

MEDIA RELEASE

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AICD welcomes Productivity Commission reports: Calls for urgent and ambitious action on regulation

The Australian Institute of Company Directors has welcomed today's release of the Productivity Commission's final Five Pillars Reports, noting the many regulation-focused recommendations, if implemented, would drive meaningful productivity gains for Australian organisations.

Recent research by the AICD and economics consultancy Mandala Partners found an alarming accumulation of federal regulation that is holding back investment, diverting organisational resources to focus on compliance, and negatively impacting Australia's competitiveness.

The Productivity Commission's final report is welcome recognition of this problem and many of the recommendations on better regulation are important steps forward. We also support a recommendation for a national target to reduce the level of unnecessary regulation and red tape.

However, we are disappointed by the PC's unambitious target of a \$10bn or 6-9% reduction of total compliance costs by 2030 given the PC acknowledges that previously a 6% reduction was able to be achieved in only a short period under a former government (2014-16).

The AICD-Mandala research found that the cost of complying with federal regulation amounts to \$160 billion or nearly 6 percent of GDP, up from \$65bn or 4.2 percent of GDP in 2013. Given this scale, our view is that a 25 percent target for reducing the cost of regulation must be urgently implemented.

AICD Managing Director and CEO Mark Rigotti said: We call on the Federal Government to show far more ambition to deal with deadweight regulation and to improve how policy is made going forward.

"Organisations of all sizes and in all sectors should be freed up to focus on growth, innovation and strengthening their international competitiveness.

"Australia risks being left behind key trading partners in the OECD who already have a more balanced approach to regulation and yet have recently committed to going much further to promote economic growth."

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

Consistent with the AICD's membership of the Alliance of Industry Associations, we do not support the Productivity Commission's cashflow tax recommendation, given its complexity and detrimental impacts to businesses and the Australian economy.

The AICD supports the Productivity Commission's recommendations in other key areas, including AI regulation, reform of occupational licensing and harmonising regulation of care sectors.

We look forward to working with Government in these critical reform areas in 2026.

Media Contact: Jane Braslin 0439 167 567