



# Australian Government Impact Analysis status, 2024-25

The Office of Impact Analysis (OIA) publishes Impact Analyses (IAs) – formerly known as Regulation Impact Statements (RISs) - on its website as soon as practicable after the date of policy announcements, in consultation with the relevant agency.

This compliance report covers IAs uploaded to the OIA website in 2024-25. IA compliance reports for previous years are also available on the OIA website.

Please note that all Department and Agency names in this report reflect their name at the time the IA was published.

Under the current settings, the OIA publishes each IA document, the associated agency certification letter and the OIA assessment letter on its website. An IA can evolve during the policy development process and can also be published for consultation at an early stage. The OIA assesses IAs for compliance at the final decision point.

In addition to a full IA, the IA requirements can be met by the relevant Department Deputy Secretary certifying an Impact Analysis equivalent (IAE) process. The OIA does not assess these certifications for quality, only for relevance to the recommended options, and for the coverage of the seven IA questions.

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# Summary of compliance

Figure 1. Summary of compliance

Type	2023-24	%	2024-25 (as at 18 October 2024)	%
Not compliant / Insufficient	0/39	0%	0/12	0%
Adequate	14/39	36%	4/12	33%
Good Practice	22/39	56%	6/12	50%
Exemplary	3/39	8%	2/12	17%
IA Compliance	38/39	100%	12/12	100%
Independent Reviews and IAEs <sup>a</sup>	15	-	1	-
Overall compliance	54/54	100%	13/13	100%
Exceptional circumstances <sup>b</sup>	0	-	0	-
Estimated annual impact on Regulatory Burden <sup>c</sup>	\$457 million	-	\$ 1,925 million	-

a Independent reviews and IAEs are included in overall compliance.

b Exceptional circumstances refer to truly urgent and unforeseen circumstances under which the completion of an IA would delay essential delivery of policy.

c Positive number represents an increase in regulatory burden. Regulatory burden in IAs are estimated using the Commonwealth Regulatory Burden Measurement framework and are assumed to be spread over 10 years. The estimate is based on IAs published at the final decision point. The total estimated annual impact may differ from the other figures in this document due to rounding. Regulatory burden estimates presented as a range are not included in the total Estimated annual impact on Regulatory Burden.

## Impact Analysis compliance summary by Department or Agency, 2024-25

### Attorney-General's Department

Figure 2. Compliance summary: Australian Competition and Consumer Commission

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
Anti-Money Laundering and Counter-Terrorism Financing Regime (AML-CTF) Reforms	Compliant	Exemplary	No	\$1,880m
<b>Total proposals</b>	<b>1/1</b>	<b>-</b>	<b>0/1</b>	<b>\$1,880m</b>

## Australian Competition and Consumer Commission

Figure 3. Compliance summary: Australian Competition and Consumer Commission

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
ACCC: safety risks posed by infant inclined products	Compliant	Good Practice	No	\$0.63m - \$1.35m for the Consumer Goods (Infant Products) Information Standard 2024 <sup>a</sup>  \$2.77m - \$161.83m per year for the first two years <sup>a</sup> and \$1.20m - \$4.33m from year three onwards for Consumer Goods (Infant Sleep Products) Safety Standard 2024 <sup>a</sup>
<b>Total proposals</b>	<b>1/1</b>	<b>-</b>	<b>0/1</b>	<b>-</b>

<sup>a</sup> Regulatory burden estimates are presented as a range. As such, regulatory burden from this proposal is not included in the 'Estimated annual impact on Regulatory Burden' in Figure 1 or in the 'Total proposals' regulatory burden for this figure.

## Department of Climate Change, Energy, the Environment and Water

Figure 4. Compliance summary: Department of Climate Change, Energy, the Environment and Water

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
Implementing a Guarantee of Origin Scheme	Compliant	Adequate	No	\$20.2m
<b>Total proposals</b>	<b>1/1</b>	<b>-</b>	<b>0/1</b>	<b>\$20.2m</b>

## Department of Health and Aged Care

Figure 5. Compliance summary: Department of Health and Aged Care

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
Aged Care Bill 2024	Compliant	N/A <sup>a</sup>	No	-\$4.8m
<b>Total proposals</b>	<b>1/1</b>	<b>-</b>	<b>0/1</b>	<b>-\$4.8m</b>

<sup>a</sup> N/A - Proposal was subject to an Impact Analysis Equivalent process.

## Department of Home Affairs

Figure 6. Compliance summary: Department of Home Affairs

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
Cyber Security Legislation: Mandatory Ransomware Payment Reporting – Cyber Security Bill 2024	Compliant	Good Practice	No	\$4.77 m
Cyber Security Legislation: Amendments to the Security of Critical Infrastructure Act 2018	Compliant	Good Practice	No	\$0.1m - \$16.7m depending on the frequency and cost of cyber incidents in that year <sup>a</sup>
<b>Total proposals</b>	<b>2/2</b>	<b>-</b>	<b>0/2</b>	<b>\$4.77m</b>

<sup>a</sup> The regulatory burden estimates are presented as a range. As such, regulatory burden from this proposal is not included in the 'Estimated annual impact on Regulatory Burden' in Figure 1 or in the 'Total proposals' regulatory burden for this figure.

## Department of Infrastructure, Transport, Regional Development, Communications and the Arts

Figure 7. Compliance summary: Department of Infrastructure, Transport, Regional Development, Communication and the Arts

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
Online Misinformation and Disinformation Reform	Compliant	Exemplary	No	\$16.3m
<b>Total proposals</b>	<b>1/1</b>	<b>-</b>	<b>0/1</b>	<b>\$16.3m</b>

## Department of the Treasury

Figure 8. Compliance summary: Department of the Treasury

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
Supporting social and affordable housing under the Housing Australia Future Fund and the National Housing Accord	Compliant	Adequate	No	\$1.5m
Use of genetic testing information by life insurers	Compliant	Good Practice	No	\$9k (\$0.009m)
Ban on advertising of superannuation funds during onboarding	Compliant	Adequate	No	\$0.48m - \$2.8m in one off costs, and \$0.44m - \$0.88m in ongoing costs <sup>a</sup>

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
Merger Reform: A Faster, Stronger and Simpler System for a More Competitive Economy	Compliant	Good Practice	No	\$10.8m
<b>Total proposals</b>	<b>4/4</b>	<b>-</b>	<b>0/4</b>	<b>\$12.309m</b>

a Regulatory burden estimates are presented as a range. As such, regulatory burden from this proposal is not included in the 'Estimated annual impact on Regulatory Burden' in Figure 1 or in the 'Total proposals' regulatory burden for this figure.

## Department of Veterans' Affairs

Figure 9. Compliance summary: Department of Veterans' Affairs

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
Veterans' Compensation and Rehabilitation Legislation Reform	Compliant	Good Practice	No	-\$5.5m
<b>Total proposals</b>	<b>1/1</b>	<b>-</b>	<b>0/1</b>	<b>-\$5.5m</b>

## National Indigenous Australians Agency

Figure 10. Compliance summary: National Indigenous Australians Agency

Proposal	IA Compliance	Rating	PIR Required	Annual Regulatory Burden (\$m)
Resolution to the collapse of the Youpla group	Compliant	Adequate	No	\$1.276m
<b>Total proposals</b>	<b>1/1</b>	<b>-</b>	<b>0/1</b>	<b>\$1.276m</b>

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# Detailed information on proposals requiring Impact Analysis, 2025-25

## Attorney-General's Department

### Anti-Money Laundering and Counter-Terrorism Financing Regime (AML-CTF) Reforms

IA Status: Compliant

Assessment Rating: Exemplary

PIR Required: No

Regulatory Burden: In terms of annual average costs, implementation of Option 4 is estimated to result in \$1.851 billion in regulatory costs to businesses and \$29 million to individuals each year over the next 10 years.

Australia's Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) regime establishes a regulatory framework for combatting money laundering, terrorism financing and other serious financial crimes. The intent of Australia's AML/CTF regime is to implement a regulatory framework that:

- minimises the risks and impacts of illicit financing on the Australian economy
- supports domestic and international efforts to combat serious and organised crime, terrorism financing and proliferation financing
- does not impose unnecessary burden on Australian business and
- is consistent with international best practice in combating money laundering and terrorism financing.

However, there are a number of inefficiencies throughout Australia's AML/CTF regime that limit the effectiveness of Australia's response to transnational crime at large, impacting law enforcement operations and national security, and inflating regulatory burden for industry.

Complexity — The regime is widely considered to be unduly complex and often poorly understood, leading to poor prevention practices and lower quality financial intelligence. The regime spans over 700 pages of legislation, plus published Australian Transaction Reports and Analysis Centre (AUSTRAC) guidance, with many detailed procedural requirements rather than a clear focus on the outcome of mitigating risk.

Operational experience and stakeholder consultation have highlighted systemic problems that are largely attributed to this complexity.

Gaps in regulation — The regime does not extend to sectors internationally recognised as being at high risk of money laundering and terrorism financing, such as certain services provided by lawyers, accountants and real estate professionals. Additionally, regulation of digital currency exchange services, a key vector for illicit financing, has also not kept pace with international standards.

Four viable policy options to respond to the problems identified were considered in the IA, including:

- Option 1: maintain the status quo



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- Option 2: simplify, clarify and modernise existing legislation
  - Option 3: expand the reporting population to designated non-financial businesses and professions (DNFBPs)
  - Option 4: both simplify, clarify and modernise legislation, and expand reporting population to DNFBPs.

The IA presents Option 4 as the preferred option. This option is expected to deliver the significant law enforcement benefits from the expansion of the AML/CTF regime to DNFBPs (or 'tranche two' entities in the Australian context), with the additional benefit of improved compliance across regulated entities and tranche two entities due to the reforms to simplify the regime, including AML/CTF program and Customer Due Diligence (CDD) requirements.

These benefits will harden Australia's financial ecosystem against criminal exploitation and likely increase the identification, restraint and confiscation of criminal assets and reduce opportunities for criminals to reinvest illicit funds into further criminal activities. Option 4 will also provide the greatest benefit for improving Australia's Financial Action Taskforce (FATF) compliance and minimising the likelihood of grey-listing and any associated economic and reputational damage to Australia.

The costs of Option 4 are estimated to be up to \$13.9 billion for businesses and \$209 million for consumers over 10 years (in net present value terms). The total quantifiable benefits are estimated at up to \$13.1 billion over 10 years (in net present value terms), with the full range of anticipated benefits, including those that cannot be quantified, expected to represent a much higher value.

## Australian Competition and Consumer Commission

### ACCC: safety risks posed by infant inclined products

IA Status: Compliant

Assessment Rating: Good Practice

PIR Required: No

Regulatory Burden: The ACCC estimates the *Consumer Goods (Infant Products) Information Standard 2024* will result in an increase in average regulatory costs of between \$0.63 and \$1.35 million over the next 10 years.

The ACCC estimates the *Consumer Goods (Infant Sleep Products) Safety Standard 2024* will result in an increase in average regulatory costs of between \$2.77 and \$161.83 million per year for the first two years, and between \$1.20 and \$4.33 million from year three onwards.

Australia's product safety regime does not have a general safety provision that prohibits unsafe goods being supplied or any mandatory standards which specifically capture all Infant Sleep Products. There is currently no single Australian or international standard that can be adopted to address all risks identified for Infant Sleep Products.

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Fatalities associated with Infant Sleep Products and Inclined Sleep Products and Inclined Non-Sleep Products will continue to occur if no government action is taken. The ACCC considers the risk to infants posed by unsafe Infant Sleep Products is significant and likely to become more prominent in the future.

The proposal is to make a mandatory safety standard, mandatory information standard for Infant Sleep Products and Inclined Non-Sleep Products and revoke the household and folding cots mandatory standards, plus an education campaign.

The ACCC considers this will best improve safety and address the risks associated with Infant Sleep Products and Inclined Non-Sleep Products.

## Department of Climate Change, Energy, the Environment and Water

### Implementing a Guarantee of Origin Scheme

IA Status: Compliant

Assessment Rating: Adequate

PIR Required: No

Regulatory Burden: The Department of Climate Change, Energy, the Environment and Water estimates the Guarantee of Origin (GO) scheme option would increase annual regulatory costs by approximately \$20.2 million, on average over 10 years. This represents an average annual cost of \$16.9 million to the renewable electricity sector (including participants transitioning from the Renewable Energy Target Scheme from 2030) and \$3.3 million to the hydrogen and other sectors.

Within Australia there is a lack of transparent, consistent, and trusted, consistent, information on low-emission and clean Australian-made products, and no enduring mechanism to provide certification on renewable electricity.

The deficiency of product information restricts the capacity for consumers to ascertain the difference between carbon-intensive and low-emission goods that are physically identical. Without this information, buyers and sellers of these kind of products are unable to efficiently transact and co-ordinate their activities, inhibiting the development of markets for low-emission goods. Consumers may not be willing to pay a premium for a good described as 'low emission', 'green', or 'renewable' without robust evidence that the low emissions attributes of the product are correct. Additionally, the absence of product information could limit the ability of government incentive programs to discriminate and target support towards low emissions or renewable products.

Renewable electricity certification exists in Australia under the Renewable Energy Target (RET) scheme. However, the RET scheme, including the ability to certify renewable electricity, is legislated to end in 2030 and only applies to a subset of total renewable electricity generation in Australia.

The IA considers three policy options:

- Option 1: Status-quo (non-regulatory) – Australian industry would develop emissions accounting and certification frameworks as required without Australian Government involvement
- Option 2: Publish framework with no government administration (quasi-regulatory) – The Australian Government would develop an emissions accounting framework for hydrogen that industry could voluntarily choose to adopt and apply to their certification schemes for clean products for both domestic and export. This option would not apply to renewable electricity
- Option 3: Australian Government administered Guarantee of Origin Scheme (regulatory) – The Australian Government would implement and administer a voluntary scheme, the Guarantee of Origin or ‘GO’ scheme, to measure, track and verify emissions information related to products, and provide an enduring certification mechanism for renewable electricity.

The preferred policy option is Option 3, the Guarantee of Origin (GO) scheme, as this option would provide the necessary investment certainty, achieve greater integrity and unlock greater economic opportunities over the medium-to-long term.

## Department of Health and Aged Care

### Aged Care Bill 2024

IA Status: Compliant

Assessment Rating: N/A (Impact Analysis Equivalent)

PIR Required: No

Regulatory Burden: The Department of Health and Aged Care estimates these measures will result in a decrease in regulatory costs of around \$4.8 million per year, averaged over ten years.

The Royal Commission into Aged Care Quality and Safety (the Royal Commission) found that at least 1 in 3 people accessing residential aged care and home services have experienced substandard care, and that the objectives, regulation and funding of the Australian aged care system is complex and piecemeal.

These issues are expected to compound over the coming years due to Australia’s changing demographics, patterns of disease and dependency, and community expectations for quality care of older people – placing pressure on the aged care workforce and funding to support growing demand for aged care services. For example, the Royal Commission identified that the number of Australians aged 85 years and over is projected to increase from 515,700 in 2018–19 (around 2.0% of the Australian population) to more than 1.5 million by 2058 (around 3.7% of the population). Further, over this time the number of working age people (15-64 years) for every Australian aged 65 years+ is projected to decrease from 4.2 in 2019 to 3.1 in 2058.

The Aged Care Bill 2024 intends to give effect to the Government’s election commitments to deliver improved transparency and accountability, and protect the safety, dignity and wellbeing of people accessing aged care services. The Bill delivers on a number of Royal Commission recommendations, including additional regulatory requirements on aged care providers, a new Support at Home program, and a new funding models for

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specialist programs. The Bill also seeks to clarify obligations on aged care providers and workers with a focus on continuous improvement in delivery of high quality care and services, and ensure the sustainability of the aged care system.

## Department of Home Affairs

### Cyber Security Legislation: Mandatory Ransomware Payment Reporting – Cyber Security Bill 2024

IA Status: Compliant

Assessment Rating: Good Practice

PIR Required: No

Regulatory Burden: The Department of Home Affairs estimates the three reforms in preferred Option 3B will increase average regulatory costs by \$4.77 million per year.

Ransomware uses malicious software to cripple operations by encrypting devices, folders and files, rendering essential computer systems inaccessible unless a ransom is paid, and remains the most destructive cybercrime threat to Australians. Cyber extortion is on the rise. In 2022-2023, the Australian Signals Directorate (ASD) responded to 127 extortion-related incidents, 118 of these incidents involved ransomware or other forms of restriction to systems, files or accounts. Throughout this period, ASD reported that cybercriminals constantly evolved their tactics and operations to extract maximum payments from victims, fuelled by a global industry of access brokers, extortionists and ransomware-as-a-service operators.

Under the 2023-2030 Australian Cyber Security Strategy, the Australian Government has committed to disrupting the ransomware business model and preventing cybercriminals from profiting from attacks on Australian businesses and citizens. However, under-reporting of ransomware payments limits the Australian Government's understanding of the cyber threat landscape, which is essential to facing increased extortion-related cyber security incidents and developing policy options to break the ransomware business model.

This IA considers four options.

- Option 1 – maintain the status quo (no regulatory change).
- Option 2 – encourage voluntary reporting of ransomware demands and payments.
- Option 3 – legislate mandatory reporting of ransomware payments.
- Option 4 – legislate mandatory reporting of ransomware demands and payments.

For options 3 and 4, two thresholds to apply the reporting obligation were considered.

- Option A – entities with an annual turnover of greater than \$10 million.
- Option B – entities with an annual turnover of greater than \$3 million.

The preferred policy option is Option 3B.

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## Cyber Security Legislation: Amendments to the Security of Critical Infrastructure Act 2018

IA Status: Compliant

Assessment Rating: Good Practice

PIR Required: No

Regulatory Burden: The Department of Home Affairs anticipated the regulatory costs of preferred Option 2 could range from \$0.5m to \$50m per cyber incident, with an expected incident frequency of one in every three years, suggesting an increase in average regulatory costs by between \$0.1m and \$16.7m per year.

The identification and protection of critical infrastructure is essential for Australia's social and economic prosperity, national security and defence, and facilitating the provision of essential services. The Security of Critical Infrastructure Act 2018 (SOCI Act) represented a significant enhancement to Australia's regulatory framework when enacted, however evolving geopolitical and cyber threats requires regular review of existing settings to ensure the security and resilience of our critical infrastructure.

This IA considers potential reforms to the SOCI Act to address three issues with the current regulatory settings.

- There are a growing number of cyber incidents which impact non-operational data storage systems held by critical infrastructure entities which can often be a point of entry for malicious actors.
- Businesses face difficulties responding effectively in the aftermath of significant incidents because of legal risks and government's limited ability to support with post-incident consequence management.
- When an entity is unwilling to comply with the regulator's recommendations to enhance a risk management program (RMP), there is limited ability for the regulator to issue a direction that the entity remedy the deficient RMP in a timely fashion.

This IA considers three options.

- Option 1: maintaining the status quo (no regulatory change).
- Option 2: Implementing three reforms to the SOCI Act, including:
  - clarification of definitions to capture systems holding business critical data
  - legislating an all-hazards consequence management power and
  - a new directions power to address seriously deficient risk management obligations.
- Option 3: enhanced collaboration between industry and Government, through use of the Trusted Information Sharing Network (TISN).

The preferred policy option is Option 2.

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## Department of Infrastructure, Transport, Regional Development, Communications and the Arts

### Online Misinformation and Disinformation Reform

IA Status: Compliant

Assessment Rating: Exemplary

PIR Required: No

Regulatory Burden: The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) estimates regulatory costs in the order of \$16.3 million per year over the next 10 years for effected businesses, noting that any additional standards in the future are not included in this regulatory cost.

Misinformation and disinformation, rapidly disseminated via digital communications platforms, poses a threat to the health, wellbeing, economy, and democracy of Australia. Misinformation is false information that is spread due to ignorance, or by error or mistake, without the intent to deceive. Disinformation is knowingly false information designed to deliberately mislead and influence public opinion or obscure the truth for malicious or deceptive purposes.

Although the spread of misinformation and disinformation is not a new problem, digital communications platforms have enabled seriously harmful content to be distributed further and faster than previously possible, particularly as Australians are increasingly relying on social media as a source of news.

The IA considers options to place new core obligations on platforms to increase transparency and better empower users, as well as imposing mandatory requirements for online platforms to address seriously harmful misinformation and disinformation on their services. The proposal also considers options to strengthen the role of the Australian Communications and Media Authority (ACMA) to require improvements and stronger protections where necessary through information powers, code registration and standard making powers. ACMA would play a more active role in encouraging transparency on misinformation and disinformation and potentially imposing more obligations on digital communication platforms. Any additional standards in the future have not been factored into this Impact Analysis.

## Department of the Treasury

### Supporting social and affordable housing under the Housing Australia Future Fund and the National Housing Accord

IA Status: Compliant

Assessment Rating: Adequate

PIR Required: No

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Regulatory Burden: The Treasury estimates these measures will result in an increase in regulatory costs of an average of \$1.5 million per year over five years.

The Housing Australia Future Fund (HAFF) and the National Housing Accord (Accord) are seeking to increase the supply of social and affordable housing for vulnerable and low-income households.

To help address the consistent undersupply of social and affordable housing, the Government committed to establishing the \$10 billion HAFF as part of its 2022 election platform. The HAFF is a perpetual fund under the management of the Future Fund Management Agency that provides an ongoing funding stream of a minimum \$500 million per year, indexed to the consumer price index from 2029-30, to fund new social and affordable housing and address acute housing needs. The Government's commitment specifically sets out that this includes the delivery of 30,000 new social and affordable rental homes over five years as well as funding of \$324 million over five years to address acute housing needs.

In addition, the Government committed, as part of the Accord signed in October 2022, to fund an additional 10,000 affordable homes.

## **Use of genetic testing information by life insurers**

IA Status: Compliant

Assessment Rating: Good Practice

PIR Required: No

Regulatory Burden: The Treasury estimates these measures will result in an increase in average regulatory costs of approximately \$9,000 per year, over ten years.

There are significant individual, public health, and scientific benefits associated with the use of genetic testing, whether undertaken for individual health reasons or medical research. However, many Australians report delaying or foregoing potentially lifesaving, clinically relevant genetic testing, or not participating in medical research involving genetic testing, for fear it will affect their ability to obtain affordable life insurance. This is due to the current regulatory framework, under which life insurers are able to request and use consumers' genetic testing results when considering whether, and on what terms, to offer life insurance policies. This ability exists regardless of whether the genetic testing is undertaken as part of an individual's medical treatment, or as part of research.

The proposal is to implement a total ban on the use of adverse genetic testing results by life insurers.

Under a total ban, life insurers would be prohibited from requesting or using any adverse genetic testing results to inform their underwriting calculations. This approach would reflect the recommendations of the 2023 Australian Genetics & Life Insurance Moratorium: Monitoring the Effectiveness & Response (A-GLIMMER) report. Insurers would retain the ability to require individuals provide information about personal and family medical histories, and consumers would still be required to disclose any diagnosed condition, regardless of how that diagnosis was obtained (via genetic testing or other diagnostic methods).

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## **Ban on advertising of superannuation funds during onboarding**

IA Status: Compliant

Assessment Rating: Adequate

PIR Required: No

Regulatory Burden: The Treasury estimates these measures will result in an increase in regulatory costs of between \$480,000 and \$1.16 million per year, averaged over ten years. This estimate consists of \$480,000 and \$2.8 million in one off costs, and ongoing costs of between \$440,000 and \$880,000 per year.

Retirement outcomes are not served by employees making uninformed or disengaged choices about their superannuation fund. Where employees are uninformed or disengaged, stapling and default superannuation fund arrangements protect consumers. Advertising of superannuation products during onboarding can confuse or pressure employees to make uninformed decisions, open inappropriate products and unintentionally create duplicate accounts.

A limited ban on superannuation product advertising during onboarding to protect employees from being influenced to join inappropriate products, in combination with adjustments to stapling policy to reduce the number of unintentional duplicate accounts. Products could be prohibited from advertising during onboarding if they: are not MySuper products; have failed the annual Australian Prudential Regulation Authority (APRA) superannuation performance test; or are related to the onboarding service provider. This limited ban would reduce consumer harm.

## **Merger Reform: A Faster, Stronger and Simpler System for a More Competitive Economy**

IA Status: Compliant

Assessment Rating: Good Practice

PIR Required: No

Regulatory Burden: The Treasury estimates Option 2 will increase regulatory costs by \$10.8 million per year.

While most mergers and acquisitions are unlikely to raise competition concerns, some can harm competition, allowing businesses to raise prices and not pass on economic gains to consumers. Australia's merger control system plays a crucial gatekeeper role in preventing these mergers from harming consumers and the wider economy.

Analysis shows that competition in Australia has been declining since the 2000s. There is evidence emerging that the intensity of competition has weakened across many parts of the economy, accompanied by increasing market concentration and markups in many industries. Discouraging anti-competitive mergers and acquisitions, and stopping those that try to proceed, is crucial for maintaining downward pressure on the cost of living and creating a stronger, more competitive and more productive economy.

The IA considers four options.



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- Option 1: Status quo – Australia currently has a prohibition on acquisitions of shares or assets that would have the effect, or be likely to have the effect, of substantially lessening competition (SLC) in any market. These are reviewed through one of three pathways: voluntary informal merger review; voluntary merger authorisation; or Federal Court of Australia (Federal Court) proceedings.
  - Option 2: Mandatory and suspensory administrative system with an extended SLC test – introduces a single mandatory and suspensory administrative merger control system for mergers that meet certain thresholds that will replace the multiple voluntary pathways of the status quo. A merger will be permitted to proceed, unless the ACCC is satisfied that it is likely to SLC, including if it creates, strengthens, or entrenches substantial market power. Merger parties may also, following the competition assessment, seek for the merger to be approved if the ACCC is satisfied the merger would result, or be likely to result, in a benefit to the public that outweighs the detriment of the merger.
  - Option 3: Mandatory and suspensory administrative system with a satisfaction test – this is an alternative version of Option 2 in that it also introduces a mandatory and suspensory administrative merger control system. It differs from Option 2 in that mergers and acquisitions can only proceed if the ACCC is satisfied a merger is not likely to SLC including if it creates, strengthens, or entrenches substantial market power.
  - Option 4: Mandatory and suspensory judicial enforcement system with an SLC test – this is an alternative version of Option 1 that would replace the voluntary informal merger review with a mandatory and suspensory system, and retain the existing model of judicial enforcement with the SLC test. Option 4 would retain a separate merger authorisation process.

Option 2 is the recommended option as it strengthens Australia’s merger control approach by improving the ACCC’s ability to effectively and efficiently detect, review and act against anti-competitive mergers and acquisitions. Mandatory notification requirements would mean that mergers and acquisitions more likely to impose risks for the economy must be notified to the ACCC. Suspensory timeframes for review and upfront information requirements will enhance predictability and certainty for stakeholders.

The benefits of an efficient and effective merger control system are significant. Applying analysis from overseas to Australia would imply benefits of between \$340–732 million per year. Greater certainty and speed will reduce costs and facilitate valuable investment in pro-competitive and benign mergers. Consumers and businesses, along with the broader community, will be better informed and more confident that the ACCC has the toolkit to perform its gatekeeper role, prevent anti-competitive mergers and maintain competitive markets in Australia.

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## Department of Veterans' Affairs

### Veterans' Compensation and Rehabilitation Legislation Reform

IA Status: Compliant

Assessment Rating: Good Practice

PIR Required: No

Regulatory Burden: The Department of Veterans' Affairs estimates these measures will result in an estimated reduction in regulatory costs of \$5.5 million per year, averaged over ten years.

The current veterans' compensation and rehabilitation legislation framework is governed by three separate Acts, with fundamental structural differences. Determining which compensation is to be provided to veterans and veterans' families depends not only on the nature of the service undertaken, but also on the date a particular member joined the Australian Defence Force (ADF). The complexity in this multi-Act approach contributes to claims processing delays and uncertainty for veterans and families as to what they may be entitled to as current or former serving members of the ADF. Furthermore, compensation outcomes for veterans can differ significantly over the different frameworks for similar conditions or injuries, depending on the claimant's individual circumstances.

Various Government and independent reviews have identified that the framework is extremely complex and in need of simplification. The Productivity Commission found that the existing framework is not-fit-for-purpose and requires fundamental reform. The Interim Report of the Royal Commission into Defence and Veteran Suicide found that this complexity could adversely affect the mental health of veterans.

The IA considers four options to reform the veterans' compensation and rehabilitation framework:

- Option 1 – Status Quo
- Option 2 – Small-scale improvements that do not require large scale Government investment and can be implemented at a policy level or by minor legislative amendment
- Option 3 – Move to a two-scheme approach based on the Productivity Commission's 2019 report 'A Better Way to Support Veterans'. This option entails compensation and rehabilitation delivered under two schemes – the current Veterans' Entitlements Act 1986 (VEA) and the Military Rehabilitation and Compensation) Act 2004 (MRCA) harmonised with the Safety, Rehabilitation and Compensation (Defence-related Claims) Act 1988 (DRCA)
- Option 4 – All future claims received will be determined under the Military Rehabilitation and Compensation Act 2004 (MRCA) as the single ongoing act, irrespective of when and where the veteran served, or when their injury or illness occurred. This option also seeks to implement further improvements to the veterans' support system such as aligning benefits across the compensation system. From a future date, the VEA and DRCA would be closed to claims.

The IA identifies Option 4 as the preferred option.

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# National Indigenous Australians Agency

## Resolution to the collapse of the Youpla Group

IA Status: Compliant

Assessment Rating: Adequate

PIR Required: No

Regulatory Burden: The National Indigenous Australians Agency (NIAA) estimates the preferred option would result in a regulatory cost of \$1,276,152.

The Youpla Group (formerly the Aboriginal Community Benefits Fund) was a funeral expenses insurer that primarily marketed its products to First Nations people, often using misleading and deceptive practices. The Youpla Group entered into liquidation in March 2022, leaving its policy holders without funeral cover to conduct Sorry Business, a tradition of mourning with deep cultural importance for First Nations peoples. This collapse therefore inflicted significant cultural and emotional harm to many First Nations people and communities.

The proposal aims to deliver a culturally appropriate resolution that reduces financial stress relating to Sorry Business and provides closure on this matter for former Youpla Group policy holders.

Three cohorts of people who held a policy with the former Youpla Group were identified:

- Cohort A: 2020 policy holders estimated to impact 7,850 policy holders with total premiums paid of \$66 million
- Cohort B: 2015 policy holders estimated to impact 13,700 policy holders with total premiums paid of \$106 million
- Cohort C: 2001 policy holders estimated to impact 31,400 policy holders with total premiums paid of \$164 million.

The proposed resolution payment scheme consists of variations on the implementation of cash payments and/or funeral bonds.

- Option 1: Choice between cash payment or funeral bonds.
- Option 2: Funeral bonds set as a default; option to receive cash payment
- Option 3: Funeral bonds are mandated, with specific exemptions.

The IA details the impacts of each resolution payment option across each cohort. Cohort B and Option 2 is identified as the preferred option.