November 2025

Australian Institute of Company Directors

$160 billion and counting

The cost of Commonwealth regulatory complexity

Australian organisations now spend $160 billion a year to comply with federal regulation, more than double the cost a decade ago

The Australian Institute of Company Directors (**AICD**) engaged economics consultancy Mandala Partners to assess the current scale and impact of federal regulation on Australian organisations, and the economy. The research finds strong evidence that Australia's regulatory system has become more detailed and complex, requiring urgent reform. **A Federal Government commitment to a 25% reduction in regulatory burden by 2030 must be the first step.**

Regulation is stifling Australia's global competitiveness

- **Regulatory overload is real and it is hindering productivity.** Mandala's research confirms what directors have long warned – Australia's regulatory system has become a drag on productivity and investment.
- **Regulation is not proportionate.** Australia doesn't just have more regulation – it has denser, more complex laws that drive up costs. Organisations are increasingly focused on compliance-related work, redirecting resources away from growth and innovation.
- **Maintaining global competitiveness requires action.** While the UK, EU, NZ, Canada and US have 'better regulation' policy agendas to drive growth, Australia risks falling further behind without a similar commitment.

When compared to G7 nations Australia ranks second (behind Japan) for administrative and regulatory burden
Organisations face more friction to start, operate, and scale than almost any other large advanced economy.

The evidence is compelling and multifaceted

Measuring the growth and cost of regulation

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)** in 2024 driven by increasing regulation, greater regulatory complexity and a major increase in compliance roles.

2013

$65 billion

(4.2% GDP)

Source: Department Prime Minister & Cabinet

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Increased regulation

Greater complexity

Growth in compliance employment

→

2024

$160 billion

(5.8% GDP)

Source: Mandala estimate

Measuring where time and money is being spent

Regulation and legal spend

- The number of *pieces* of federal legislation has more than doubled since 2000
- The number of *pages* of federal legislation has almost tripled since 2000
- Legislative complexity doubled between 2010 and 2022
- External legal spend has almost tripled since 2010, equivalent to a 39% increase in spending as a percentage of GDP

Compliance employment and board time

- Board time spent on compliance has doubled from 24% to 55% in 10 years
- Growth in compliance roles has outpaced the wider labour market across all sectors
- Growth in compliance roles has been particularly pronounced in healthcare (355%), education (208%), mining (153%) and construction (131%)
- Compliance specific roles have doubled since 2010 and salary spend is up from $1.9 billion in 2010 to $5.7 billion in 2024

If not now, then when? The need for a 'better regulation' agenda

- The research shows that the cost of regulation cannot be ignored, acting as an economic handbrake for more than two decades. This is holding back Australian organisations' ability to invest, generate value-creating jobs and remain internationally competitive.
- Australia has become too hard a place to do business and this needs to change. Australia must address the existing stock of regulation and the future flow of regulation to change this dynamic.

Existing regulation – stock

- **Commit to a 25% reduction in regulatory costs by 2030, publish an economy-wide regulatory stocktake and issue revised ministerial statements of expectations for regulators** to ensure the right balance is achieved between growth and risk
- **Lift the thresholds for large proprietary companies and Group 3 climate reporting entities.** Mandala's modelling shows at least **1,500 medium-sized organisations** would benefit, saving **$1.7 billion over four years**
- **Adopt in full the Australian Law Reform Commission's recommendations** to simplify and modernise Australia's financial services laws with dedicated government resourcing

Future regulation – flow

- **Strengthen Cabinet scrutiny of new regulation**, appoint an **independent Office of Impact Analysis commissioner**, enforce **minimum consultation periods** and conduct **sector-wide reviews** to cut regulatory burden
- **Introduce systematic post-implementation reviews** to assess the effectiveness and costs/benefits of new regulations and expand the use of **legislative sunsetting**
- **Reinstate an independent corporate law advisory body** – modelled on the former Corporations and Markets Advisory Committee – to deliver long-term, evidence-based reform advice to support Treasury and the Government

For the full analysis, see the AICD Mandala research report.

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