BCA
Business Council of Australia

Regulation Rumble: Regulatory costs and trading environment

2026

		Change from last year
1st	**South Australia**	
2nd	**Australian Capital Territory**	▲ 1
3rd	**New South Wales**	▲ 1
	Northern Territory	▼ 1
5th	Tasmania	
6th	Queensland	
7th	Western Australia	
8th	Victoria	

Ranking regulatory costs and the trading environment:

Since the last report, Australia's productivity growth rate has continued to struggle and inflationary pressures remains acute. Businesses continue to face cost pressures across wages, energy, rent, and supply chain dynamics which continue to weigh on confidence and create headwinds for investment, innovation, and job creation. Newly announced Commonwealth taxes, including a minimum tax on discretionary trusts from July 2028 and changes to capital gains tax arrangements from July 2027, will add to the burden of regulation.

Various taxes legislated and levied by the states and territories create a differential cost environment for businesses. Jurisdictions charge differing rates and often on different bases, resulting in business locations with varying costs. A higher cost and tax environment can dampen the appetite for business investment into a given state in both absolute terms and relative to other states and territories.

The tax system should raise revenue with the least possible cost to society by minimising distortions to the way we work, save, and invest. State taxes are among the most destructive in the federation. Payroll tax is a tax on jobs, and stamp duty increases the cost of buying a house. It also discourages people from upsizing or downsizing their homes or moving closer to a new, more productive job. Additionally, stamp duty makes it harder for small businesses to relocate as they grow.

The analysis in this section takes the approach of comparing tax rates, thresholds, and associated tax scale systems, as these are key factors in determining the tax applicable for different sizes of business. It also helps serve as a benchmark for investors when making comparisons across jurisdictions.

Other regulatory areas, such as retail trading legislation and business licensing requirements also differ amongst the states and territories. Restricting the hours that a business can operate can reduce the income that a business could have otherwise generated, representing an opportunity cost. It also inconveniences customers and reduces opportunities for staff. Extensive licensing requirements can also lead to higher costs and act as barriers to growth, as can insurance duties.

Together, these regulatory factors impact businesses differently across jurisdictions, creating an environment where it can be more (or less) expensive and difficult to operate in one state or territory compared to another.

Tax on employing workers

- Low payroll tax rates
- High payroll tax thresholds to exclude small businesses
- Payroll tax scale that supports small expanding businesses
- Alignment of payroll tax revenue rulings

Charges for owning or acquiring property

- Low land tax rates
- Land tax scale to support small expanding businesses
- Low or no stamp duty
- Stamp duty scale to support small expanding businesses

Flexibility of retail trading hours

- Unrestricted retail trading hours on regular days
- Low or no public holiday retail trading restrictions
- Exemptions available from trading restrictions

Workers' compensation schemes

- Premiums as a share of wages

Licensing and requirements to do business

- Number of licences for a small café
- Number of licences for a small childcare service
- Number of licences for a small clothing, footwear, and accessories retailer

Insurance Duties

- General duty rate
- CTP insurance rate
- Professional indemnity insurance

Tax on employing workers

South Australia's payroll tax system ranks first, ACT's ranks last.

Why we measured this

Payroll tax is an additional cost on business when they hire more staff. A national business must also deal with eight different payroll tax regimes with differences in rates, thresholds, scaling systems, exemptions, and administration across the country. This can deter a business from expanding and hiring workers in a particular jurisdiction, which is counterproductive for governments seeking to create more jobs.

We have measured the highest payroll tax rates used in each jurisdiction (inclusive of any levies and surcharges that have been added), as this is the rate that large employers are likely to face. We have also considered the threshold at which payroll tax kicks in because this dictates how likely a small business is able to stay out of the payroll tax system.

We included a detailed examination of each jurisdiction's payroll tax scaling structure to calculate effective tax rates for expanding small businesses across different payroll sizes. Additionally, we evaluated alignment with payroll tax revenue rulings, which enhance administrative consistency for businesses operating across multiple jurisdictions.

What we measured

- Highest payroll tax rates charged (including levies and surcharges).
- Thresholds for when payroll tax is applicable.
- Payroll tax rates charged for different payroll sizes ($1 million to $23 million at $1 million intervals, plus $2.5 million and $7.5 million).
- Alignment of payroll tax revenue rulings.

Tax on employing workers rankings

1st	**South Australia**	
2nd	**New South Wales**	
3rd	**Queensland**	▲ 1
4th	Northern Territory	▼ 1
5th	Tasmania	
6th	Western Australia	
7th	Victoria	
8th	Australian Capital Territory	

Key findings

South Australia retains its first place ranking with the lowest payroll tax rate for large employers. With the lowest headline rate, South Australia also ranks first for payroll tax scaling across the tested payroll range, though jurisdictions with higher tax-free thresholds levy less tax at the smallest payroll sizes. Queensland has improved to third place, and the Northern Territory has slipped to fourth, following the Northern Territory's introduction of a new top rate for large employers.

The ACT continues to rank last. From 1 July 2026 it reduced its first-band rate to 6.75 per cent, but introduced a new top rate of 8.75 per cent, the highest payroll tax rate in the country, applying to the ACT wages of employers whose Australia-wide wages exceed $150 million, and reduced its tax-free threshold from $2 million to $1.75 million. While the ACT retains the second-highest tax-free threshold, it ranks second lowest for small expanding businesses. This poor ranking stems from the high tax rate, which rapidly offsets the benefit of the threshold as payroll costs increase.

Changes since last year

- The Northern Territory introduced a new 6.5 per cent rate, effective 1 July 2026, applying to all taxable Territory wages of employers with Australia-wide wages of $100 million or more, not only to wages above that threshold. This is the third-highest rate applying to large employers, behind the ACT's 8.75 per cent and Victoria's 6.85 per cent surcharge-inclusive top rate, and moved the Northern Territory from third to fourth in the overall payroll tax ranking.
- The ACT reduced its first-band rate from 6.85 per cent to 6.75 per cent, lowered its tax-free threshold from $2 million to $1.75 million, and introduced a new top rate of 8.75 per cent on Australia-wide wages above $150 million.
- No other jurisdiction changed its payroll tax rates or thresholds for 2026-27.
- Queensland and Victoria's headline rates have been adjusted to account for their regional payroll tax concessions. This has not impacted their overall rankings.

Increasing payroll taxes on business takes away from investment and jobs

The ACT and the Northern Territory were the only jurisdictions to change their highest payroll tax rate for 2026-27. Both changes fall on large employers and took effect from 1 July 2026. The ACT's new top rate of 8.75 per cent is the highest payroll tax rate in the country, and the Northern Territory's new 6.5 per cent rate is the third highest, behind Victoria's surcharge-inclusive 6.85 per cent. Because each new rate applies to the employer's entire taxable wage bill once the wage threshold is reached, crossing the threshold re-rates every dollar of wages. Taxing the wage bills of the largest employers most heavily works against the scale and investment that generate jobs in the first place.

Thresholds keep small business out of the system

The ACT was the only jurisdiction to change its payroll tax-free threshold this year, reducing it from $2 million to $1.75 million. The Northern Territory retains the highest tax-free threshold in the nation at $2.5 million, while Victoria and Western Australia remain the lowest at $1 million.

Payroll tax scale systems ease the burden on small expanding businesses

Payroll tax scale systems vary across each jurisdiction, affecting the rates applied to smaller businesses depending on their payroll size. Before the highest payroll tax rate or any surcharges apply, jurisdictions may use different structures—ranging from a single marginal rate above a tax-free threshold to progressive rates with phased-out deductions. As a result, small and growing businesses may face different effective rates both within and across jurisdictions, depending on their payroll size.

The ACT was the only jurisdiction to change its payroll tax scaling arrangements within the tested payroll range for 2026-27: its tax-free threshold fell from $2 million to $1.75 million and its first-band rate from 6.85 per cent to 6.75 per cent, so an employer with a $2 million ACT payroll moves from no payroll tax to $16,875. Re-ranking effective rates on 2026-27 settings leaves the relative positions of all jurisdictions unchanged. The new top rates introduced by the ACT and the Northern Territory apply well above the tested range.

South Australia records the lowest effective rates on average across the tested range, reflecting its low headline rate; its rate phases in between $1.5 million and $1.7 million with a maximum annual deduction of $600,000, and its advantage is concentrated above about $8 million. At smaller payrolls, jurisdictions with higher thresholds levy less, and at $2 million South Australia's effective rate is the highest of any jurisdiction. Western Australia records the highest effective rates on average: its deduction tapers away between $1 million and $7.5 million, beyond which the full 5.5 per cent rate applies to the entire wage bill with no tax-free amount, and its $1 million threshold is the equal-lowest in the nation alongside Victoria. At the largest payroll sizes in the range, the ACT's effective rates are higher still.

Revenue rulings provide greater administrative consistency

State and territory revenue offices may issue revenue rulings to clarify the interpretation of administrative provisions within payroll tax legislation, for example, how fringe benefits should be valued for payroll tax purposes. All jurisdictions have agreed to a set of revenue rulings addressing these administrative matters.

The extent to which each jurisdiction has adopted these rulings affects the level of consistency experienced by businesses operating across multiple states and territories. On adoption data reviewed in 2026, New South Wales continues to lead, having adopted the most rulings. Victoria and South Australia are next, followed by Queensland, Tasmania, the Northern Territory and the ACT. Western Australia has adopted the fewest of any jurisdiction.

Special payroll tax settings

The Victorian and Queensland payroll tax systems are unique in that they have reduced rates for regional employers. This lower rate applies if at least 85 per cent of a business' taxable wages are paid to regional employees, and for Queensland the principal place of employment is also in a regional area. The Victorian regional rate is 1.2125 per cent while eligible employers in Queensland receive a 1 percentage point deduction on their payroll tax rate. Large businesses with payroll sizes exceeding $350 million are not eligible for the Queensland reduced regional rate. An adjustment is made to the effective rate for Queensland and Victoria to reflect the value of regional payroll tax concessions relative to the overall payroll tax base, but this does not alter the overall rankings.

Charges for owning or acquiring property

The ACT continues to have the lowest land charges in the country, while Victoria remains the highest.

Why we measured this

Land tax and stamp duty are significant contributors to the cost of doing business when holding or transacting land and property. Land tax is an ongoing operational expense, whereas stamp duty is a one-off cost incurred at the point of acquisition, effectively increasing the upfront purchase price. While land tax is typically lower than stamp duty initially, it can accumulate to a substantially higher cost over time. In contrast, stamp duty is widely regarded as economically inefficient, as it discourages transactions and penalises economic activity.

Each jurisdiction operates under separate legislation, leading to varying land tax and stamp duty rates across jurisdictions. These differences create location-based cost disparities for businesses.

We have again examined the full range of land tax scales, including surcharges applicable to trusts and foreign-owned businesses. Similarly, we reviewed stamp duty scales, accounting for any additional charges imposed on foreign investors. This approach enables us to assess tax impacts on expanding businesses holding or trading land and property at different values. Given the relevance to housing supply, we also considered stamp duty rates applied to residential property investments, which vary significantly for foreign investors, though these differences had a limited effect on overall rankings.

What we measured

- Highest land tax rates charged.
- Land tax rates charged for different land values (from $0.5 million to $12.5 million, increasing by $0.5 million).
- Highest stamp duty rates.
- Stamp duty rates charged for different property values (from $0.5 million to $12.5 million, increasing by $0.5 million).

Charges for owning or acquiring property rankings

1st	**Australian Capital Territory**
2nd	**Tasmania**
3rd	**South Australia**
4th	Northern Territory
5th	New South Wales
6th	Western Australia
7th	Queensland
8th	Victoria

Key findings

There have been no changes to the overall rankings, or to any component ranking, for 2026-27. The ACT retains its position as the top-ranked jurisdiction, driven by its first place ranking for land tax—due to no land tax being levied on commercial property (alongside the Northern Territory)—and third-place rankings for stamp duty in both highest rate and tax scaling for small businesses.

Victoria remains the lowest-ranked state, reflecting the third-highest land tax rate for domestic owners and the highest land tax rate for foreign owners. It also imposes one of the highest stamp duty rates nationally, and ranks lowest overall for both land tax and stamp duty applicable to small, expanding businesses. The COVID land tax surcharge introduced in 2024 and the increased absentee owner surcharge for foreign investors both remain in place.

New South Wales continues to impose the highest combined land tax and stamp duty rates for foreign purchasers of residential property, following the increases that took effect in January 2025. No jurisdiction increased its foreign owner surcharges for 2026-27.

Changes since last year

- South Australian land tax thresholds increased by around 12 per cent, with the top marginal rate unchanged at 2.4 per cent. South Australia remains the only jurisdiction to index its land tax thresholds annually.
- The ACT increased its land tax fixed charge from $1,693 to $1,778 and lifted the duty-free threshold for commercial stamp duty from $2 million to $2.1 million, reflecting increases of about 5 per cent in each case.
- New South Wales increased the threshold at which its top residential stamp duty marginal rate applies, under annual CPI indexation of its transfer duty brackets. Its land tax thresholds remain frozen at 2024 valuations. None of these changes was large enough to alter a ranking.

Land tax and stamp duty scale systems ease the burden on small businesses

As with payroll tax, land tax and stamp duty systems differ across states and territories, influencing the rates applied to smaller businesses that hold or trade land and property of varying values before the highest rates or surcharges are triggered. These systems also vary based on the ownership structure, whether the entity is an individual, company, trust, or a foreign equivalent, and the type of property, such as residential or commercial. For small but growing businesses, this means the applicable rates can differ significantly both within and between jurisdictions, depending on the nature of the operation and the value of the land or property involved.

New South Wales's freeze on the annual indexation of land tax thresholds remains in effect, with all land tax thresholds fixed at their 2024 valuations. South Australia remains the only state to continue indexing land tax thresholds, with South Australian land tax thresholds for 2026-27 increasing around 12 per cent. A lack of annual indexation of thresholds leads to higher land tax for business as land value appreciates.

Increasing land tax contributes significantly to the cost of doing business

No jurisdiction increased its foreign owner land tax surcharge for 2026-27. New South Wales's surcharge remains at 5 per cent and, like the surcharges in the ACT and Tasmania, applies only to residential land; Queensland's and Victoria's apply more broadly. These surcharges deter foreign investment, which brings new capital into Australia.

Victoria's Commercial and Industrial Property Tax (CIPT) replaces stamp duty with an annual tax set at 1 per cent of the unimproved land value. The tax applies to eligible properties from 1 July 2024 but only takes effect ten years after a qualifying transaction. It is charged in addition to any applicable land tax. Given the complexity of the transition to CIPT, it has not been included in our comparative rankings.

Increasing stamp duty discourages and penalises economic activity

No jurisdiction increased its foreign purchaser duty on residential property for 2026-27. New South Wales remains the least favourable jurisdiction in Australia for foreign residential property investment, following the increase in its foreign purchaser duty from 8 per cent to 9 per cent in January 2025.

The policy proves particularly counterproductive for new construction projects, where foreign capital could help expand housing stock for residents and citizens. At a time when governments are actively working to increase housing supply, these surcharges may be undermining those efforts.

Across Australia's eight jurisdictions, six impose foreign purchaser surcharges on stamp duty. All six apply to residential property, and Tasmania alone extends its surcharge beyond it, levying 1.5 per cent on primary production property alongside its 8 per cent residential rate. The ACT and Northern Territory remain the only jurisdictions with no surcharge.

While some jurisdictions do provide exemptions for the provision of new housing and accommodation, the feedback we have heard from BCA members is that these processes can take many months to achieve an outcome; with one example we have seen taking 18 months. This has the effect of delaying the delivery of new homes.

Special land tax and stamp duty settings

We considered the different tax rates for various types of entities (companies, trusts, foreign entities) and types of property investments, whether residential (business transactions) or commercial. Notable exclusions from the rankings include specific stamp duty rates for individuals, additional levies, infrastructure or service costs, and targeted surcharges, exemptions, and concessions. These varying amendments target only portions of the market within each jurisdiction.

Examples include the Metropolitan Region Improvement Tax charge in Western Australia for property owners in the Perth Metropolitan Region, and in the ACT, both the City Centre Marketing and Improvement Levy and the Police, Fire and Emergency Services Levy. Similarly, in Victoria, the Metropolitan Parks Charge is a levy on all metropolitan properties via water bills. These charges are added to the land tax, increasing annual costs for businesses. The ACT also imposes a commercial lease duty for leases that pay a ‘premium’ over 25 per cent above market value, as this transaction is considered a transfer of the property. Various jurisdictions provide concessions or exemptions of stamp duty for purchases of new homes by certain groups of purchasers, usually first home buyers or pensioners. Tasmania’s first home buyer exemption and pre-completion concession expire on 30 June 2026, Western Australia increased its first home buyer transfer duty thresholds, and Victoria extended its off-the-plan concession to April 2027. Jurisdictions also offer concessions around build-to-rent projects.

Flexible retail trading hours

The ACT and Northern Territory have no restrictions while Queensland is the most restrictive.

Why we measured this

Restrictions on retail trading hours can limit business sales by preventing businesses from operating at times that best serve their customers. These limitations can lead to inefficiencies in business operations, adding an extra burden for businesses.

Retail trading hours are regulated at the state and territory level, leading to varying restrictions and complexities, including a detailed evaluation of each jurisdiction's retail trading restrictions, considering both regular trading days and public holidays.

What we measured

- Legislated restrictions on regular day retail trading.
- Legislated restrictions on public holiday retail trading.
- Exemptions available from trading restrictions.

Flexible retail trading hours ranking

1st	**Australian Capital Territory**
	Northern Territory
3rd	**Tasmania**
4th	Victoria
5th	New South Wales
6th	Western Australia
7th	South Australia
8th	Queensland

Note: No jurisdiction made a permanent, state-wide change to its retail trading hours during the review period. The 2026 Regulation Rumble report reintroduces the breadth of exemptions from trading restrictions as a separate criterion, and the comparison with 2025 is restated on that same basis.

Key findings

The ACT and Northern Territory maintain their top spots in the ranking for a fourth year in a row, with no legislated trading hour restrictions for either regular or public holiday trading.

Tasmania and Victoria follow, with trading predominantly deregulated and restrictions confined to a small number of public holidays. New South Wales ranks fifth, with the largest unrestricted regular trading day hours but the greatest number of restricted public holidays.

Western Australia, South Australia and Queensland have kept the status quo of having the most restrictive trading hours. Queensland is now the most restricted jurisdiction, with non-exempt shops facing extensive regulated trading hours across four separate geographic trading areas.

Restrictive retail trading hours limit trading opportunities

Most jurisdictions have largely no restrictions on regular day retail trading hours. However, Western Australia, South Australia, and Queensland maintain more antiquated operating environments. These states impose varying restrictions based on geographic areas, with regional areas often having fewer trading hours compared to capital city regions.

In South Australia, many retail shops are classified as exempt. A shop's 'exempt' or 'non-exempt' status, along with its daily trading hours, is determined by its location, size, and type of goods sold. Non-exempt shops must adhere to location-specific hours, which can range from midnight to between 5pm and 9pm, depending on the location and day of the week. Sunday trading is generally allowed, except in the three Proclaimed Shopping Districts. Three midnight trading nights were again confirmed for December, set annually by ministerial decision under the framework established by the 2022 reforms.

In Queensland, many retail shops are classified as 'exempt' and can trade freely. 'Non-exempt' shops have their daily trading hours determined by their geographic area, which is categorised into one of four types. Trading hours range from 6am to 9am opening times and from 6pm to 10pm closing times. Type 4 trading areas, typically found in smaller regional towns, have the most restrictive environment, including a prohibition on Sunday trading.

In Western Australia, all shops are classified as 'general retail shops' unless they fall into a unique exempt specialised category. 'General retail shops' have their daily trading hours determined by their geographic area, typically ranging from 8am to 11am opening times and from 5pm to 9pm closing times. Businesses in the Perth Metropolitan Region generally face fewer restrictions than those in regional areas. Western Australia approved extended trading hours for general retail shops in the Perth metropolitan area over the 2025 festive season and for specified 2026 public holidays. These are temporary seasonal orders made under existing legislation rather than permanent reform, and do not change Western Australia's ranking. Local governments in Western Australia can also request extensions to trading hours for general retail shops, and many communities have taken advantage of this.

Deregulating public holiday trading hours boosts economic activity, construction and improves consumer convenience

The ACT and the Northern Territory continue to have no restrictions on retail trading hours during public holidays. In contrast, New South Wales has the strictest regime, with currently five full days when most businesses must remain closed (Good Friday, Easter Sunday, Christmas Day, Boxing Day and Anzac Day). NSW has a conditional exemption for Boxing Day allowing a business to open provided employees freely elect to work.

Queensland mandates closures for non-exempt businesses on four days: Good Friday, Anzac Day, Labour Day, and Christmas Day. In South Australia, public holiday restrictions vary based on a business's exemption category,

ranging from closure for two days (Good Friday and Christmas Day with restricted trading hours on most public holidays) to closure for all full-day public holidays.

Similarly, in Western Australia, where restrictions also vary based on exemption category, businesses may be required to close for three days (Good Friday, Christmas Day, and Anzac Day with restricted trading hours on most public holidays) or for all full-day public holidays.

Both Victoria and Tasmania require non-exempt businesses to close on Good Friday, Christmas Day, and the morning of Anzac Day.

Cost of workers' compensation schemes

Queensland still leads with the lowest premium rate, while further increases in Western Australia and Tasmania continue to lift the average premium rate across jurisdictions.

Why we measured this

Workers' compensation is a compulsory form of insurance paid by most employers in Australia. It provides protection to employees if they suffer a work-related injury or illness. The workers' compensation system in Australia is highly complex, with differences in the mandated entitlements and premium rates under each state's legislation and variances between the different insurance schemes. There are material differences in how the premium rates are applied by each state and, by extension, the burden they have on businesses.

We again include a comparison of the cost of workers compensation insurance. We compare the latest average premium rate in effect within each jurisdiction, expressed as a percentage of wages. This approach allows for a simple comparison of the financial burden incurred by businesses in each jurisdiction.

What we measured

- Average premiums as a percentage of wages.

Cost of workers' compensation schemes ranking

1st	**Queensland**	
2nd	**Western Australia**	
3rd	**Australian Capital Territory**	▲ 1
4th	Victoria	▼ 1
5th	South Australia	▲ 1
6th	New South Wales	▲ 1
7th	Tasmania	▼ 2
8th	Northern Territory	

Key findings

Queensland has the most competitive workers' compensation premiums, around a third lower than the highest jurisdictional rate, and has now held its target average premium rate unchanged for two consecutive years. The average premium rate across jurisdictions rose again over the year. The increases were not confined to high-premium jurisdictions: Western Australia recorded the year's largest rise from the second-lowest adjusted rate.

Premium rates in Queensland, Western Australia and the ACT are below the unweighted average of jurisdictional adjusted rates, while premiums in Victoria, South Australia, New South Wales, Tasmania and the Northern Territory are above it.

Change drivers

- Western Australia's recommended average premium rate rose 5.9 per cent and Tasmania's suggested average premium rose 5.8 per cent, the two largest increases of the year. WorkCover WA attributed its increase to growing claim costs, higher claim volumes and anticipated wage growth; the actuarial assessment underlying Tasmania's suggested rates points principally to larger claim costs, with a lower claim-frequency assumption partly offsetting the increase.
- The ACT's suggested reasonable premium rate fell 2.9 per cent following an actuarial review, the only reduction of the year, lifting it from fourth to third.
- Queensland, Victoria, South Australia and New South Wales all held their headline rates unchanged. Victoria and South Australia have now done so for four consecutive years.

The New South Wales reforms to its workers' compensation scheme have now been legislated. The premium target collection rate is frozen at its 2025-26 level for both 2026-27 and 2027-28, so the scheme insurer cannot file premiums above that level. Individual employer premiums can still move with wages, business activity and claims experience.

Differences in schemes and administration increase compliance costs for businesses that operate in multiple jurisdictions

Increases in jurisdiction-level workers' compensation premiums impose a heavy burden on businesses, particularly amid turbulent economic conditions. For large businesses, whose premiums are tied to their individual claim history, changes in premium rates often have a disproportional impact relative to the jurisdictional average. Additionally, variations in benefits, coverage, claims management and funding arrangements for safety services across jurisdictions further complicate cost management, weighing further on the cost of doing business.

As the average premium rate across jurisdictions continues to rise, so too does the gap in jurisdictional competitiveness. The spread over Queensland, whose target rate is unchanged, has been widened by increases in Western Australia and Tasmania and by the higher observed rate for the Northern Territory. Continuation of this trend will broaden the divergence in jurisdictional competitiveness, placing further pressure on labour markets in uncompetitive jurisdictions. In this environment, a jurisdiction can improve its relative competitiveness simply by holding its rate constant.

This analysis is based on the latest average premium rates announced by each jurisdiction, as well as jurisdictional actuarial reviews of schemes. Rates have been standardised to allow for comparisons where the premium base includes superannuation. [08]

Licensing and requirements to do business

South Australia has the fewest licensing and other requirements to do business, and Tasmania has the most.

Why we measured this

The complexities and variations in business licensing across Australia significantly impact businesses, particularly small ones. Increased administrative burdens, delays in obtaining necessary licences, and compliance risks can lead to higher costs and act as barriers to growth.

Businesses must navigate a range of licences, permits, and registrations required at federal, state, and local levels, which can vary significantly by business type. In this year's scorecard, we assessed the complexity of these requirements by examining the number of business licences across each jurisdiction. We considered the different codes of practice, licences, and regulatory obligations required for three typical types of small businesses.

What we measured

- The number of licences, regulation and codes required for a small café
- The number of licences, regulation and codes required for a small childcare service
- The number of licences, regulation and codes required for a small clothing, footwear, and accessories retailer

Licensing and requirements to do business rankings:

1st	**South Australia**	▲ 1
2nd	**Northern Territory**	▼ 1
3rd	**Queensland**	
	Western Australia	▲ 2
5th	New South Wales	▼ 1
6th	Australian Capital Territory	▼ 1
7th	Victoria	▲ 1
8th	Tasmania	▼ 1

Note: The licensing data for 2026 was compiled directly from the Australian Business Licence and Information Service using its data interface and subsequently audited against current ABLIS records, with requirements that remain in force under identical or updated titles restored to the counts. Counts in both years are compiled on a consistent basis, and year-on-year movements should be read as indicative of the direction of change rather than as a precise measure of it.

Key findings

South Australia ranks first, recording the fewest or equal-fewest requirements in each of the three business types. The Northern Territory, which led the ranking for the previous two years, is second: its requirements are little changed, and its fall reflects larger reductions in South Australia rather than any change in its own settings. Queensland and Western Australia are equal third, and New South Wales fifth.

Tasmania and Victoria continue to record the most voluminous licensing requirements, and rank in the bottom three across all three business types. Tasmania now ranks last, with the highest café and childcare counts nationally.

Change since last year

- Counted requirements fell modestly in most jurisdictions and business types. The ACT recorded the largest increase, in café requirements.

Café operations

We have considered several assumptions regarding the licences needed to establish a café business. These include having minor construction on the premises, playing background music, setting up tables and chairs outside on public land, placing a board sign outside on public land, using printed and/or electronic materials, serving alcohol, and employing apprentices and staff on working holiday or skilled visas. This approach allowed us to compare business licences for café operators across different jurisdictions comprehensively.

Café operations, out of the three business types, continue to require the most extensive licensing across all jurisdictions. This is due to the higher number of general business licences needed, along with additional food and liquor regulatory obligations. South Australia and the Northern Territory record the fewest café requirements. Tasmania records the most, followed by Victoria and the ACT, which recorded the largest increase in counted requirements.

Childcare services

The assumptions regarding the licences needed to establish a childcare business are similar to those for a café. However, there are key differences for children recognising the importance of regulation in protection of children from harm, and we recognise the importance of these aspects of the regulation, which are understandably being scrutinised for their effectiveness at present.

Business licensing for childcare services is the second most extensive among the three business types across all jurisdictions, primarily due to unique standards for childcare. South Australia and Western Australia record the fewest requirements. Tasmania records the most, followed by Victoria, repeating the pattern seen in café operations.

Clothing, footwear, and accessories retail

The assumptions regarding the licences needed to establish a clothing, footwear, and accessories business are similar to those for a childcare business. However, the key difference is not needing to care for children.

Business licensing for clothing, footwear, and accessories retail is the least extensive among the three business types across all jurisdictions. South Australia and Queensland record the fewest requirements. Victoria records the most, more than double the South Australian figure, followed by Tasmania.

Insurance duties

Australian Capital Territory has no insurance duties, while South Australia has the highest overall burden of insurance duties.

Why we measured this

Insurance duties are taxes imposed on the payment of insurance premiums. These payments both impose direct cost burdens to businesses and indirect burden of regulatory complexity. For example, doctor's private practices, which pay professional indemnity insurance, have that cost further increased by a levy imposed by some jurisdictions.

We compare the general insurance duty rate, along with the rates of professional indemnity and compulsory third party (CTP) insurance duties.

What we measured

- The general insurance duty per cent rate.
- The occupational indemnity insurance duty per cent rate.
- The compulsory third party (CTP) insurance duty per cent rate.

Insurance duty rankings

1st	**Australian Capital Territory**
2nd	**Victoria**
3rd	**New South Wales**
4th	Queensland
5th	Tasmania
6th	Northern Territory
	Western Australia
8th	South Australia

Key findings

The ACT ranks first again this year, while Victoria holds second place, a position it had already reached in 2025 under its phase-down of duty on business insurance.

South Australia maintains the highest insurance duty rates in the country, applying 11 per cent to general insurance, professional liability and CTP insurance alike. Western Australia and the Northern Territory follow, each applying 10 per cent across all three classes.

For professional services, such as legal, mental health, and medical, these pose a disproportionate burden on covering indemnity, as well as fleet vehicles for compulsory third-party insurance.

Selective reductions for indemnity insurance may ease the burden

Victoria ranks second in both years on a consistent baseline. Its legislated phase-down of duty on business insurance reduces the rate by one percentage point a year until the duty is abolished in 2033: the rate on the covered business classes was 8 per cent at 1 July 2025 and is 7 per cent for 2026-27, the second lowest in the country behind the ACT. The 2025 comparison is restated on that basis, so no jurisdiction changes rank this year: New South Wales (third), Queensland (fourth) and Tasmania (fifth) hold their 2025 positions, with their duty rates unchanged. New South Wales's occupational indemnity insurance duty sits at 5 per cent and it has abolished CTP insurance duty. Queensland has removed a percentage fee in favour of a small notional fee for CTP policies. The ACT abolished all insurance duties in 2016, noting they do charge an Ambulance Levy on health insurance (see below).

Individual jurisdictional levies

In addition to the duties captured by this metric, which are present in a number of states or territories, we note that some jurisdictions have specific levies that are charged to purchasers of specific insurance. Because of the disparate nature of these, we have not incorporated them into the rankings, but do note they are a cost impost on individuals and businesses. Examples of this includes the Ambulance Levy charged by the ACT and the Health Insurance Levy charged by NSW, both on private health insurance; and the Emergency Services Levy charged by NSW.

Appendix A
Methodology

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Methodology of rankings

Regulatory costs and trading environment

There are six individual ranking components that together make up the combined ranking for the ease of doing business. These components have been weighted as follows:

- Tax for employing workers – 27.5 per cent
- Charges for owning or acquiring property – 27.5 per cent
- Flexibility of retail trading hours – 15 per cent
- Workers' compensation premiums – 10 per cent
- Licences required to do business – 10 per cent
- Insurance duties – 10 per cent

Tax for employing workers

The ranking consists of four components:	Weight
The highest payroll tax rate charged (including levies and surcharges) for 2026-27.	50 per cent
The threshold for when payroll tax is applicable for 2026-27.	20 per cent
Ranked by the average score across 25 payroll sizes from $1 million to $23 million at $1 million intervals, plus $2.5 million and $7.5 million.	15 per cent
The number of adopted payroll tax revenue rulings as at July 2026.	15 per cent

The payroll tax rates for different payroll sizes have been weighted evenly across twenty-five different payroll sizes to create an overall score for ranking. It is important to recognise that although this approach provides a more holistic view of each jurisdictions payroll tax system when viewed in conjunction with the highest rate and threshold, there are notable differences in scores when looking across the different payroll sizes

Revenue rulings information has been collected from the latest payroll tax revenue rulings reported by each state and territory. Adoption data was reviewed and updated in July 2026.

Charges for owning or acquiring property

The ranking consists of four components:	Weight
The highest rate of land tax charged by a jurisdiction for business property as at July 2026.	25 per cent
The land tax rates charged for different land values for 2026-27. Ranked by the average score across each value from $0.5 million to $12.5 million, increasing by $0.5 million.	25 per cent
The highest stamp duty rate charged for a transaction on business property as at July 2026.	25 per cent
The stamp duty rates charged for different property values for 2026-27. Ranked by the average score across each value from $0.5 million to $12.5 million, increasing by $0.5 million.	25 per cent

Land tax and stamp duty rates have been considered from a business perspective. Some jurisdictions – notably the ACT and South Australia – have exclusions for commercial or business properties. As such, those rates have been used in the rankings, meaning the ranking is not applicable to individuals. Consideration has been given to the different rates for various types of entities (companies, trusts, foreign entities) and types of property investments, whether residential (business transactions) or commercial.

The ACT charges 'rates' to businesses, which are typically levied elsewhere by local governments that do not separately exist in the ACT. To ensure a like-for-like comparison, we have not included these. We have also excluded charges that are specifically regionally based, such as the Perth Metropolitan Region Improvement Tax.

Similar to how the payroll tax systems were ranked, both land tax rates and stamp duty for different land and property values have been weighted evenly across twenty-five different values to create an overall score for ranking.

Flexible retail trading hours

The ranking consists of three components:	Weight
The restrictiveness of regular day retail trading	75 per cent
The number of public holidays with restricted retail trading hours	5 per cent
The breadth of exemptions available from trading restrictions	20 per cent

While this rating primarily addresses legislated trading hour restrictions, it's important to recognise that other regulations can also impact trading hours. Specifically, planning controls and individual planning approvals may impose additional requirements on when a business can operate or receive deliveries. Retail hours are scored based upon a 0-5 system of overall strictness. The 2026 assessment reintroduces the breadth of exemptions from trading restrictions as a separate criterion, and the 2025 comparison shown in this report is restated on the same basis so that scoring changes are not reported as policy changes. This makes both the 2025 and 2026 results consistent with previous years.

Cost of workers' compensation schemes

The ranking consists of a single component:	Weight
The cost of workers compensation insurance	100 per cent

The workers' compensation premium rates are indicative of the premium rate in place for the 2026-27 financial year expressed as a percentage of wages. As each jurisdiction reports premiums based on varying definitions of remuneration, all rates have been standardised to reflect wages inclusive of employer superannuation contributions. The Northern Territory, which has no centrally set premium rate, is entered at Safe Work Australia's standardised average premium rate, with its observation year identified; where 2026-27 rates were otherwise unavailable, estimates have been derived from jurisdictional actuarial reviews of schemes for 2026-27.

Licensing and other requirements to do business

The ranking consists of three components:	Weight
The number of licences and other requirements for a small café as of July 2026	33⅓ per cent
The number of licences and other requirements for a small childcare service as of July 2026	33⅓ per cent
The number of licences and other requirements for a small clothing, footwear, and accessories retailer as of July 2026	33⅓ per cent

Business licensing information has been collected from the Australian Business Licence and Information Service, which provides business operators and those intending to start a business with detailed information to help manage their compliance obligations, including licences, codes of practice, and regulatory requirements. Each business type was reviewed based on the number of requirements across various jurisdictions at both state and council levels. For 2026 the information was collected directly from the service's data interface and audited against current ABLIS records, with requirements that remain in force under identical or updated titles restored to the counts and instruments that could not be validated as generally applicable excluded. Comparisons with 2025 should be read as indicative.

Insurance duties

The ranking consists of three components:	Weight
The base insurance duty as of July 2026	70 per cent
The occupational indemnity insurance duty rate as of July 2026	15 per cent
The compulsory third party insurance duty rate as of July 2026.	15 per cent

The insurance duty rates are indications of duties set for the 2026-27 financial year. Insurance duties represent a fixed rate tax levied on a given insurance premium for a specific coverage policy. Some jurisdictions have exemptions for insurance duty payments, but these may not relate to business entities covered by our rankings.

The base rate represents coverage given to a generic business insurance policy for property damage or loss of revenue. Occupational (or professional) indemnity insurance represents coverage policies for professional liability that may result in compensation of legal costs or settlements in events of unexpected damages. Compulsory third party insurance represents mandatory insurance for vehicle registration used to cover individuals injured or killed in motor vehicle accidents. The general duty rate has been weighted in this manner to represent the broader coverage a general insurance duty has on other insurance classes.