if between 150ml-1L
	Pure vegetable juice containers	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Not accepted	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if between 150ml-1L
	Aseptic (LPBC) cartons/ casks	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if < 1 Litre	Eligible if between 150ml-3L	Eligible if < 1 Litre	Eligible if between 150ml-3L	Eligible if between 150ml-3L	Eligible if between 150ml-1L
	Flavoured milk bottles	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if between 150ml-1L			
	Cask water	Eligible if < 1 Litre	Eligible if < 1 Litre	Eligible if between 150ml-3L	Eligible if < 1 Litre	Eligible if < 1 Litre			
	Sports drinks	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if ≤ 3L	Eligible if 150ml-3L	Eligible if 150ml-3L	Eligible if 150ml-3L
Exclusions	Plain milk containers	Not accepted	Not accepted	Inclusion from 2025	Not accepted	Not accepted	Not accepted	Not accepted	Not accepted

Note: Only includes scheme eligibility implemented as of December 2025.

Source: Australian Beverages (2025) *Container Deposit Schemes – Tasmania*; National Retailers Association (2024) *Current status of container deposit scheme in Australia*; Mandala analysis.



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B. Methodology

Method for economic activity lost from regulatory costs to businesses

Calculation method:

1. Estimate the total cost of regulatory fragmentation to retailers (see key inputs below)
2. Apply the cost of regulatory fragmentation to retailers (from Step 1) as an input to the G-Cubed Computable General Equilibrium (CGE) model to estimate the total impact on GDP (averaged over 25 years with a discount rate of 7%)

Component	Inputs	Source
Cost of Commonwealth regulations to Australian businesses	\$160 billion	AICD (2025) <i>The cost of Commonwealth regulatory complexity</i>
Cost of state and territory regulations to Australian businesses	\$80 billion, based on an assumption that two-thirds of total compliance costs are from Commonwealth regulations. We assume this includes local government regulatory costs.	Queensland Productivity Commission (2021) <i>Improving regulation</i>
Share of compliance cost related to fragmentation	10%	Assumption informed by our analysis of academic literature on the share of compliance costs by activity, and the level of fragmentation in compliance activities: Lewis, Richardson and Corliss (2014) <i>Compliance costs of regulation for small businesses</i> ; Lignier, Evans and Tran-Nam (2014) <i>Tangled Up in Tape: The Continuing Tax Compliance Plight of the Small and Medium Enterprise Business Sector</i> . We validated this with literature on compliance-reduction targets (see Douglas (2014) <i>Deregulation in Australia</i>) and with industry interviews
Share of total compliance costs attributable to retail	7%	Conservative estimate based on AICD (2025) <i>The cost of Commonwealth regulatory complexity</i> , which analysed the share of compliance workers in the retail sector

General inputs for transport and logistics

Key input data	Figure	Source
Number of HVNL operators	273,000	NHVR (2026) <i>About the NHVR</i>
Number of WA operators	5,249	Main Roads WA (2025) <i>Main Roads Annual Report 2025</i>
Number of HVNL permits issued	80,000	NHVR (2025) <i>NHVR releases two productivity tools to support road manager decisions on heavy vehicle access</i>
Number of WA permits issued	35,761	Main Roads WA (2025) <i>Main Roads Annual Report 2025</i>
National retail share of total road freight	42%	ABS (2014) <i>Road Freight Movements</i>
Number of retail road freight trips that cross state and/or territory borders per year	~42M	CSIRO (2026) <i>Supply Chain Transport and Logistics Dashboard</i> Department of Infrastructure, Transport, Regional Development, Communications, Sports and the Arts (2025) <i>Australian Infrastructure and Transport Statistics Yearbook 2025</i>
Number of retail rigid trucks	~280,000	Department of Infrastructure, Transport, Regional Development, Communications, Sports and the Arts (2025) <i>Road Vehicles, Australia</i>
Number of retail articulated trucks	~54,000	
Number of retail administrative staff	~15,000	ABS (2023) <i>Census - Counting persons, place of enumeration</i> ABS (2025) <i>Employee Earnings</i>
Hourly pay of retail administrative staff	\$35	
Number of retail drivers	~12,000	
Hourly pay of retail drivers	\$27	
Number of national retailers (\$10 million or more turnover)	~6,000	ABS (2025) <i>Counts of Australian Businesses, including Entries and Exits</i>

Components of regulatory fragmentation costs for transport and logistics in the retail sector (1/2)

Fragmentation area	Cost type	Component	Inputs	Source
1. Heavy vehicle accreditation and access permit processes	Administrative	System cost to complete accreditation	<ul style="list-style-type: none"> System equivalent to average safety management system set up cost (excluding development): \$4,000 	National Transport Commission (2023) <i>Heavy Vehicle National Law high-level regulatory Framework</i>
		Accreditation fees	<ul style="list-style-type: none"> NHVR accreditation fees: \$497/operators; \$80/vehicle, \$91/permit WA accreditation fees: \$225/operator 	NHVR (n.d.) <i>Fee schedule</i> ; Main Roads WA (n.d.) <i>Steps for Accreditation</i>
		Auditors' fees	<ul style="list-style-type: none"> Average auditors fees ~\$3,000-6,000 per operator 	Industry interviews
		Staff time to complete accreditation and permits	<ul style="list-style-type: none"> Staff time to complete permit application: 8.7 hours 	Industry interviews
	Substantive	System cost on mass management and maintenance tracking	<ul style="list-style-type: none"> System cost equivalent to Concessional Mass Limit operating cost: \$1,000 	Industry interviews
		Time to train staff member on accreditation system	<ul style="list-style-type: none"> One week to train a staff member: 40 hours 	Industry interviews
2. Varying heavy vehicle standards	Administrative	Staff time to manage vehicle mass compliance	<ul style="list-style-type: none"> One hour of admin staff time to complete compliance efforts for every trip requiring reconfiguration 	Industry interviews
	Substantive	System cost for cross-border reconfiguration management	<ul style="list-style-type: none"> Avg. incremental cross-border heavy vehicle logistics system set up cost (excluding development): \$5,000 	Industry interviews
		Delay cost	<ul style="list-style-type: none"> Avg. 2 hours delay per reconfiguration Avg. \$100 opportunity cost per hour of delay (adapted research to Australian context) 	Industry interviews; Journal of Applied Research and Technology (2014) <i>Assessing the Value of Delay to Short-Haul Carriers</i>
		Dual fleet cost	<ul style="list-style-type: none"> ~50,000 cross-border trips require reconfiguration each year (calculated subset of total trips, affected borders, affected vehicles) Reconfiguration load aggregates to ~75 full-time truck + driver pairs per year (FTE equivalent) ~\$120,000 weighted annual cost per truck driver pair (capital + labour) 	Department of Infrastructure, Transport, Regional Development, Communications, Sports and the Arts (2025) <i>Australian Infrastructure and Transport Statistics Yearbook 2025</i> ; NHVR (2024) <i>Annual Report</i> ; ATAP (2016) <i>PV2 Road Parameter Values</i> ; ATO (2025) <i>Capital allowances: trucks and truck trailers</i> ; Industry interviews

Source: Mandala analysis.

Components of regulatory fragmentation costs for transport and logistics in the retail sector (2/2)

Fragmentation area	Cost type	Cost component	Calculations and assumptions	Source
3. LGA curfews	Administrative	Staff time to manage LGA curfew compliance	5 hrs of weekly admin staff time to complete administrative efforts to navigate fragmented and changing LGA curfews	Industry interviews
	Substantive	Additional fleet cost	Capital savings from retailer curfew harmonisation estimates, apportioned to national retailers	Industry interviews
4. Fatigue management	Administrative	System cost to complete accreditation	System cost to manage driver fatigue compliance	Industry interviews
		National driver work diary	Cost of written work diary: \$31	NHVR (n.d.) <i>Fee schedule</i>
		Time for driver to complete work diary	Avg. 1 hour per week to complete work diary	NHVR (n.d.) <i>Record keeping requirements</i> ; Industry interviews
	Substantive	System cost to manage driver load	System cost equivalent to on-Board Mass system: ~\$1,000	Industry interviews

Source: Mandala analysis.

General inputs for packaging and waste reduction

Key input data	Figure	Source
Hourly pay of retail administrative staff	\$35	ABS (2025) <i>Employee Earnings</i>
Number of retailers with 20-199 employees	6,175	ABS (2025) <i>Counts of Australian Businesses, including Entries and Exits</i>
Number of retailers with 200+ employees	379	ABS (2025) <i>Counts of Australian Businesses, including Entries and Exits</i>
Number of single-use plastic bans over 10-year period	84	ARC (2024) <i>Summary of Bans on Single-Use Plastics; Mandala analysis</i>
Annual volume of containers eligible in VIC container deposit scheme	3,000M	Department of Environment, Land, Water and Planning (2022) <i>Regulatory Impact Statement – Container Deposit Scheme</i>
Annual volume of containers eligible in NSW container deposit scheme	4,194M	NSW EPA (2017) <i>Consultation Regulatory Impact Statement – New South Wales Container Deposit Scheme</i>
Annual volume of containers eligible in ACT container deposit scheme	154M	ACT Government (2017) <i>Container Deposit Scheme – Consultation Regulation Impact Statement</i>
Annual volume of containers eligible in WA container deposit scheme	1,300M	Government of Western Australia (2022) <i>Consultation Regulation Impact Statement – Western Australian Container Deposit Scheme</i>
Annual volume of containers eligible in NT container deposit scheme	155M	NT Government (2017) <i>Northern Territory Container Deposit Scheme – Decision Regulation Impact Statement</i>
Annual volume of containers eligible in QLD container deposit scheme	2,100M	Department of the Environment, Tourism, Science and Innovation (2025) <i>Inquiry into improving Queensland’s container refund scheme</i>
Annual volume of containers eligible in SA container deposit scheme	800M	Mandala estimate based on: NSW EPA (2026) <i>Expansion of the Return and Earn container deposit scheme</i> ; SA Premier (2022) <i>Media Release</i>
Annual volume of containers eligible in TAS container deposit scheme	240M	Mandala estimate based on: Tasmania Department of Primary Industries, Parks, Water and Environment (2021) <i>Regulatory Impact Statement – Container Refund Scheme Bill</i> ; NSW EPA (2026) <i>Expansion of the Return and Earn container deposit scheme</i>

Components of regulatory fragmentation costs for packaging and waste in the retail sector

Fragmentation area	Cost type	Cost component	Calculations and assumptions	Source
1. Bans on single-use plastics	Administrative	Staff time to understand differences in bans, detailed schedules and definitions	Staff time per ban for a national retailer with 5,000+ employees: 40 hours	Industry interviews
		Staff time for planning and to transition product packaging	Staff time per ban for a national retailer with 5,000+ employees: 40 hours	Industry interviews
		Staff time spent on ongoing monitoring of bans	Weekly staff time for a national retailer with 5,000+ employees: 5 hours	Industry interviews
	Substantive	Product testing costs	Costs for a national retailer with 5,000+ employees: \$15,000 per ban	Industry interviews
		Costs for researching and engaging with alternative suppliers	Costs for a national retailer with 5,000+ employees: \$2,000 per ban	Industry interviews
		Setup and maintenance costs for separate systems	Costs for a national retailer with 5,000+ employees: \$2,000 per ban	Industry interviews
2. Container deposit schemes	Administrative	Staff time spent on complying with reporting requirements and registering products to each administrator	Average annual cost for a retailer impacted by a container deposit scheme: \$5,320	Industry interviews
	Substantive	Costs from re-informing consumers about scheme (e.g. labelling, signage)	Estimates of additional compliance costs per container in each state that has different eligibility requirements to Victoria, Australian Capital Territory and New South Wales	Regulatory impact statements; Industry interviews

Basis for Recommendation 1: Increase the National Productivity Fund by \$260M to support regulatory harmonisation

Calculation method:

1. Use NCP competition payments as a benchmark for the scale of incentive funding used to deliver cross-jurisdiction reform
2. Estimate the share of that pool linked to harmonisation by isolating tranche payment conditions, inflate to 2026 dollars, then apply a retail share to size a retail harmonisation funding envelope

Steps of calculation	Calculations and assumptions	Source
Total NCP payments	\$4.9B	Australian Government Treasury (2005) <i>National Competition Policy: Report on Implementation 2005-07</i>
Assumed share allocated to harmonisation by tranche	Tranche 1 (1997-98): 50% Tranche 2 (1999-2000): 43% Tranche 3 (2001-02): 38%	National Competition Council (n.d.) <i>Agreement to Implement the National Competition Policy and Related Reforms</i>
Share of total payment by tranche	Tranche 1: 24% Tranche 2: 37% Tranche 3: 39%	National Competition Council (n.d.) <i>Agreement to Implement the National Competition Policy and Related Reforms</i>
Assumed retail share	7%	Conservative estimate based on AICD (2025) <i>The cost of Commonwealth regulatory complexity</i> , which analysed the share of compliance workers in the retail sector



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