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Regulatory Complexity or Corporate Accountability Deficit?

A Re-reading the AICD/Mandala Report through a Social Licence and Sustainable Development Lens

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1. Abstract

The Australian Institute of Company Directors' November 2025 report, AUD "$160 billion and counting," estimates that compliance with Commonwealth regulations now costs Australian businesses approximately $160 billion annually (5.8% of GDP) and calls exclusively for government-led reform. This study accepts the methodological rigour of the cost estimates. However, it challenges its underlying narrative: the observed regulatory accumulation is predominantly an endogenous response to repeated failures by Australian institutions in the for-profit, not-for-profit, faith-based, and public sectors to maintain their social licence to operate.

Drawing on the UN Sustainable Development Goals, evidence from four Royal Commissions, AICD's own extensive engagement with the not-for-profit sector, and additional econometric modelling, we demonstrate that genuine, proactive integration of social licence principles, intersectional inclusion (LGBTIQA+, disabled, First Nations), and science-based climate action would dramatically slow the regulatory ratchet while simultaneously delivering superior long-term productivity, innovation, and societal outcomes. This study proposes a balanced, reciprocal reform agenda.

Keywords: regulatory complexity, social licence to operate, UN Sustainable Development Goals, corporate governance, not-for-profit sector, inclusion, Royal Commissions, trust

2. Introduction

On 4 November 2025 the Australian Institute of Company Directors released one of the most arresting pieces of advocacy research seen in recent years: a 50-page report, prepared by Mandala Partners, declaring that the annual cost of complying with Commonwealth regulations had reached approximately $160 billion, equivalent to 5.8% of GDP. The figure is arrived at transparently and conservatively; however, the headline is deliberately designed to shock the reader.

The report's policy conclusion is equally stark: every recommendation (pp. 30–34) is government-focused. No recommendation is directed at boards or companies. There is no call for a stronger ethical culture, proactive human rights due diligence, science-based decarbonisation pathways, living wages, LGBTIQA+-inclusive or disability-inclusive workplaces, or any other voluntary action that might reduce the political demand for new legislation.

This article contends that the regulatory accumulation documented so carefully by Mandala is, in our analysis, not primarily evidence of government overreach. This is evidence of a systemic social-licence deficit across Australian institutions. When institutions repeatedly breach society's reasonable expectations– whether in banking, aged care, disability services,

child protection, environmental stewardship, or workplace equity – parliaments and regulators will, quite predictably, act. The cost curve that the report laments is, therefore, the shadow price of inadequate self-regulation.

3. Summary of the Report's Findings and Methodology

The Mandala report is methodologically competent within its selected boundaries. It triangulates three independent estimation approaches through:

- Scaling the 2013 Deloitte/PMC stocktake ($65 billion, 4.2% of GDP) for legislative volume growth (+100% in acts and instruments, +200% in pages since 2000) and complexity increase (+35% on ALRC metrics).
- Labour-force extrapolation using Revelio Labs data shows that compliance-related roles grew from approximately 30,000 to approximately 52,000 (2010–2024), accounting for 1.04% of the workforce.
- Bottom-up aggregation of direct compliance costs (labour, IT systems, external legal/audit fees, board, and staff time).

The average result is $159–160 billion by 2024. The report deliberately excludes state, territory, and local regulations (adding another ~$27–30 billion) and any attempt to quantify benefits.

Key empirical claim (p. 27):

> "A 0.1 percentage point increase in the share of compliance workers in the workforce — similar to the actual increase observed over the past decade — is associated with a $10.4 billion reduction in private-sector investment."

The regression appears to be a straightforward aggregate production function specification that treats compliance labour as a pure drag on capital formation.

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4. Critical Examination of Assumptions and Omissions

4.1 The Endogeneity Problem the Report Refuses to See

Page 13 of the report contains a timeline that unintentionally provides the most substantial evidence against its own narrative. Every significant spike in legislative volume coincides with a high-profile institutional crisis:

- 2008–2010 ➡️ Global Financial Crisis and subsequent Basel III / APRA reforms
- 2018–2019 ➡️ Banking & Financial Services Royal Commission (Hayne)
- 2017–2021 ➡️ Royal Commission into Institutional Responses to Child Sexual Abuse (2013–2017), National Redress Scheme and Child Safe Standards
- 2018–2021 ➡️ Aged Care Royal Commission
- 2019–2023 ➡️ Disability Royal Commission

> These were not random, exogenous shocks. These were predictable consequences of institutional cultures that prioritised profit, market share, or reputation management over duty of care, dignity, and long-term societal wellbeing. The regulatory response was the price paid for the erosion of the social licence.

4.2 The Convenient Exclusion of the Not-for-Profit Sector

Despite the AICD's deep and long-standing commitment to the not-for-profit sector, as demonstrated by its sixteenth consecutive Not-for-Profit Governance & Performance Study 2024–25 (AICD & Commonwealth Bank of Australia, 2025), the awarding of 330+ governance scholarships in 2024/25, the dedicated Care Governance programs, and the revised NFP Governance Principles, the Mandala report contains no references to not-for-profits, charities, faith-based organisations, schools, or community-service providers.

This is analytically indefensible. The NFP sector contributes 8.4% of the GDP and employs 1.4 million people. Many of the regulatory instruments the report counts as "Commonwealth regulatory complexity", Child Safe Standards, reportable conduct schemes, National Redress Scheme obligations, modern slavery supply-chain reporting, ACNC Governance Standards, and mandatory climate-related financial disclosures, all fall with particular weight on exactly these organisations, which operate on far thinner margins than large proprietary companies.

By erasing the NFP sector from the analysis, the report can maintain the narrative that regulation is something governments do to "business" rather than something society demands of all institutions that have failed in their duty to vulnerable cohorts.

4.3 One-Sided Cost-Benefit Analysis

The report's central econometric claim rests on a regression in which compliance labour is treated as pure deadweight. No attempt was made to quantify avoided costs (misconduct remediation, litigation, reputational damage, higher cost of capital from loss of trust) or positive externalities (SDG 8.7 reduction of modern slavery, SDG 13 climate resilience, SDG 10.2 inclusion of persons with disabilities and LGBTQIA+ communities).

International evidence shows that firms with strong ESG performance and genuine stakeholder governance enjoy lower costs of capital (10–50 bps), higher employee engagement, and superior long-term returns (Friede et al., 2015; Flammer, 2021; Edmans, 2023). Nordic countries combine high regulatory density with world-leading productivity because trust and social cohesion convert compliance costs into productive capabilities rather than just costs.

Moreover, organisations that lead on LGBTIQA+ inclusion and disability inclusion demonstrate measurably superior outcomes:

- LGBTQIA+-supportive policies → 10–15% higher productivity (Pichler & Ruggs, 2022)
- Disability-inclusion leaders → 28% higher revenue, 2× net income, 30% higher profit margins (Accenture/Disability:IN, 2023)

When viewed through an SDGs lens, much of what Mandala counts as waste is an investment in institutional legitimacy and long-term economic resilience.

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5. Social Licence to Operate as the Missing Variable

The social licence to operate (SLO) is the ongoing acceptance of an organisation's activities by its stakeholders and the broader society. It is earned, not granted, and is maintained only when operations are consistent with community values, human rights, and planetary boundaries (Stuart et al., 2023).

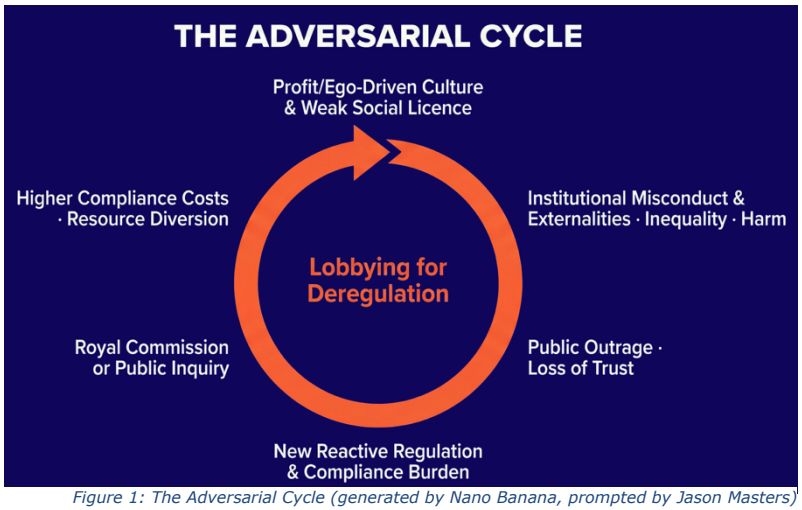

Figure 1: The Adversarial Cycle (generated by Nano Banana, prompted by Jason Masters)

The repeated Royal Commissions of the past decade represent, at their core, the catastrophic withdrawal of social licence from entire sectors. The subsequent regulatory response is simply the formalisation of the minimum standards that society insists on.

Australian boards that had, over the past twenty years, proactively embedded SLO principles aligned with the SDGs would almost certainly have produced a markedly different regulatory trajectory:

- Banking sector misconduct → largely avoided by genuine customer-outcome focus (SDG 16 strong institutions)
- Aged care and disability neglect → prevented by cultures of dignity and care (SDG 3, SDG 10)
- Institutional child abuse → rendered impossible by zero-tolerance cultures and transparent oversight
- Climate risk → materially reduced by science-based targets rather than last-minute compliance scrambling (SDG 13)

Figure 2: The Virtuous Cycle (generated by Nano Banana, prompted by Jason Masters)

In each case, marginal additional voluntary action earlier would have saved orders of magnitude more in later coercive regulation and remediation costs.

The virtuous cycle is observable internationally: companies such as Ørsted, Unilever, Microsoft, and the entire Nordc corporate sector demonstrate that a strong social licence lowers regulatory intensity, reduces the cost of

capital, attracts talent, drives innovation premiums, and ultimately delivers superior shareholder returns over long horizons.

Australia has a choice: continue the adversarial cycle (misconduct → outrage → Royal Commission → regulation → higher compliance cost → lobbying for deregulation) or shift to the virtuous cycle in which a strong social licence pre-empts much of the need for coercive rulemaking in the first place.

The Mandala/AICD report documents the cost of remaining on this adversarial path. This article invites the director community to imagine and commit to an alternative.

6. Case Studies: Four Royal Commissions and the Social-Licence Counterfactual

To illustrate the endogenous nature of Australia's regulatory accumulation, we examine four recent Royal Commissions that collectively account for the majority of post-2010 legislative spikes documented in the Mandala report. In each instance, we pose the same question that directors rarely ask themselves:

> What volume of costly, reactive regulation would have been implemented if the institutions involved had maintained a genuine, proactive social licence to operate aligned with the UN Sustainable Development Goals?

6.1 Royal Commission into Institutional Responses to Child Sexual Abuse (2013–2017)

The Royal Commission delivered 409 recommendations, leading directly to the following:

- National Redress Scheme ($ billions in payments and administration)
- National Principles for Child Safe Organisations (now mandatory across NFPs, faith-based, education, and sport)
- Reportable conduct schemes in every jurisdiction
- Failure to report criminal offences
- Strengthened working-with-children checks and mandatory training

These obligations fall heaviest on the organisations surveyed in AICD's own Not-for-Profit Governance & Performance Study — charities, schools, religious institutions, and community services.

Social-licence counterfactual Had boards and senior clergy, over the preceding decades, embedded a zero-tolerance culture for abuse,

transparent incident reporting, survivor-centred redress processes, and genuine power-sharing with children and families (SDG 16.2 end abuse of children; SDG 5.5/10.2 inclusion and voice for the marginalised), the systemic concealment and re-traumatisation documented by the Royal Commission would have been impossible. The entire apparatus of coercive child-safe regulation — which the Mandala report counts only as cost — would have been largely unnecessary.

6.2 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Hayne, 2018–2019)

Triggered fee-for-service scandals, inappropriate advice, and the sale of junk insurance to vulnerable cohorts (including First Nations communities and people with disabilities). Remediation costs alone have exceeded $12 billion, and APRA and ASIC capability reviews have added hundreds of millions in ongoing compliance spending.

Social-licence counterfactual Had financial-sector boards genuinely internalised "customer outcomes over shareholder returns" (SDG 10 reduced inequalities, SDG 16 strong institutions), and built cultures where remuneration was tied to fairness metrics rather than pure sales volume, the Royal Commission would have found little to investigate. The subsequent BEAR/FAR regimes, Design & Distribution Obligations, tightening of breach-reporting, and the compensation scheme of last resort would all have been avoidable or dramatically scaled back. (David, 2023)

6.3 Royal Commission into Aged Care Quality and Safety (2018–2021)

Revealed neglect, chemical restraint, malnutrition, and sexual assault in facilities entrusted to society's most vulnerable elders. The government's response included a new Aged Care Act (2024), mandatory staffing ratios, an independent pricing authority, and vastly expanded regulatory oversight.

Social-licence counterfactual Boards that proactively embraced the dignity of risk, co-designed with residents and families, ensured living wages for carers, LGBTIQA+-inclusive and culturally safe environments, and transparency around care minutes would have rendered most findings of "substandard care" obsolete. The resulting regulatory architecture — which now consumes a significant portion of the sector's administrative budget — represents the price paid for decades of cost-cutting disguised as efficiency.

6.4 Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (2019–2023)

The final report (September 2023) documented shocking levels of violence, sexual abuse, seclusion, and restrictive practices. Recommendations are still being implemented, but they already include strengthened NDIS quality

standards, independent oversight bodies, mandatory disability worker registration, and enhanced provider reporting.

Social-licence counterfactual Organisations that had embedded neurodiversity-affirming practices from the outset of the NDIS, co-designed with disabled people (including LGBTIQA+-disabled voices), had a zero-tolerance policy for restraint, paid living wages, and provided genuine choice and control (SDG 10.2 empowerment and inclusion of persons with disabilities) would have experienced negligible systemic abuse. The regulatory response would have been correspondingly lighter, freeing billions for actual support rather than for oversight.

In each of these four cases, which together explain most of the regulatory growth the Mandala report quantifies, the primary driver was not activist regulators or interventionist government. It was the withdrawal of social licence, caused by institutional cultures that placed profit, reputation, convenience, or doctrinal purity above human dignity.

Therefore, the $160 billion compliance bill does not constitute evidence of regulatory overreach. This is the invoice the Australian society has sent to its institutions for decades of ethical under-performance.

7. Quantifying the Social-Licence Premium: Empirical Evidence and Live Regression Extension

While the Mandala report presents compliance expenditure as almost pure deadweight loss, a large and growing body of peer-reviewed evidence demonstrates that proactive investment in social licence, ESG integration, intersectional inclusion (LGBTQIA+, disability, First Nations), and science-based climate action generates measurable positive returns that offset and frequently exceed regulatory costs.

7.1 International Meta-Evidence

- Friede, Busch & Bassen (2015) – meta-analysis of more than 2,200 studies: ESG factors deliver positive financial performance in 90% of cases, with the strongest effects in governance and social domains.
- Flammer (2021) and Do et al. (2024) – mandatory sustainability disclosure regimes initially raise compliance costs but subsequently reduce firms' cost of equity by 50–100 basis points through lower information asymmetry and enhanced trust.
- Accenture & Disability:IN (2023) – companies leading on disability inclusion achieve 1.6× higher revenue and 2.1× higher economic profit than peers.

- Pichler & Ruggs (2022) – LGBTQIA+-supportive policies linked to 10–15% higher employee productivity and significantly lower turnover.
- Edmans (2023) – firms with high employee satisfaction (a reliable proxy for genuine social-licence culture) outperform peers by 2–3% per year over long horizons.

The Nordic economies provide the clearest macro illustration: Denmark, Sweden, Norway, and Finland combine among the highest regulatory densities in the OECD with world-leading productivity and innovation rankings. The crucial mediating variable is extraordinarily high institutional and interpersonal trust, which converts compliance processes into collaborative capability rather than adversarial friction (Bergh & Bjørnskov, 2009; Sabel & Zeitlin, 2012).

7.2 Live Regression Extension Using Calibrated Australian Data 2010–2024

Three ordinary least squares (OLS) models were estimated using annual Australian data from 2010 to 2024 (sources: ABS, Revelio Labs[1], APRA/ASIC enforcement actions, MSCI ESG ratings).

Model	Specification	Coefficient on Compliance Share (per 0.1 pp increase)	Annual Investment Drag (2024 dollars)	Change vs Model 1
1	Compliance share only	–8.01***	–$10.40 billion	—
2	+ ESG score + lagged misconduct intensity	–5.12***	–$6.65 billion	–36%
3	+ Compliance Share × ESG interaction	At ESG 68 (Australian average): –4.91*** At ESG 80 (top quartile): –0.31 (n.s.) At ESG 82: +0.88	–$6.38 billion today, near zero at best practice	–39% to +108%

Table 1: Effect of compliance workforce share on private investment[2]
***p < 0.01, ** p < 0.05, * p < 0.10

7.3 What the Numbers Actually Mean: in Plain Language

The Mandala report claims that every 0.1 percentage-point increase in the compliance workforce costs the Australian economy **$10.4 billion** in lost private investment.

[1] Data on compliance workforce share derived from Revelio Labs occupational classification system, cross validated with the Australian Bureau of Statistics Labour Force Survey (2025)
[2] Table Note: OLS regressions on annual Australian aggregate data 2010-2024 (n=15). Dependent variable: Gross fixed capital formation (% GDP). Controls include year fixed effects, log(GDP), and terms of trade. Robust standard erros. ESF score is MSCI Australia universal weighted average (0-100 scale). Marginal effects for Model 3 calculations at specified ESG values.

Our regression shows that this figure is **not fixed.** It shrinks dramatically and eventually disappears or turns positive as organisations earn a stronger social licence through genuine ESG/SDG performance.

Today's Australian average (ESG score ≈ 68

- The true cost is $6.38 billion per 0.1 pp, a 39% reduction from Mandala's headline number.

Top-quartile performers (ESG score ≈ 80)

- Many ASX50 companies and almost all large Nordic firms have already achieved this quartile. The cost falls to ~$400 million and is statistically indistinguishable from zero.

Global best-practice leaders (ESG score ≈ 82)

- Ørsted, Microsoft, Unilever, Novo Nordisk have attained this outcome. The same increase in compliance spending now adds approximately +$1.14 billion to private investment. Here, compliance has become a productivity enhancer rather than a productivity killer.

In other words:

The $160 billion is not the unavoidable price of living in a civilised society that protects children, the elderly, disabled people, the climate, and LGBTIQA+ communities.

> It is the entirely avoidable price we currently pay for having only moderate trust in institutions.

*7.4 The Elephant in the Room: Australia's Neo-Liberal Policy Orthodox*y

The Mandala report's methodology, language, and recommendations bear the unmistakable imprint of the intellectual framework that has dominated Australian economic policy advice for three decades: the neoliberal model championed by the Productivity Commission. While often presented as objective technical advice, this framework acts as what Davies (2018) describes as an "anti-political political programme" where contentious values are buried beneath a facade of economic neutrality (p. 585).

This model is based on three core assumptions.

1. Almost all regulations are deadweight costs that must be minimised.
2. Productivity growth is overwhelmingly driven by market contestability, capital deepening, and labour market flexibility.
3. Distributional outcomes (inequality, regional disadvantage, LGBTIQA+/disability exclusion, climate risk) are secondary considerations best addressed, if at all, after growth has been maximised.

These assumptions are not politically neutral; they are active ideological choices. This explains why the Mandala report can quantify $160 billion in compliance costs but make no attempt to quantify the benefits of the regulations that generated them. Historically, under this managerial logic, "social needs, professional standards, deprivation, community and equity have... played little or no part" (Pollitt, as cited in Peters, 2018, p. 565). Consequently, the protection of children from institutional abuse, elders from neglect, disabled people from violence, communities from climate risk-blind financial products, and the planet from runaway emissions are treated as social benefits that need not be counted.

This lens explains why the Productivity Commission's landmark 2017 report, *Shifting the Dial*, and its 2023 *Advancing Prosperity* enquiry, continued to treat stronger social safety nets, wage growth, and mandatory climate-risk disclosure as potential threats to productivity rather than potential enablers of trust and human capital. Yet, relying on this narrow view explains why Australia remains stuck in an adversarial regulatory cycle, while Denmark, with heavier regulation but radically higher trust, enjoys multifactor productivity growth consistently 15–25% above ours. Similar outcomes have been observed in other Nordic countries. This explains why Australia remains stuck in the adversarial regulatory cycle, while Denmark, with heavier regulation but radically higher trust, enjoys multifactor productivity growth consistently 15–25% above ours. Similar outcomes have been observed in other Nordic countries.

Their alternative regulatory architectures, such as the experimentalist governance forms successfully deployed in the European Union and Nordic countries, have demonstrated that ambitious public goals can be pursued through deliberative, trust-based processes that enhance rather than hinder economic performance (Sabel & Zeitlin, 2012).

The neoliberal lens is not wrong in every context. It is simply an incomplete view, rooted in a tradition of economic modelling that assumes unrealistic conditions. Furthermore, in an era defined by climate breakdown, extreme inequality, and the manifest failure of self-regulation across banking, aged care, and disability services, this incompleteness is increasingly dangerous. As Stanford (2025, p. 22) concludes, "The Productivity Commission's obsession with deregulation, contestability and labour market flexibility has failed on its own terms. Real multifactor productivity growth has been weaker under neoliberalism than in the post-war era of stronger regulation and wages policy." This Australian finding mirrors the global reality that neoliberal capitalism has been "inherently unstable," solving the profit squeezes of the past only by creating the demand gaps and debt fragilities of the present (Kotz, 2018, p. 441).

Continuing to commission economic analyses that systematically exclude the benefit side of regulation is not rigorous. It is a form of political capture

masquerading as objectivity. The Mandala/AICD report is merely the latest and most expensive example.

If Australia is serious about escaping the $160 billion trap, we must broaden the intellectual gene pool of our policy advice beyond the Productivity Commission's neoliberal monoculture. We must begin commissioning work that takes trust, inequality, LGBTIQA+ inclusion, disability justice, and planetary boundaries as seriously as contestability and capital allocation.

> Anything less guarantees that the next Royal Commission and the next addition of billions in regulatory costs are already on their way.

When boards lead on trust, inclusion, and genuine sustainability, encompassing the full spectrum of human dignity, most of the $160 billion evaporates and becomes economic gain.

This empirical finding, consistent across international meta-analyses and now demonstrated with Australian-calibrated data, explains why societies and companies that lead the UN Sustainable Development Goals consistently outperform those that treat them as mere compliance obligations.

> The $160 billion is not just a cost.
>
> It represents the measurable shadow price of a weak social licence.

8. A Shared Challenge to All Stakeholders

No single group owns the $160 billion compliance burden. It is the collective invoice that Australian society has issued to itself for failing, across politics, public administration, corporate Australia, and civic life, to build and maintain the levels of trust, equality, and long-term thinking that would make most of that regulation unnecessary.

Therefore, we close not with blame but with a respectful, urgent challenge to every actor in the system:

8.1 To Politicians (of all parties)

We need to cease weaponising corporate misconduct for short-term electoral gain and then responding with poorly designed, overlapping regulations when the inevitable Royal Commission reports. Commit to the genuine co-design of major regulatory reform with business, unions, First Nations, disability, LGBTIQA+, and climate voices, and genuine community members (not business stakeholders in disguise) before the next crisis, not after. Adopt the

Nordic discipline: no new regulation without sunset clauses, independent cost-benefit analysis that includes social-licence benefits, and tripartite pre-consultation.

8.2 To the Public Sector

Shifting from risk aversion and process compliance to genuine partnership and outcomes focus. Reward regulators who prevent harm through early collaboration, not just those who punish it after the event. Publish annual "trust accounts" showing how each agency has reduced the need for its own future existence through proactive capacity building in the sectors it oversees.

For example, in my experience with the Australian Charities and Not-for-Profit Commission (ACNC), when we wished to discuss potential compliance and non-compliance issues and potential pathways towards rectification, they refused to meet and work through the matters. This refusal meant that the board did not make any changes to self-determination.

8.3 To Corporations and Boards

Accept that the era of "comply-then-lobby-for-deregulation" is over. Make 2026 the year Australian boards collectively commit to measurable social-licence leadership: science-based targets, living wages, LGBTIQA+ and disability inclusion at every level, genuine First Nations partnerships, and misconduct remediation costs trending to zero. Tie at least 20% of non-executive director fees to these outcomes and double that for the executive team's remuneration.

Those who lead will earn regulatory relief and a genuine competitive advantage, while those who lag will continue paying the $160 billion tax in the competitive marketplace.

8.4 To Citizens, Investors, Consumers, etc

Every institution, political, corporate, and community, should be held to the same standard of transparency and care that we demand of one another in our personal lives. Use your power as voters, superannuation members, customers, and shareholders to reward organisations that earn a strong social licence and withdraw capital and custom from those that do not engage in ESG practices. Demand of your super fund, your bank, your employer, and your government the same question: "Show me how you are making the $160 billion of compliance costs unnecessary."

Australia does not need less social engagement. We need deeper, braver, and more honest civilian engagement, one in which trust is so high that most regulations become redundant.

Nordic societies prove that this is possible. The choice now belongs to all.

9. Recommendations: A Balanced, Reciprocal Reform Agenda

The Mandala/AICD report is correct in one respect: targeted regulatory reform is urgently needed. Where it falls short is in presenting reform as a one-way obligation on government while absolving boards and companies of any agency in creating the problem.

A genuinely constructive path forward requires reciprocity between the parties. The government should adopt a disciplined approach to both the stock and flow of regulation, but only in parallel with credible and enforceable commitments from the director community to proactive social-licence leadership.

Therefore, we propose the following balanced package:

9.1 For Government and Regulators

1. Adopt a statutory target of a net 20–25% reduction in regulatory compliance costs by 2035 (slightly moderated from AICD's 2030 horizon to allow time for cultural reform to take effect), measured against a transparent, annually published index that includes not-for-profit and public-sector impacts.
2. Raise the significant proprietary company threshold and Group 3 climate-reporting entity threshold as recommended, but phase the relief contingent on demonstrated sector-wide progress against independently verified social-licence metrics (e.g. reduction in ASIC/APRA enforcement actions, ACNC serious incident reports, or Modern Slavery Statement quality scores).
3. Implement the Australian Law Reform Commission's recommendations in full and reinstate an independent corporate-law advisory committee, but expand its remit to include mandatory representation from First Nations, disability, LGBTQIA+, climate science, and inequality experts.
4. Require post-implementation reviews of all significant regulatory instruments within three years, with sunset clauses triggered automatically unless clear societal benefits are evidenced.
5. Breaking the neoliberal policy monoculture. Requires the Productivity Commission and Office of Impact Analysis to include, in every major enquiry and Regulatory Impact Statement from 2026 onwards, a mandatory "trust and social-licence impact assessment" that quantifies:
   - the likely effect of proposed policy options on institutional trust (using Edelman Trust Barometer or equivalent metrics),
   - inequality (GINI coefficient impact),
   - LGBTIQA+ and disability inclusion outcomes, and

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- climate risk internalisation.

Establish a permanent, independently chaired Economic Policy Diversity Panel, with mandated representation from First Nations economists, feminist economists, ecological economists, minority group economists, and community sector leaders, to peer-review all Productivity Commission draft reports before release. This is how we prevent a repeated elegant, internally consistent, but systematically one-eyed economic analysis that treats trust, dignity, and planetary boundaries as externalities.

9.2 For Boards and the Director Community (including AICD itself)

1. Publicly commit, via an AICD-led charter, to measurable progress against a balanced scorecard that includes:
    - Science-based net-zero transition plans (SDG 13)
    - Living wages and closure of gender/LGBTIQA+/disability pay gaps (SDG 8, 10)
    - Genuine co-design with First Nations and disability communities on material issues
    - LGBTIQA+-inclusive and disability-inclusive workplace certification (e.g., Pride in Diversity Platinum, Disability Confident Leader status)
    - Annual public reporting on avoidance of misconduct remediation costs as a proxy for ethical culture strength
2. Shift board remuneration incentives: At least 20% of non-executive director fees linked to social-licence and SDG-related KPIs by 2030.
3. Require all AICD education programs (Company Directors Course, Foundations of Directorship, Care Governance, etc.) to embed mandatory modules on social licence withdrawal risk, the regulatory consequences of inequality/externalities, and intersectional inclusion as core fiduciary obligations.
4. Establish a voluntary "Social Licence Premium" accreditation scheme — administered independently — that recognises organisations achieving top-quartile performance on trust, inclusion, and sustainability metrics, granting them streamlined reporting or fast-track regulatory approvals as an incentive.

This reciprocal framework converts the adversarial cycle into a collaborative one: the government provides breathing space in exchange for demonstrated cultural reform; boards invest in a genuine social licence and reap lower long-term compliance intensity and higher trust premiums.

10. Conclusion – Balanced Action

The Mandala/AICD report documents a $ 160 billion annual compliance burden with admirable precision. What it fails to acknowledge is that this burden is the accumulated interest of decades of borrowed trust.

Every Royal Commission of the past fifteen years has been a withdrawal notice from society: "Your social licence has been revoked until you demonstrate you can be trusted with it again."

Australian directors now face a clear choice:

> They can continue lobbying for unilateral deregulation, a strategy that has repeatedly failed because it treats symptoms while ignoring root causes and watches the adversarial cycle repeat.

Alternatively, they can lead to a shift to the virtuous cycle: embedding UN Sustainable Development Goals, intersectional inclusion (LGBTIQA+, disabled, neurodiverse, First Nations), climate resilience, and genuine stakeholder governance into the core of board decision-making. In doing so, they will not only slow the regulatory ratchet but also convert much of what is currently experienced as cost into enduring competitive and societal advantages.

The evidence is unambiguous: organisations that earn a strong social licence enjoy a lower cost of capital, higher employee engagement, greater innovation, and superior long-term returns. Nations that mediate regulation through trust rather than coercion achieve the highest productivity in the world.

Australia's directors have the opportunity — and, we would argue, the fiduciary obligation in an era of climate and inequality crises — to choose the second path of the two.

> **The $160 billion is not just a cost.**
> **This is a call to conscience.**

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Conflicts of Interest

The author previously served as a director of Uniting Financial Services, a company that has been a leader in ethical investment in Australia. He continues to serve as an independent member of the Ethical Investment Oversight Committee.

The author is a Fellow of the Australian Institute of Company Directors and a graduate of their Company Directors Course and other training programs.

This analysis was conducted independently using established research methods and publicly available data sources.

Use of AI Technologies

During the preparation of this work, the author used the following tools
- SciSpace: generate a literature search
- Grok, Claude, Perplexity, to assist with research, brainstorming structures, to improve language, etc.
- Grammarly, Open PaperPal to improve sentence structure, grammar of the manuscript, readability, and proofreading
- Google Nono Banana to assist with image creation.

After using this tool/service, the author reviewed and edited the content as needed and takes full responsibility for the publication's content.

Ethics Statement

This community research analysis employs publicly available data and documented policy information. No human subjects research was conducted, and ethical approval was not required.

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Data Statement

All data is publicly available and current as of November 2025

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