

**Alliance of Industry Associations
Pre-Budget Submission 2026–27**

Summary:

Our Alliance of Industry Associations (the Alliance) welcomes the opportunity to make this pre-Budget submission to inform the development of the 2026–27 Budget.

We acknowledge and commend the Government for its leadership in convening the Economic Reform Roundtable in 2025. Bringing together business, unions, academia and other stakeholders to focus on productivity, investment and long-term economic reform was an important and constructive step. The Roundtable helped re-establish productivity as a central national priority and created a shared understanding of the challenges facing Australia's economy.

Since the Roundtable, the Government has taken a number of positive steps to advance reform, including progress in areas such as planning and housing supply, environmental approvals, innovation and skills, and the ongoing focus on productivity as a driver of higher living standards. These actions demonstrate a clear recognition that structural reform is essential to supporting sustainable growth and funding the services Australians rely on.

However, it is also concerning that some disturbing policy proposals continue to receive attention, most notably the cashflow tax, which featured in the final Productivity Commission report released in December. The continued focus on such measures risks undermining confidence in the reform agenda and distracting from more credible, growth-enhancing options.

The Alliance believes that the 2026–27 Budget represents a critical opportunity to build on this momentum and translate reform intent into durable, economy-wide outcomes. While progress has been made, productivity growth remains weak, business investment is subdued, and regulatory and structural barriers continue to constrain economic performance across multiple sectors.

This submission outlines a set of practical, consensus-based reform priorities that the Alliance considers essential to lifting productivity, improving investment certainty and restoring growth in living standards. The proposals focus on four key areas: boosting investment and innovation; reducing red tape through better regulation; improving planning and major project approvals; and progressing comprehensive tax reform. Together, these reforms would strengthen Australia's competitiveness and support stronger, more sustainable economic growth.

The Alliance looks forward to continuing to work constructively with the Government as it presents the 2026–27 Budget and advances the reform agenda initiated through the Economic Reform Roundtable. We remain committed to supporting policies that help Australians work smarter, improve economic resilience and secure a more prosperous future.

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

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

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| <p>Action 2:</p> <p>Reinvigorate national infrastructure for R&D collaboration (e.g. industry-research centres, innovation precincts) to more effectively convert Australia’s high-quality research into commercial opportunities.</p> | <ul style="list-style-type: none"> • Develop a publicly accessible National Researcher Directory to help connect industry with research expertise. • Establish a nationally coordinated network of industry-led R&D centres modelled on the UK’s successful Catapult Network (which contributes £5.50 in GDP uplift for every £1 invested). • Introduce a Collaboration Premium to drive high-impact research partnerships. |
| <p>Action 3:</p> <p>Position Australia as a leading jurisdiction for AI and emerging technologies and skills through pro-investment, outcomes-based regulatory frameworks.</p> | <ul style="list-style-type: none"> • Only implement clear, risk-based regulations based on a transparent and thorough review of current legislation to identify any AI-related gaps. • Implement the Australian AI Safety Institute, focused on the technical aspects of AI safety and reliability. • Simplify digital infrastructure (i.e. data centres, fibre and mobile networks) development by establishing a dedicated public-private council, bringing together Commonwealth, state and territory government agencies, infrastructure providers, and tech companies, to facilitate coordination and troubleshoot bottlenecks. • Create a National AI Skills Compact to formalise collaboration, boost investment in these skills, creating a structured partnership to scale talent pipelines, align training with industry needs, and expand access to AI careers. |
| <p>Action 4:</p> <p>Develop a national strategy to boost Australia’s investment competitiveness, backed by regular benchmarking against global peers.</p> | <ul style="list-style-type: none"> • Draw on existing international comparisons, or develop a robust, bespoke index, that compares Australia’s ranking across a range of global regulatory and competitiveness factors. Use this benchmark to commit to targets to improve Australia’s ranking. • Develop a National R&D Strategy to align Australia’s R&D system and strengthen existing investment facilitation across Commonwealth, and state/territory levels. This could be supported by a |

single national research and innovation agency.

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

Reduction in red tape (better regulation)

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| <p>Problem statement</p> | <p>Australia’s regulatory landscape is weighed down by duplication, inconsistency and inefficiency. Consumers, businesses and institutions that underpin productivity are bogged down in layers of costly red tape, some of it delivering little real value or could be achieved more efficiently. Regulations could be simplified to achieve the same outcomes without compromising necessary protections.</p> <p>Recent AICD and Mandala research shows Australian organisations now spend around \$160 billion a year to comply with federal regulation, more than double the cost a decade ago.</p> <p>A comprehensive reform agenda is essential to create growth-oriented regulatory frameworks, cut red tape for businesses and consumers and enable greater productivity.</p> <p>Across the developed world, like-minded countries are urgently pursuing pro-growth, pro-investment reforms through comprehensive red tape reduction programs. Australia cannot afford to be an idle bystander.</p> <p>The EU and UK’s Labour government are already leading the way, setting minimum 25 per cent red tape reduction targets and reshaping regulatory systems to prioritise growth and reduce inefficiency. This precedent is an internationally credible and publicly compelling step for a returned Labor government to adopt in Australia.</p> <p>Cutting red tape means faster home builds, quicker loan approvals, and lower prices at the checkout. This is because fewer delays and less duplication reduce the cost of doing business. For Australians, it’s the difference between waiting months or days for a service, and it ensures growth isn’t choked by outdated processes that haven’t kept up with the modern world.</p> |
| <p>Action 1:</p> <p>Undertake a regulatory stocktake to establish the baseline cost of red tape to business, create case studies of when cutting red</p> | <ul style="list-style-type: none"> • The Commonwealth Government commit to undertake and publish an economy-wide regulatory stocktake. • Commit to a 25 per cent reduction in regulatory costs by 2030 across government. |

tape has cut costs previously, and commit to reduce the regulatory cost of doing business by 25 per cent by 2030

- This approach should also be adopted by state and territory governments.
 - The Productivity Commission can help develop a robust, cost-effective and common method to support this work, in line with existing international norms for regulatory policy such as those established by the OECD.

Action 2:

Reduce overreach, uncertainty, counterproductive and duplicative items across our expansive regulatory system (including states and territories)

- Increase the envelope and accelerate the use of the National Productivity Fund to incentivise states to:
 - harmonise and simplify state-based taxes and regulations, such as payroll tax and occupational licensing arrangements.
 - eliminate duplication of regulation across the levels of government, particularly where regulation can be conflicting.
- Accelerate and prioritise the implementation of a Single Front Door for inbound investment.
- Simplify and rationalise the Corporations Act. This could be supported by a new corporate law reform body, such as the former Corporations and Markets Advisory Committee (CAMAC).
- Prioritise reforms to clarify data retention requirements.
- Accelerate and prioritise the Simplified Trade System reforms, including a Trade Single Window and paperless trade.
- Undertake a comprehensive stocktake of small business definitions and thresholds across all levels of government. This could form the basis of greater alignment of the definition for a more consistent application of regulation.
- Undertake a comprehensive review of business reporting obligations to ensure they are well-targeted, effective and do not unnecessarily increase compliance costs.

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

references of all future government inquiries.

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

Planning and Major Project Approvals

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

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| <p>pathway that provides timely and certain decisions.</p> | <ul style="list-style-type: none"> • Provide funding to state, territory and local governments that release more housing supply through rezoning, which could be delivered through updated strategic statutory plans. • Ensure planning and approvals systems are subject to cost-benefit considerations: does the requirement deliver sufficient public value relative to its cost and time burden? Are there simpler ways to achieve the same result? And are unintended consequences being accounted for in compliance costs? |
| <p>Action 2: Coordinate and unify federal, state, and local planning processes to eliminate duplication and delays and ensure beneficial outcomes, while simultaneously incentivising faster approvals under existing systems</p> | <ul style="list-style-type: none"> • Use the National Productivity Fund to reward states and territories that undertake major planning reform, supported by experts, that is successful in planning for more homes in well-planned communities and achieves tangible improvements in efficiency and consistency of process (including at local government level). • Ensure the EPBC reforms simplify and streamline environmental approval processes, reducing the compliance burden and shortening decision times, while actually delivering environmental outcomes. |
| <p>Action 3: Create a national framework for streamlined data sharing (environmental, heritage, and social) to accelerate and de-risk approval processes, with a transparent approval pathway across all jurisdictions and clear targets for approval times</p> | <ul style="list-style-type: none"> • Implement an environmental information function to build and maintain a stock of environmental data that can be accessed by project proponents, agencies, and the public. • Develop a National Planning and Housing Data Hub to measure and improve planning system performance, because we prioritise what we measure. This would enable benchmarking of state and territory performance (average time from ‘application’ to ‘approval to start construction’ inclusive of time with proponent, given the impact of ‘stop the clock’ and information request provisions) to assess whether improvements are being achieved. States and territories should be benchmarking and publishing local government performance and penalising poor-performing council areas. Governments should be working to |

achieve meaningful year-on-year reductions in time taken.

- Fund improved natural hazard data standards to help inform resilience mitigation and put downward pressure on business and personal insurance premiums.

Tax reform

Problem statement

Australia has a 20th century tax system in the 21st century. Our outdated and complex tax system is holding back people and businesses from realising their full potential by discouraging investment, innovation and entrepreneurship. These are key elements of productivity.

The design and mix of Australia's tax system has a higher economic cost than it should. This is because our heavy reliance on income taxes has an outsized impact on decisions to work, save and invest. Broad-based tax reform should rebalance Australia's tax mix in a way that better promotes growth and investment.

Tax provides the revenue that funds vital services. Keeping the tax burden as low as possible is key to meeting the Prime Minister's goal of business taking its "rightful place as the primary source of growth in our economy".

Tax across all levels of government has risen over the past decade. Putting downward pressure on revenue requirements must go together with reform of the overall tax system.

The tax system must be reviewed holistically. The community deserves to be informed about the full suite of possibilities, the benefits they bring and the trade-offs they involve.

Tax is needed to fund a range of essential supports and services, including welfare payments, community services, and public goods. But taxes influence nearly all the decisions being made by individuals and businesses. Well-crafted taxes can incentivise productive activities, like investment in innovation and R&D, but inefficient taxes can discourage individuals and businesses from creating value and being productive by distorting prices, incentives and rewards. Others cause people to engage in wasteful and unproductive activity.

Action 1:

Initiate a three-month review, supported by Treasury, the Productivity

- Undertake a holistic assessment of the overall tax system to enable a common understanding of the implications for individuals, businesses and governments of the status quo.

Commission, business representatives and other relevant stakeholders, for the purposes of undertaking comprehensive tax reform.

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

This joint submission is on behalf of:

Australasian Convenience and Petroleum Marketers Association

Australian Airports Association

Australian Banking Association

Australian Energy Council

Australian Energy Producers

Australian Industry Group

Australian Institute of Company Directors

Australian Investment Council

Australian Retail Council

Australian Telecommunications Alliance

Australian Travel Industry Association

Business Council of Australia

Chartered Accountants Australia and New Zealand

Corporate Tax Association

Council of Small Business Organisations

CPA Australia

Energy Networks Australia

Group of Eight

Insurance Council of Australia

Master Builders Australia

Minerals Council of Australia

National Farmers' Federation

Property Council of Australia

Tech Council of Australia

The Pharmacy Guild of Australia

Tourism and Transport Forum

Urban Development Institute of Australia