

MEDIA RELEASE

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\$160bn and counting: resetting the regulatory balance

New research released today by the Australian Institute of Company Directors (AICD) reveals the true cost of heavy-handed federal regulation which has ballooned since 2000, and sets out a reform package to reset the balance.

The report titled ***\$160bn and Counting: The Cost of Commonwealth Regulatory Complexity*** provides a comprehensive assessment of the scale and impact of federal regulation on Australian business and the economy, with the cost of complying with federal regulation amounting to \$160 billion or nearly 6 percent of GDP, up from \$65bn or 4.2 percent of GDP in 2013.

The research conducted by economics consultancy Mandala Partners confirms what company directors have long warned, finding strong evidence that Australia's federal regulatory system is holding back investment and international competitiveness.

More complex laws are driving up costs and forcing businesses to focus increasingly on compliance-related work, redirecting resources away from growth and innovation. Board time on compliance has doubled from 24 percent to 55 percent in 10 years, while the external legal spend now sits at \$16bn up from \$6bn in 2010.

While the UK, EU, Canada, New Zealand and US are simplifying regulation to drive growth, Australia risks falling further behind without taking immediate policy action.

AICD Managing Director & CEO Mark Rigotti said Australia has become a hard place to do business and this needs to change to maintain global competitiveness.

"This isn't about weakening protections or cutting corners. It's about making our regulatory system fit for purpose. When more than half of board time is consumed by compliance and regulatory oversight, we know we have got the balance wrong.

"The first step must be a government commitment to reduce regulatory burden by 25 percent, and structural reforms to ensure new regulation is systematically reviewed. We must abandon a set and forget approach that allows regulatory accumulation by default."

Mandala analysis shows that lifting the large proprietary company thresholds in the Corporations Act could yield around \$1.7bn in savings over four years, whilst simultaneously removing the climate reporting burden for around 1500 firms.

The Australian Institute of Company Directors (AICD) is a not-for-profit organisation committed to strengthening society through world-class governance. A trusted voice in national policy creation and rollout, the AICD advocates for, informs and empowers those leading, influencing and shaping the future of contemporary governance. Its flagship Company Directors Course™ has been the gold standard in practical, real-world governance education for over 50 years - equipping leaders across all sectors with the skills and confidence to navigate complex boardroom challenges and lead their organisations with impact. The AICD is also home to the world's largest community of professionals committed to better governance for a better future. To learn more, visit aicd.com.au

Mandala Partner Adam Triggs said policymakers can't ignore the fact that senior compliance roles are growing 350 percent faster than the rest of the labour market.

"Compliance has a huge impact on how businesses allocate their most valuable resource: human talent. The kind of smart, capable people working full-time on compliance could potentially be driving innovation, developing new products, or expanding into new markets."

Key AICD policy recommendations:

- Set an overarching reduction target for the federal government – a 25% reduction in regulatory burden by 2030 would align with the UK.
- Revise ministerial statements of expectations of regulators to better balance growth and risk.
- Lift the large proprietary company threshold (up to \$100m revenue and \$50m assets) which would remove \$1.7bn in reporting compliance costs.
- Implement a more robust regulatory impact assessment process that truly reflects compliance costs.
- Mandatory post-implementation reviews of major regulation to ensure it is working as intended and the cost-benefit stacks up.
- Minimum consultation periods to prevent flawed, rushed laws from being passed by Parliament with industry left to deal with the consequences.

Key report findings:

- The Mandala research paints a stark picture of regulatory expansion in Australia over the past 25 years, in both sheer volume and complexity.
- The total cost of meeting Commonwealth regulation has grown from \$65 billion (4.2% of GDP) in 2013 to \$160 billion (5.8% of GDP) today.
- Australia ranks second behind Japan for administrative and regulatory burden when compared with G7 economies.
- Over the past 25 years, federal regulation has grown rapidly:
 - Legislation has increased by 142%
 - Pages of legislation has expanded by 190% (almost triple)
 - Legislative complexity has climbed by 141% from 2010 to 2022
- Board time on compliance has doubled from 24% to 55% in 10 years.
- The number of compliance roles has doubled since 2010, outpacing the wider labour market.

Access the full report [here](#).

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