

AADA RESPONSE TO PRODUCTIVITY COMMISSION'S INQUIRY INTO BUSINESS REPORTING REQUIREMENTS

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CONTENTS

Section 1: Foreword	03
Section 2: Whole-of-Government Regulatory Reform to Unlock Productivity and Economic Dynamism	04
Section 3: Sustainability and Environmental Reporting	05
Section 4: Workplace Gender Equality	06
Section 5: Modern Slavery Reporting	07
Section 6: Payment Times Reporting	08
Section 7: Other Non-Financial Reporting	09
Section 8: Conclusion	10

FOREWORD

The Australian Automotive Dealer Association (AADA) welcomes the opportunity to make a submission to the Productivity Commission's consultation on business reporting requirements.

The AADA is the peak industry advocacy body exclusively representing franchised new car and truck dealers in Australia. More than 3,900 car and truck dealerships operate across the country, ranging from family-owned small businesses to large publicly owned businesses in regional areas and capital cities. The new vehicle retailing sector employs more than 64,000 people, including approximately 7,500 apprentices; contributes more than \$21.5 billion to the national economy; has total turnover of \$91.3 billion; and generates more than \$8.2 billion in tax and duty revenue.

WHOLE-OF-GOVERNMENT REGULATORY REFORM TO UNLOCK PRODUCTIVITY AND ECONOMIC DYNAMISM

The AADA supports the Government's focus in the 2026-27 Budget on a whole-of-government regulatory reform agenda and its objective of unlocking productivity and economic dynamism. The AADA also supports the five key areas identified in the Reform Agenda, including the commitment to regulatory stewardship and ensuring that regulators appropriately balance risk mitigation with efficiency, growth and dynamism.

In that context, the AADA considers that regulatory stewardship is particularly relevant to the business reporting requirements considered in the Productivity Commission's consultation paper. While individual reporting requirements may have a legitimate policy objective, the cumulative burden of reporting across different areas of government can be significant. This is particularly the case where businesses are required to provide information already held by government, repeatedly confirm information that has not changed, or comply with reporting frameworks that have become increasingly complex over time.

The AADA considers that greater attention should be given to whether existing reporting requirements remain necessary and proportionate to the regulatory problem they are intended to address. Where reporting remains necessary, governments should consider whether the information can be obtained from existing sources, whether reporting can be limited to material changes or exceptions, and whether reporting cycles can be better aligned with information businesses already collect as part of their normal operations.

SUSTAINABILITY AND ENVIRONMENTAL REPORTING

Climate-related emissions and sustainability reporting is an area of increasing complexity for Australian businesses. Carbon accounting and emissions reporting have become specialist fields, with businesses increasingly relying on external consultants and dedicated software platforms to understand and meet reporting requirements. This complexity increases the cost of compliance and becomes particularly significant as reporting obligations extend, either directly or indirectly, to smaller businesses with fewer internal resources.

This is particularly relevant to franchised new car and truck dealers, which sit at the retail end of complex global automotive supply chains. While dealerships can have relatively high turnover because of the value of the products they sell, they generally have limited influence over upstream decisions relating to vehicle and component manufacturing, sourcing and associated emissions. Reporting requirements based primarily on business size or turnover can therefore impose significant obligations on businesses without reflecting their actual capacity to influence the matters being reported.

The AADA also considers that particular attention should be given to the indirect reporting burden created through value-chain information requests. Businesses that are not themselves subject to mandatory climate-related financial disclosure requirements may nevertheless be required to provide information to larger reporting entities seeking to meet their own reporting obligations, particularly in relation to Scope 3 emissions. There is therefore a risk that reducing or limiting the direct regulatory burden on smaller businesses does not necessarily reduce their compliance burden, but instead shifts it from a statutory reporting obligation to requests made by larger businesses further up the supply chain.

The AADA supports efforts to simplify climate-related reporting requirements and ensure that obligations remain proportionate to the size and capacity of the businesses affected. This should include consideration of the indirect reporting burden imposed on businesses that fall outside mandatory reporting thresholds but are nevertheless asked to provide increasingly detailed information to larger entities for the purposes of their own sustainability and Scope 3 reporting.

The AADA considers that greater use of reliable secondary data has the potential to reduce the amount of information that reporting entities need to obtain directly from individual businesses. This could be particularly useful in the automotive industry, where a manufacturer or other reporting entity may be seeking information across a large network of individual businesses.

Where emissions can reasonably be estimated using reliable emissions factors or other existing data, requiring each dealer to separately collect and provide primary data may add considerable administrative effort without necessarily providing a corresponding benefit.

The new car retailing industry provides an excellent example of how secondary data sources could reliably predict downstream emissions. Significant information about vehicles, their characteristics and emissions are already collected and reported through established regulatory and industry systems. This includes CO₂ emissions data used for the New Vehicle Efficiency Standard (NVES), information recorded through the Register of Approved Vehicles (RAV), vehicle registration data and industry sales data such as VFACTS. Manufacturers also hold extensive information about the vehicles they manufacture and supply, while government already publishes emissions factors that can be used to estimate emissions from activities such as electricity and fuel use.

WORKPLACE GENDER EQUALITY

The AADA supports the purpose and objectives of Workplace Gender Equality Agency (WGEA) reporting and recognises the importance of increasing women's participation in the automotive workforce, particularly in the context of persistent skills shortages across the industry. Recruiting, retaining and promoting women, together with effective workforce planning, will be important to expanding the pool of people who consider automotive careers and ensuring that the industry has access to the workforce it needs.

With dealers employing more than 100 people being required to report to WGEA, while additional requirements apply to larger employers, the time and administrative resources required to comply with these obligations for a substantial number of dealers, can be significant. WGEA's 2024–25 Annual Report found that, following the 2025 private-sector submission period, 64 per cent of surveyed employers took 40 hours or less to complete the WGEA Census, meaning a significant proportion required more than 40 hours.

There is merit in considering opportunities to simplify the reporting process and reduce duplication, particularly where information required by WGEA is already collected by businesses or provided to government through other employment and reporting obligations. Greater use of existing government-held information could reduce the administrative burden on employers while maintaining the integrity and usefulness of WGEA reporting.

The AADA is focused on improving female participation in the automotive industry and recognises the role that WGEA reporting plays in measuring progress. However, reporting is ultimately a tool for measuring workplace outcomes rather than an outcome in itself. Meaningful and sustained progress will depend on creating workplace environments in which women are attracted to the industry, supported to remain in it and provided with opportunities to progress.

MODERN SLAVERY REPORTING

Modern slavery reporting is another area where the design of reporting requirements can impose a disproportionate burden on businesses that have limited capacity to influence the risks being reported. Under the Modern Slavery Act 2018, entities with consolidated annual revenue of at least \$100 million are required to report annually on modern slavery risks in their operations and supply chains and the actions taken to address those risks.

The \$100 million revenue threshold often captures franchised new car and truck dealers because of the high value of the products they sell, even where the underlying business does not have the resources or market influence ordinarily associated with a large corporation. Turnover is therefore a particularly poor proxy for regulatory capacity in the automotive retail sector, where significant revenue can be generated from the sale of high-value vehicles on razor thin margins.

This issue is compounded by the position of dealers within global automotive supply chains. Dealers operate at the retail end of long and complex supply chains, but generally have limited practical influence over decisions relating to vehicle and component manufacturing, sourcing and labour practices. These decisions are predominantly made by global manufacturers to which dealers are franchised and other entities further upstream, while individual dealers may have limited access to the information necessary to independently assess modern slavery risks within those supply chains.

The AADA considers that modern slavery reporting requirements should be better targeted towards entities that have both the capacity to undertake meaningful due diligence and sufficient influence within their supply chains to address identified risks. Increasing the current reporting threshold would reduce the compliance burden on smaller and family-owned businesses that may have high turnover but limited capacity or influence, while retaining reporting obligations for larger entities better placed to undertake meaningful assessment and action.

The AADA also considers that the franchised nature of the automotive industry creates the potential for unnecessary duplication in modern slavery reporting. As noted above, dealers generally have limited visibility of, or influence over, the global supply chains through which the vehicles and components they sell are manufactured and sourced. Where these matters are already subject to modern slavery reporting by the manufacturer or franchisor, individual franchisees should not be required to duplicate that reporting. Responsibility for reporting on supply-chain risks should, as far as practicable, rest with the entity that has access to the relevant information and the ability to influence those risks.

More broadly, the modern slavery reporting framework demonstrates the importance of considering the characteristics of the businesses being regulated rather than relying on turnover alone when determining reporting obligations. Reporting requirements should be proportionate to the resources of the business, its access to the information required to comply and its practical ability to influence the matters on which it is required to report.

PAYMENT TIMES REPORTING

The Payment Times Reporting Scheme (PTRS) applies to businesses with consolidated annual revenue of more than \$100 million and can therefore capture franchised new car and truck dealership groups. Automotive retailers can reach this threshold because of the high value of the vehicles they sell, despite operating on comparatively low margins.

The PTRS demonstrates how a relatively straightforward reporting requirement can become unnecessarily complex and burdensome for businesses. The latest statutory review of the PTRS, undertaken by the Hon Dr Craig Emerson, found that the reporting requirements were onerous and produced a complex dataset with limited utility.

Recent PTRS results show that almost 70 per cent of payments by large businesses to small businesses are made within 30 days and 95 per cent within 55 days. These results raise the question of whether the current scope and frequency of reporting remains proportionate, particularly given the administrative burden associated with complying with the scheme.

The AADA considers that the PTRS should be simplified, with consideration given to less frequent reporting and a greater focus on instances where agreed payment terms have not been met. This would retain visibility of poor payment practices while reducing unnecessary reporting for businesses that are meeting their payment obligations.

OTHER NON-FINANCIAL REPORTING

Motor vehicle dealers are subject to a range of state and territory licensing requirements which can involve repeated reporting of the same information. In some jurisdictions, licences must be renewed every 12 months, and licence holders are required to provide or reconfirm information about their businesses even where there has been no material change since the previous renewal.

The AADA considers there to be scope to significantly reduce this form of repetitive reporting. Licensed businesses should be required to notify regulators when there has been a material change to relevant information, but where nothing has changed there is little regulatory benefit in requiring the same information to be resubmitted each year. In these circumstances, renewal should be capable of being completed through payment of the relevant fee and confirmation that there have been no material changes.

Governments should also consider providing more flexible licensing periods, including two- or three-year renewal options where appropriate. This would reduce repetitive administrative work while preserving the ability of regulators to require businesses to notify them when relevant circumstances change.

CONCLUSION

Business reporting requirements can serve important regulatory objectives, but they also impose real costs on businesses through staff time, systems, external advice and other compliance activities. These costs become increasingly significant as reporting obligations accumulate across different regulatory frameworks and can be particularly burdensome where businesses are required to provide information already held elsewhere, repeatedly report information that has not changed, or respond to reporting requirements imposed indirectly through larger businesses.

The AADA considers that greater emphasis should be placed on simplifying existing reporting requirements, reducing duplication and ensuring that obligations are proportionate to the size, capacity and circumstances of the businesses affected. Reporting requirements should also be regularly reviewed to ensure that the information being collected remains necessary and useful, and that the regulatory objective cannot be achieved in a simpler and less burdensome way.

The Productivity Commission's review provides an opportunity to reduce unnecessary reporting requirements and ensure that regulation achieves its intended purpose without imposing unnecessary costs on Australian businesses and productivity.

The AADA would welcome the opportunity to discuss this submission and answer any questions arising from it.

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