AUSTRALIAN SHAREHOLDERS' ASSOCIATION

Stable and predictable investment settings

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Business dynamism is affected not only by regulatory costs but also by the stability, simplicity and predictability of the investment environment.

Businesses and investors make long-term decisions based on expectations about tax, regulation, superannuation and access to capital. Major or frequent policy changes can affect confidence, alter investment behaviour and make long-term planning more difficult.

Although taxation is not the principal focus of this inquiry, recent changes to the taxation of capital gains illustrate how policy settings may affect investor behaviour and capital allocation.

In June 2026, ASA surveyed 1,112 investors about the proposed capital gains tax changes. The survey found that:

- 69.21% said the changes would make them less confident about investing outside superannuation;
- 32.46% said they might invest less outside superannuation;
- 51.49% said they might favour income-producing investments over growth investments;
- 50.95% said they might consider selling assets before 1 July 2027; and
- 55.24% expected to require paid professional advice to understand the effect on their investments or financial plans.

The survey was conducted among ASA's investor community and should not be treated as representative of all Australian investors. It reflects investor sentiment and possible behavioural responses rather than a forecast of the legislation's economic effects.

Nevertheless, the findings raise issues relevant to business dynamism.

A shift from growth investments towards income-producing or lower-risk assets could reduce the pool of patient, risk-bearing capital available to start-ups, smaller listed companies and research-intensive businesses.

Biotechnology, medical technology, advanced manufacturing, technology commercialisation and mineral exploration businesses may require funding for many years before producing income. Investors accept substantial uncertainty in exchange for the prospect of future capital growth.

Policy settings that reduce the after-tax reward for taking this risk may discourage investment in these businesses or direct capital towards more established, lower-risk or more tax-favoured assets.

Capital gains taxation may also create a lock-in effect, under which investors retain an asset to defer tax rather than reallocating capital to a business with stronger prospects. Transitional arrangements may have the opposite effect by bringing forward sales for tax reasons rather than because of business fundamentals.

Complexity also increases the cost of direct investment. Requirements for additional advice, valuations, calculations and record keeping may discourage some investors from participating outside superannuation.

Major policy changes affecting investment should therefore be assessed for their impact on investor confidence, the allocation of capital, compliance costs and the availability of funding for emerging and growing Australian businesses.

Fair and efficient capital raising

Capital-raising processes should allow businesses to access funds efficiently while treating existing shareholders fairly.

Retail shareholders can be disadvantaged when companies rely on placements to selected investors without giving existing shareholders a reasonable opportunity to participate. This can dilute their proportional ownership and transfer value to investors participating in a discounted raising.

ASA supports capital-raising arrangements that:

- allow existing shareholders a reasonable opportunity to maintain their proportional ownership;
- use pro rata offers where reasonably practicable;
- provide retail offers at the same or a comparable price to institutional offers;
- explain why a non-pro rata structure has been selected;
- disclose how securities have been allocated; and

- explain the effect of the raising on dilution, control and the company's financial position.

Disclosure and approval processes should be streamlined where possible without reducing the material information available to investors.

The objective should be faster and less costly access to capital combined with fair participation and informed decision-making.

Digital reporting and administration

Digital transformation can reduce regulatory costs while improving the accessibility and comparability of company information.

ASA supports progressively introducing structured digital financial reporting. This could allow companies to prepare information once and use it across different regulatory systems, while helping investors and regulators compare information more efficiently.

Reform should include:

- common data standards across regulators, government bodies and market operators;
- a "tell us once" approach to regulatory information;
- staged implementation and affordable support for smaller companies;
- continued access to reports in readable and machine-readable formats; and
- appropriate cybersecurity, privacy and data-quality controls.

Registry and shareholder communication systems should also be modernised. Companies should be able to communicate directly and securely with shareholders, while investors should have timely access to information about their holdings, corporate actions and voting rights.

Digital reform should not result in digital exclusion. Reasonable alternatives should remain available for investors who cannot readily use online systems.

Governance and investor confidence

Good corporate governance supports investment, sustainable growth and productivity.

Investors are more willing to provide capital when boards are accountable, company information is reliable and shareholder rights are respected. Clear reporting on strategy, financial performance, material risks and key decisions helps investors assess opportunities and allocate capital more efficiently.

Regulatory reform should distinguish between unnecessary duplication and substantive obligations that protect investors and market confidence.

Removing outdated or repetitive processes can improve productivity. Weakening accountability, disclosure or shareholder rights can make risk more difficult to assess and may increase the cost of capital.

Business restructuring and market integrity

Australia's insolvency framework should give viable businesses a timely and affordable opportunity to restructure. It must also maintain director accountability, provide reliable information to investors and creditors, and deter misconduct.

The Commission should consider whether:

- restructuring pathways are sufficiently accessible and proportionate;
- corporate and personal insolvency processes could be better coordinated for small business owners;
- safe harbour provisions support genuine business rescue while maintaining responsible director conduct; and
- investors and creditors receive timely and understandable information.

Any changes to illegal phoenixing protections should preserve regulators' ability to deter and respond to misconduct.

Simplifying legitimate restructuring should not make it easier to transfer assets, avoid liabilities or disadvantage creditors and investors.

Conclusion

Australia's productivity depends on businesses being able to enter, expand, raise capital, restructure and exit efficiently.

It also depends on investors being willing to provide capital. That willingness is supported by reliable disclosure, accountable boards, fair treatment of shareholders and confidence in stable and transparent markets.

ASA supports reforms that reduce duplication, modernise capital-market infrastructure, improve access to equity capital and make restructuring more efficient.

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Efficient regulation, stable policy settings and strong investor protections are complementary. Together, they support investment, innovation, productivity and Australia's international competitiveness.

Regards,

Rachel Waterhouse

CEO

Australian Shareholders' Association