

SMALL BUSINESS PERSPECTIVES

2025 REPORT



Challenges & opportunities
facing Australia's small
business community

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Introduction

This is the fourth edition of the COSBOA Small Business Perspectives Report, which investigates the health and capability of Australian small businesses.

Small businesses continue to contribute substantially to Australia's economy and employment. Their continued viability is essential not only for local communities and innovation, but also for national economic resilience.

The contribution of Australia's small business sector

~2.7 million

at 30 June 2025 there were 2,656,469 small businesses in Australia¹

97%

of businesses in Australia are classified as small business²

\$590 billion

in 2022–23, small business contributed nearly \$590 billion in revenue, around one-third of Australia's GDP³

>5 million employees

small businesses employed just over 5 million people in 2022–23, around 42% of the private-sector workforce⁴

As the landscape evolves, supporting small business sustainability remains a critical priority. This report examines the realities of running a small business in Australia today and reveals a resilient sector that is struggling to keep up.

1 & 2 [Counts of Australian Businesses, including Entries and Exits, July 2021 - June 2025 | Australian Bureau of Statistics](#) (Accessed July 2025)

3 [Contribution to Australian Gross Domestic Product | ASBFEO 2022-2023](#) (Accessed July 2025)

4 <https://www.asbfeo.gov.au/small-business-data-portal/contribution-australian-employment> (Accessed July 2025)

Chairs foreword

Small businesses are the engine room of Australia's economy and the foundation of our communities. More than 2.5 million enterprises operate across every sector – from local cafés and trades to healthcare, professional services and emerging digital businesses. Collectively, they employ nearly half of Australia's private sector workforce and contribute over \$500 billion to GDP each year.

Yet right now, small business owners are under intense pressure. Rising costs of doing business, workforce shortages, regulatory complexity and the relentless pace of digital disruption are all testing their resilience like never before. For many, these pressures compound long-standing challenges such as tax complexity and limited access to finance.

The 2025 COSBOA Small Business Perspectives Report reveals both the determination of small businesses and the scale of the hurdles they face. For example, many are investing in digital tools to remain competitive, but just as many feel overwhelmed by growing compliance demands and rising costs. The picture is clear: small businesses remain optimistic, but the environment in which they operate in is tougher than ever.

Looking ahead, small businesses will continue to face cost pressures, further regulatory change, and the need to rapidly adapt to technological transformation. But opportunities also exist. Fairer tax settings, targeted skills support, investment in digital capability, and meaningful red tape reduction can unlock growth and innovation.

COSBOA is acutely aware of the challenges confronting small business and remains steadfast in advocating for the reforms and support they need. From lowering the small business tax rate, to incentivising training and skills development, investing in digital adoption, or strengthening prevention and care in the health economy – we will continue to champion the policies that matter most.

Small businesses are not just economic contributors; they are employers, innovators, and community leaders. With the right policy environment and support, they will continue to power Australia's prosperity and shape our nation's future.



Matthew Addison
Chair, COSBOA



Sponsors message

Small businesses are the beating heart of our economy and, importantly, our communities.

Whether they run the local cafe, fix the plumbing, sort the electrics or operate the convenience store, small business owners are passionate, resilient people who take risks, create jobs, and innovate.

With more than one in four Australian businesses choosing to bank with us, our commitment to this sector is both deep and enduring.

The 2025 COSBOA Small Business Perspectives Report underscores the challenges and opportunities of Australia's small business sector. It highlights the pressures they face and the strength they continue to show.

Leading a small business is tough work. The operating environment for many has become increasingly complex and demanding. Rising costs, regulatory burdens, workforce shortages, digital disruption and cybersecurity are testing the resilience of business owners across the country, and in many cases causing burnout.

Yet, despite these pressures, they remain committed to their staff, customers and communities. Many are cautiously optimistic about the year ahead, helped by lower interest rates which are flowing through to improved levels of consumer spending.

CBA is proud to advocate alongside COSBOA for practical reform that makes a difference to our small businesses, whether its simplifying compliance, easing cost burdens, or supporting digital capability.

Just one example of our ongoing collaboration is the work we are engaging on with the Cyber Wardens program which is helping small businesses build cybersecurity resilience in an increasingly digital world.

We're also continuing to invest in our technology to deliver faster, more flexible finance options.

We know that small businesses need more than just funding. They need trusted support and a policy environment that recognises their unique challenges. That's why we're committed to listening, learning and leading alongside the sector.

With this report, we hope to have more meaningful conversations about ways we can collectively reduce friction and unlock productivity for the more than 2.5 million small businesses that power our economy.



Rebecca Warren
Executive General Manager –
Small Business, Commonwealth Bank



Key findings

1

Profits have fallen

64% of small businesses reported lower profits than last year, a sharp increase from 40% in 2024 that highlights worsening trading conditions for small businesses.

2

Owners are carrying the financial burden

60% of owners could not pay themselves at least occasionally in the past 12 months, and one-quarter frequently used personal savings to keep their business operating.

3

Taxes, wages, insurance, compliance, and energy top the impacts on financial situations

Taxes are the number one cost pressure, followed by labour costs, insurance, regulatory/compliance costs, and energy/utilities.

4

High operating costs are the biggest barrier to growth

72% say rising business costs are the single largest obstacle to expansion, but regulatory burdens, rising wages, skills shortages, and weak market conditions are also impacting small businesses.

5

Compliance is costly in both money and time

Regulatory and compliance obligations now rank among the top five business expenses, with many owners spending more than 6 hours a week, or tens of thousands of dollars a year, on non-revenue-generating tasks, leaving minimal capacity for innovation or growth.

6

Skills and workforce pressures remain persistent

Difficulty finding and retaining suitable staff continues to weigh on operations, particularly in construction, retail, and hospitality, with many owners citing high wage expectations and a lack of skilled candidates as key barriers.

7

Mental health impacts are at alarming levels

76% reported stress or anxiety, 65% had disrupted sleep, and 57% experienced burnout in the past year, but fewer than one in four have good support networks in place.

8

Rising costs will continue to squeeze margins

Almost three-quarters expect costs to increase again in the next 12 months, meaning profitability will remain constrained even if demand improves.



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01

Who are Australia's small business owners?

A profile of participating
small business owners

Who are Australia's small business owners?

Small business owners are the backbone of local communities and the drivers of innovation in every corner of Australia. They are diverse in background and experience, ranging from sole operators to small employers, from tradespeople and professionals to retailers, creative industries and technology start-ups.

Behind every small business is a person juggling the risks and rewards of running their own enterprise. They're driven by purpose, independence, and a deep connection to their local communities. The 2025 COSBOA Small Business Perspectives Survey gives us a window into who these business owners are, the challenges they face, and the values that guide them.



Age and experience

Small business ownership is typically a mid-to-later career pursuit. Many owners have spent years working in their field before stepping out on their own.

- Over two thirds of respondents are aged between 45 and 64, reflecting the experience and maturity often needed to sustain a business over time.
- Very few are under 25, perhaps suggesting that younger Australians are either deterred by the risks or lacking access to the resources required to get started.
- Half of small business respondents are aged 55 or over, many of whom are choosing to remain active in business well beyond traditional retirement age.



Gender and leadership

While female entrepreneurship continues to grow across many industries, the gender split in small business ownership still leans male.

- Just under half of survey respondents identified as women, while 55% were men.
- Men dominate in sectors like construction, logistics and manufacturing.
- Women-led businesses are more often found in healthcare, or administrative and support services, and frequently are either solo operators or micro-businesses.



Cultural diversity

Australia's small business sector reflects the country's rich multicultural identity.

- Around one in five small business respondents were born overseas, highlighting the important role that migrants play in shaping Australia's entrepreneurial landscape.
- The survey also captured responses from people identifying as Aboriginal and Torres Strait Islander, culturally and linguistically diverse, and those living with disability, although it should be noted these groups make up only 6% of the responses. Data from the ABS suggests that around 7% of Aboriginal and Torres Strait Islanders are business owners.

About their businesses

Small businesses are found in every postcode and every sector — from farms and factories to cafes, clinics, studios and consultancies. While each business is different, common threads emerge in how they're structured, how long they've been operating, and how they manage financially.



Industry representation

Survey participants came from a wide spread of sectors, but several stood out:

Construction and building services are strongly represented, reflecting both the scale of the sector and the dominance of male owners.

Professional services, such as consultants, advisers and creatives, also form a large and growing share, particularly in metro areas.

Retail and wholesale, transport, and medical and healthcare businesses also featured prominently.



Years in operation

Most of the businesses surveyed weren't new ventures, many have been operating for decades.

Two-thirds have been running for more than 10 years.

Just under 5% were in their first year, while 11% were between one and three years old.

This points to a stable but ageing small business base, where succession and renewal are critical issues for the future.



Turnover and scale

In terms of financial size, most small businesses are modest:

Almost 40% reported annual turnover of less than \$500,000.

A further 26% were in the \$500,000 to \$2 million range.

Only a small number (14%) reported turnover above \$5 million.

These figures underline that the majority of Australian small businesses are micro or small-scale operations. Their needs, whether in financing, compliance, staffing or digital tools, differ significantly from larger firms.



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02

The realities of running a small business in Australia

The day-to-day experience of
small business owners

The realities of running a small business in Australia

The day-to-day experience of running a small business in 2025 is complex. While the rewards of autonomy and achievement are clear, they come with significant pressures.

Over the past 12 months, owners have contended with rising costs, cautious consumer spending, and a constantly changing regulatory environment. These conditions have taken a toll on profitability, with some owners drawing on personal savings or delaying investment to keep their business afloat.

This chapter examines how small businesses have performed over the past year, the challenges they face and their expectations for the year ahead.

It looks at what prevents them from growing, the areas where they spend most of their time, and the persistent tension between focusing on compliance and administration versus innovation and growth.



2.1 Why do entrepreneurs choose to start a small business?

For most small business owners, starting their own venture is a deliberate choice rather than an accident.

While financial success is important, many of their motivations are tied to personal values and goals. For some, the decision was prompted by necessity, like redundancy, a lack of employment options, or the need to create their own opportunities, but the theme of control and purpose runs through most responses. Many exhibit a growth mindset, and by nature were optimistic about their futures when they started out.

Respondents consistently highlight four dominant motivations:

1

Flexibility and work-life balance

Business owners wanted more control over their time to align work with family life, reduce commuting, or simply choose when and how they work.

3

Independence and autonomy

A strong desire to be their own boss and make their own decisions was a major motivator, wanting to steer their own future and avoid the constraints of traditional employment.

2

Financial opportunity

Many saw self-employment as a way to improve their income, gain financial security, or build something more profitable than working for someone else.

4

Passion and personal fulfilment

Some were driven by a passion for their craft or industry, or a desire to do meaningful work they cared about, often turning a personal interest into a livelihood.



“I saw a niche opportunity to do something I genuinely enjoy, seeking a flexible work/life balance, while setting myself up for financial freedom down the track.”

Professional, Scientific, and Technical Services, 5-19 Employees



2.2 Balancing the satisfaction with the strain

For many small business owners, the decision to start their own business was driven by a desire for independence, flexibility and purpose. And for most, that decision still feels like the right one!

Almost two-thirds of respondents in the survey say they're satisfied with their choice to run a business. But behind that satisfaction lies growing pressure.

Nearly one in five business owners say they are dissatisfied, a sign that the day-to-day experience of running a small business is increasingly tough.

They're not just managing businesses. They're managing stress, uncertainty, and often personal financial risk.

While many like the "flexible hours and having a say in how the business is run", this is often tempered by "cashflow stress, managing staff, government red tape, hard to make a profit these days, never get to switch off take a proper break."



"Flexibility to innovate and move quickly with best practice and the external marketplace. Building a community of customers that we can help and support."

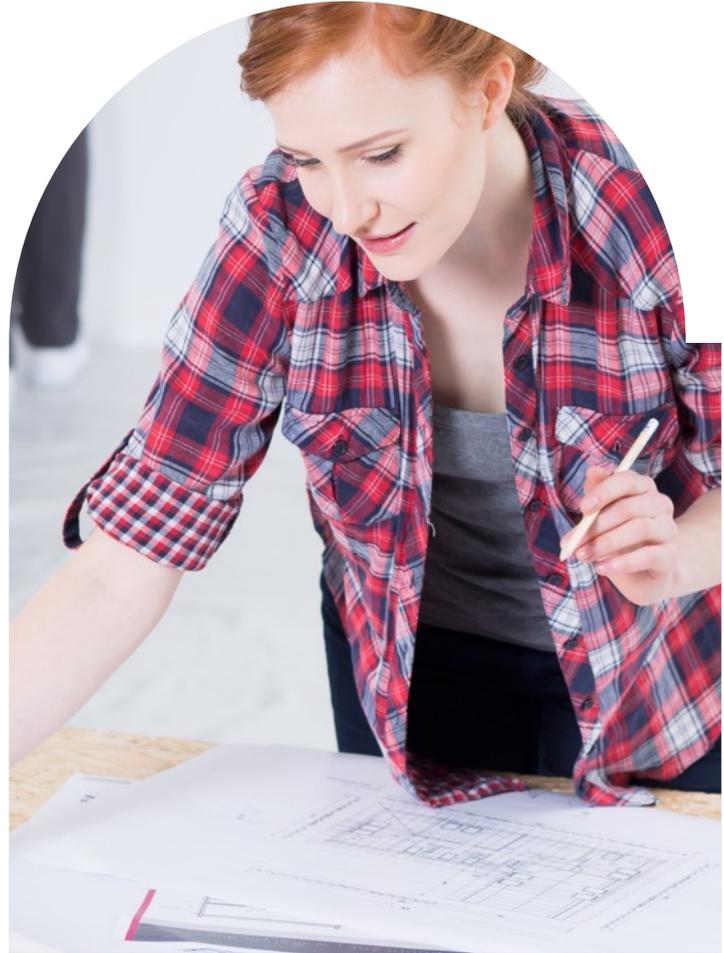
Medical / Healthcare / Allied Health, 5-19 employees

"Not sure these days. Profits down, too many taxes, we pay tax to employ people, instead we should be rewarded for employing people, things need to change otherwise people won't start businesses or keep them going. We are over regulated."

Manufacturing, 20-49 employees

"The freedom to set my own hours, make my own decisions in the services industry, flexibility and working from home."

Admin & Support Services, Sole Trader



63%

of small business owners are satisfied with their decision to start their business



Currently, how would you rate your satisfaction with your decision to own your business?

2025 COSBOA Small Business Perspectives Survey

What small business owners like MOST about running their business

Flexibility and independence

"I get to work the hours that I want, I have the freedom to choose clientele and treatment styles depending on the client's needs."

(Medical / Healthcare / Allied Health, Sole trader)

"Setting my own schedule."

(Professional, Scientific, and Technical Services, Sole trader)

"Control of how much/how hard I want to work... potential of growing to a big business... financial rewards."

(Retail and Wholesale, 1-4 employees)

"Autonomy to set my business hours and be my own boss."

(Medical / Healthcare / Allied Health, 5-19 employees)

Helping people and seeing positive outcomes

"Autonomy, ability to be entrepreneurial, build a great team."

(Manufacturing, 5-19 employees)

"Helping other small and medium sized business owners with people problems which gives them peace of mind and more successful businesses."

(Professional, Scientific, and Technical Services, 5-19 employees)

"Working with the team, doing honest work, building beautiful homes."

(Construction and Building, 5-19 employees)

"The joy it brings others."

(Arts, Entertainment, Media, and Recreation, Sole trader)

What small business owners like LEAST about running their business

Financial challenges and taxation

"Long hours for little pay and feeling like I'm working for everyone else in the business's sake rather than my own."

(Retail and Wholesale, 1-4 employees)

"Taxes eating up any benefits. Working too many hours. Constant worry about where the revenue will come from."

(Professional, Scientific, and Technical Services, 1-4 employees)

"The amount of tax we have to pay for working hard and the lack of government support."

(Construction and Building, 5-19 employee)

Government regulations and red tape

"All the crippling red tape, regulation and lost time."

(Construction and Building, 5-19 employees)

"The compliance which comes with on costs."

(Manufacturing, 1-4 employees)

"The ridiculous amount of taxes that you pay to earn a living..."

(Medical / Healthcare / Allied Health, Sole trader)

"Constant changes to government fees, inspections, etc."

(Accommodation and Hospitality, Sole trader)

Staffing and HR issues

"Dealing with the ATO, red tape, all the administration and the never-ending tax circuit... It stops me from growing."

(Professional, Scientific, and Technical Services, 5-19 employees)

"Trying to comply with hundreds of bits of compliance from dozens of authorities that don't care about our business AT ALL. And then dealing with less than adequate employees."

(Medical / Healthcare / Allied Health, 20-49 employees)

"The pressure of the responsibility of staff, and the ridiculous, and often unnecessary and unfair, legal and administrative burdens."

(Professional, Scientific, and Technical Services, 5-19 employees)

Q Currently, how would you rate your satisfaction with your decision to own your business?
2025 COSBOA Small Business Perspectives Survey

2.3 A year that has tested resilience

The past 12 months have tested even the most seasoned operators.

When survey respondents were asked how their business performance compares to this time last year, the results were disturbing:

- Customer demand dropped for a significant share (38%) of small businesses.
- Nearly half report lower sales compared to last year.
- Costs have risen for 93% of respondents, especially for wages, rent, insurance and utilities.

Aligning with ASBFEO May 2025 Small Business Pulse report, a staggering 93% of the COSBOA survey respondents report higher business input costs.

While there are some early signs of stabilisation, most small businesses are still grappling with high input costs, weak demand (especially in discretionary sectors), and lingering cash flow issues.

As a result of the higher input costs, it is unsurprising that 64% of respondents reported lower profits compared to 12 months ago.

2.4 Staying afloat, but at a personal price

These pressures aren't just playing out in spreadsheets. They're landing in very personal ways.

For many small business owners, staying in business has meant making sacrifices:

- **60%** said they occasionally or frequently couldn't pay themselves in the past 12 months.
- **65%** used personal funds to keep the business running.
- **57%** reported late payments from customers, which continue to be a key cash flow issue.

Couple this with almost half of all respondents saying they had considered closing or leaving their business in the past 12 months.

This was even higher in sectors under sustained pressure, with 59% of respondents from construction businesses and 63% of those in retail indicating they had thought about exiting.

These figures align with broader warning signs across the small business landscape. The May 2025 ASBFEO Small Business Pulse report noted that business exits and insolvencies had "returned to trend levels," with rising queries about closure and cash flow stress.

Respondents cite unsustainable costs, mounting regulation and pressure. However, many remain motivated by loyalty to their teams and communities. They have pride in their business, and an unwillingness to give up, saying "small business owners have to be optimists ... I've come this far, why give up? Now could be just at the precipice of something good...".

While this is a testament to their resilience, it also points to a concerning fragility in many small business enterprises, and a warning that more closures could follow without meaningful relief.

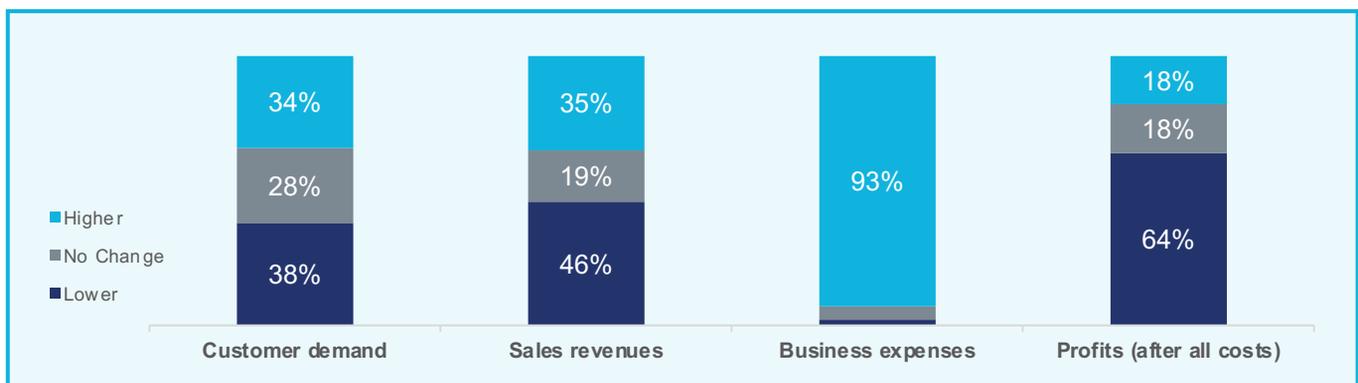


Figure 2.1: Financial Performance, Last 12 months



“I’m paying my employees and suppliers but there is nothing left for me and my family.”

**Professional, Scientific, and Technical Services,
5-19 employees**

Q

Can you tell us why you were considering closing or leaving your business and what motivated you to keep it?

2025 COSBOA Small Business Perspectives Survey

2.5 The cost pressures impacting financial sustainability

When it comes to the current financial situation of small businesses, some costs are more severe than others.

Small business owners most frequently pointed to taxation as having the biggest financial impact on their business, outranking even wages, rent and energy.

Tax obligations, especially when combined with other rising costs, are creating financial strain.

Respondents ranked the top five pressures as:

- **Taxes** – ranked in top three costs by half of respondents
- **Labour costs** – wages, entitlements and super obligations are rising fast
- **Insurance** – inflexible and increasingly expensive
- **Energy and utilities** – continuing to grow despite government intervention
- **Regulatory and compliance costs** – now seen as a top five business expense

Red tape now costs some businesses tens of thousands of dollars per year, with many spending more than 10 hours a week just to stay compliant.

In a reflection of just how time-consuming red tape has become, ASBFEO May 2025 Small Business Pulse report highlights that small businesses are increasingly seeking digital tools and AI not for growth, but for compliance relief.

The COSBOA qualitative interviews with small business operators reinforce this, with comments that “my subscription costs to manage compliance for customers are massive, because a lot of the tools that I use are designed for accountants with big practices... and the high subscription costs just suck away all of our profits.”

2.6 The mental load of running a small business

And it’s not just financial stress. Behind these numbers are people, and the personal toll is mounting.

When cash flow is tight, margins are squeezed, and the workload never stops, the pressure becomes personal.

The mental toll reported by business owners in 2025 is stark, with a significant majority saying they’ve experienced stress, anxiety, sleep disruption or burnout.

- **76%** reported stress or anxiety in the past year
- **65%** experienced sleep disruption
- **57%** felt burned out

Many also reported feeling isolated, overwhelmed or have had impacts on their personal relationships.

Only 8% said they had experienced none of these issues. And only a quarter said they had a good support network, leaving many unsure where to turn.

These findings are consistent with broader trends. The NSW Small Business Commission’s Momentum Survey continues to rank mental health and stress among the most frequently cited concerns by business owners, alongside financial pressures and workforce issues.

This underscores the cumulative toll of running a business in today’s climate and highlights that the emotional and psychological burden on small business owners is not just widespread, but persistent.



“An unexpected compliance issue highlighted our personal exposure as directors and the consequential impacts this could have on our families and futures. This makes us question whether it is worth it - even though our business has never been more successful.”

**Administration and Support Services,
5-19 Employees**

The costs impacting small business the most in 2025



Taxes

50% of respondents ranked taxes in their top three financial impacts.



Labour costs

46% ranked labour costs in the top 3 costs impacting their business.



Insurance

45% of respondents say insurance costs are impacting their financial situation.



Energy & utilities

31% rate energy and utility costs as one of the top impacts on their current financial position.



Red tape & compliance

28% now see compliance as a top 3 business expense, higher than rent or leasing costs.



Currently, which of the following costs are having the most impact on your business' financial situation?

2025 COSBOA Small Business Perspectives Survey





“... the financial pressure small businesses face from taxes and compliance is huge. The amount of red tape and high tax burden often means more time and money spent on paperwork instead of investing in growth, training, and improving our services...”

Construction and Building, 1-4 Employees

Case study

John* – Mining Industry, Western Australia

Spotlight on wellbeing, workforce pressures, and a system that wears business owners down



*Name has been changed to preserve anonymity

John runs a mining equipment business in Western Australia.

The business services the mining and quarrying sector, supplying heavy-duty materials handling products to clients across Australia and internationally.

Despite the business being financially successful, the personal toll of running it is significant. Long hours, constant demands, and increasing regulation have left John feeling overwhelmed and unsupported.

He is open about the impacts of running a small business on his mental and physical health. He experiences:

- Chronic stress and physical illness triggered by long-term pressure;
- Disrupted sleep and difficulty switching off;
- A lack of practical support, despite engaging multiple paid advisors over the years.

What gets to him most is the expectation that business owners should always cope, while systems increasingly favour employees.

“A lot of the laws and stuff that the government and Fair Work have been bringing in is more for employees,” he says, “rather than thinking about the people that actually own the businesses as well.”



“We’re trying to put a succession plan in place ... and when you think of the size or the economic contribution of small businesses like mine and I’m still stressed, I lose sleep, I feel isolated, you can’t actually go on like that. And the contribution that’s made by small businesses I think is perhaps not recognised at policymaking level.”

Industrial relations and compliance: risk without reward

John supports fair treatment of employees, but finds current industrial relations rules complex, inflexible, and out of step with reality. Payroll costs have risen sharply in recent years, driven by award increases and other taxes, without a corresponding increase in staff or productivity.

The constant flow of regulatory change has made him hesitant to grow, despite having the client base and workload to justify it.

“I think if we didn’t have to pay as much in payroll tax and things like that and in taxes in general for businesses that would certainly help in the long run” he says.

What would make a difference

John wants advocacy on the issues that make day-to-day business harder than it should be:

- Fairer and simpler IR laws that reflect small business needs and reduce compliance risk;
- Tax reform around payroll tax and fringe benefits that punish businesses for growing;
- Less red tape with more practical, sector-specific guidance.

He would also welcome support for owner wellbeing, including better access to peer networks and mental health support.

Looking ahead, resilience with limits

John isn’t about to walk away. He takes pride in leading his team and building something sustainable for his family. But he’s clear that without change to the policy environment, the next generation may not choose to take the same path.

2.7 Time is precious and there's never enough

The problem is not just financial. Many small business owners are also struggling to find the time and capacity to focus on growth.

Responding small business owners report spending:

- Several hours each week navigating compliance and regulatory activities, with 32% spending six or more hours per week on this.
- More time than ever on financial management. BAS and accounting, managing payroll and chasing payments, and other financial activities account for another 6 or more hours per week.
- For many, this equates to around two or three hours per day on activities that do not generate revenue.

As a result, activities like strategic planning, marketing, or innovation are often pushed aside. Many owners are simply too busy running the business to work on where it is heading.

2.8 Hope for growth, but realistic about profit

Despite the challenges, there's a spark of cautious optimism among some operators.

Many small business respondents are hopeful that customer demand and revenue will pick up in the year ahead, particularly if interest rates and inflation continue to ease.

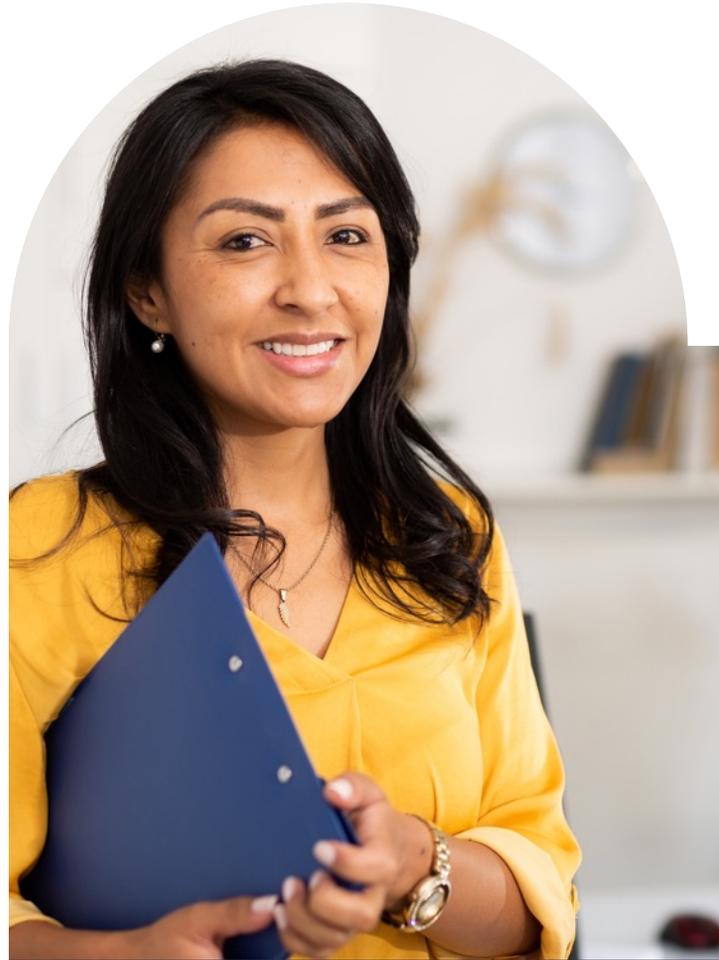
But few believe profits will follow, especially while so much time is lost to non-revenue-generating work.

When asked for financial predictions over the next 12 months:

- **45%** expect customer demand to pick up
- **72%** of respondents expect their business costs to rise
- **Only 22%** expect their profits to increase, while 52% anticipate a further decline.



How optimistic are you about these aspects of your business in the next 12 months?
2025 COSBOA Small Business Perspectives Survey



“Running a business today is increasingly challenging due to the growing layers of red tape imposed by various levels of government. From compliance obligations to ever-changing regulations, the administrative burden often diverts valuable time and resources away from innovation, growth, and serving our customers.”

Manufacturing, 20-49 employees

Case study

Kate Dezarnaulds
WorkLife, Regional NSW

Spotlight on viability and the regulatory squeeze in regional small business.



Kate Dezarnaulds is the founder of WorkLife, a network of coworking spaces on the New South Wales South Coast. She started the business in 2017 after relocating from the city, driven by the need for flexible, meaningful work and a desire to foster economic and social connection in regional communities.

What began as a confident, growing business has become a struggle to remain viable. Kate now manages rising costs, a customer base under pressure, and a policy environment that does little to support regional operators.

A small business built on community is now under pressure

Kate's coworking spaces provide flexible offices and professional community for freelancers, small business operators, and remote workers, many of whom are women returning to the workforce. She loves the work and the impact it has in regional towns, but the model is increasingly difficult to sustain:

- **Rents keep rising**, regardless of demand, particularly in regional areas where valuation models favour long leases and passive income. "Landlords would rather hold out for a higher return than accept the market reality," Kate says.
- **Insurance is now unaffordable:** WorkLife is uninsured for flood, which is a major risk in the region, because premiums are beyond reach.
- **Debt is expensive and inflexible:** Her only option was to consolidate borrowing into a facility with a 22% interest rate. Business finance without personal collateral is effectively unavailable.
- **Telecommunications infrastructure is inadequate:** Enterprise-grade connections cost five times more than metro equivalents.



"I love what I do, but the stress, the trade-offs, and the sense that the system isn't built for us – it wears you down."

The policy and regulatory environment is not designed for businesses like hers

Kate is frustrated that the systems meant to support small business are either unresponsive or misaligned. "I pay my staff properly and I'm not worried about awards," she says, "but I can't carry the cost of increasing categories of leave or the risk of terminating employment when revenue drops." Her sector is dominated by part-time staff and fluctuating demand, yet policy settings assume stable, metropolitan, full-time employment models.

Meanwhile, she's drowning in compliance costs she can't pass on. Regulatory obligations, cybersecurity, and software costs continue to grow, but customers cannot absorb higher prices.

What would make the biggest difference

Kate is clear on what would help regional businesses like hers become more viable:

- Modernising small business finance with affordable, unsecured lending options that don't require risking the family home.
- Rethinking landlord regulation and commercial leasing to reflect economic conditions and incentivise energy efficiency upgrades.
- Simplifying and scaling employment regulation to allow flexibility for small businesses to scale up and down without exposure to disproportionate risk.

Staying the course

Kate remains hopeful. She sees signs of recovery, more people are returning to in-person work, interest rates are stabilising, and societal shifts are favouring regional living. However, she's realistic about looming risks, especially the impact of AI on her key customer base, who are knowledge workers with high autonomy.

Despite everything, Kate is staying in. She believes strongly in the value of her business and the communities it supports.

By the numbers

The realities of running a small business

46% report lower sales revenues in the past 12 months



More than
3 in 5

businesses have lower profits compared to 12 months ago

60% have been unable to pay themselves in the past 12 months



50% have considered leaving or closing their business

A third



say they spend more than 6 hours a week on compliance, while 40% spend more than 6 hours on financial management

Over three-quarters of small business owners

report stress and anxiety, while two thirds experience sleep disruption

Outlook for the next 12 months

Only **1 in 5** small businesses expect profits to improve in the next 12 months



Just **36%** plan to increase staff





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03

The pressures on small business

Red tape, IR reforms, skills shortages
and cybersecurity are challenging

The pressures on small business

Beyond the day-to-day, there are bigger barriers holding small business back

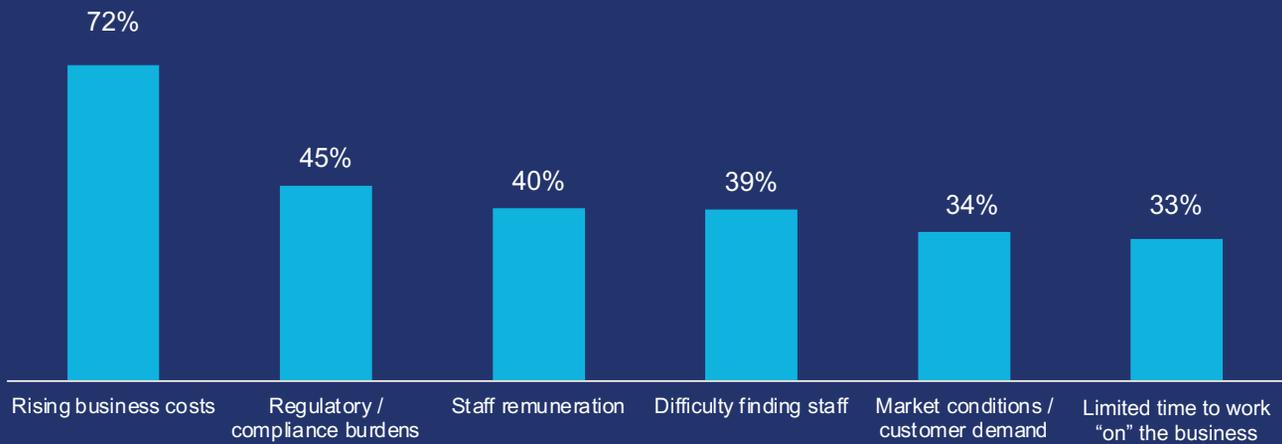
As the economic environment for small business remains subdued, with confidence, investment appetite and forward planning all affected by ongoing uncertainty, a complex set of pressures are constraining small businesses' capacity to operate, hire and grow.

This chapter explores those pressures in more depth. It examines the impacts of rising costs, regulatory compliance, industrial relations obligations, workforce shortages, and the emerging challenges of cybersecurity and artificial intelligence.

Together, these reveal the practical realities facing business owners, and the cumulative strain being placed on the sector.



Top small business challenges, 2025



Which of the following are having the **BIGGEST** impact on your business right now?

2025 COSBOA Small Business Perspectives Survey



3.1 The unrelenting squeeze

Rising costs are the most significant pressure facing small businesses in 2025.

The 2025 COSBOA Small Business Perspectives Survey found that 72% of respondents identified rising input costs, including rent, utilities, insurance and supplies, as having the biggest impact on their business. This far exceeded other concerns such as regulatory burdens (45%), staff wages (40%) and difficulty finding suitable staff (39%).

These cost increases are outpacing revenue growth, especially for sole traders and micro businesses. Many are being forced to absorb expenses, delay investment or pass costs on to customers.

Energy bills have risen sharply, while increases to award wages and superannuation are adding to labour costs. Insurance premiums also continue to climb, and coverage is becoming harder to obtain in sectors like hospitality, tourism and flood-prone areas. Higher borrowing costs and rising rents, especially in metro areas, are further squeezing margins.

The CPA Australia Asia-Pacific Small Business 2024 – 2025 Survey also reported that Australian businesses were among the most affected by cost pressures across the region.

These cost burdens are not only impacting profitability, they are also stalling growth, limiting hiring, and reducing resilience across the small business sector.

Comments that “It’s difficult to dedicate time to build the business and grow, as you’re too busy doing the doing in the business. The costs are going up and up and our prices can’t match this level of increase...” are prevalent.

And on top of this, business owners are navigating a complex and often overwhelming regulatory environment, adding another layer of pressure that consumes time, energy and resources.



“Having my customers pay on time. We waste so much effort chasing people for payments.”

Administrative and Support Services, 5-19 employees

Helping small businesses manage finances

What one factor would make the biggest difference in helping you manage your business finances?

Lower taxes and government charges

Increased revenue and customer demand

Reduced business expenses

Simpler or fairer tax and compliance system

Financial knowledge or advice

Access to finance and capital



Helping small business manage finances

Lower taxes and government charges

The most common request was for reduced tax burdens, including income tax, GST, PAYG, payroll tax, and superannuation contributions.

"Less tax and regulation. Keep more of what I earn." (Education and Training, Sole trader)

"Reduce the tax burden and BAS payments." (Professional, Scientific, and Technical Services, 1-4 employees)

"Less tax for small business." (Accommodation and Hospitality, 5-19 employees)

"Reduce tax, super, work cover and insurance." (Construction, 1-4 employees)

Increased revenue or customer demand

Some highlighted the need for more clients or higher customer spending to improve cash flow.

"More customers who can afford to spend." (Accommodation and Hospitality, 5-19 employees)

"Increased sales is the priority and would make the most difference." (Retail and Wholesale, 1-4 employees)

"More customers spending more money buying our goods." (Manufacturing, 5-19 employees)

Access to finance and capital

Many business owners noted difficulties in accessing affordable loans or credit, particularly without home ownership or sufficient assets.

"Access to funding for growth." (Administrative and Support Services, 5-19 employees)

"Access to reasonable business finance." (Retail and Wholesale, 1-4 employees)

"Access to an overdraft on reasonable terms to offset the peaks and troughs of the revenue cycle, and provide the ability to employ additional staff." (Professional, Scientific, and Technical Services, 1-4 employees)

Simpler or fairer tax and compliance systems

Some respondents would like help with compliance, asking for simplification or exemptions for small businesses.

"The cost of financial support /accounting services is high due to GST and quarterly BAS reporting, less administration requirements from the ATO may decrease the time and cost of preparation of reports." (Retail and Wholesale, 5-19 employees)

"Less statutory obligations for a business of our size." (Construction, 1-4 employees)

"Payroll tax, confusing but big penalties... I run into confusion over who in the chain pays the payroll tax." (Professional, Scientific, and Technical Services, 5-19 employees)

Lower costs of doing business (Insurance, rent, power)

Rising costs such as rent, utilities, software, and insurance were frequently mentioned as barriers to financial sustainability.

"Lower fuel and registration cost." (Transport, Logistics and Warehousing, 1-4 employees)

"Rental and utility cost assistance from the government." (Retail and Wholesale, 5-19 employees)

"Reduced insurance costs." (Construction, 1-4 employees)



What one factor would make the biggest difference in helping you manage your business finances?
2025 COSBOA Small Business Perspectives Survey

3.2 Red tape and regulatory overload

The weight of regulatory compliance also sits heavily on the shoulders of small business owners.

As government requirements have multiplied in recent years across industrial relations, tax, licensing, privacy and workplace obligations, so too has the time and effort required to stay compliant. This pressure is not just a nuisance, it affects decision-making, profitability, and business viability.

The 2025 COSBOA Small Business Perspectives Survey shows that small businesses are struggling with the complexity of regulation and the confidence to manage it effectively.

Only 38% of small business respondents said they felt confident that they understood all their regulatory obligations, with 42% indicating they had some understanding but didn't feel fully confident. A further 14% admitted they were not confident at all.

When asked which areas of regulation were most difficult to navigate, respondents pointed to a mix of complex, resource-intensive and constantly changing obligations, especially those involving staff, tax and workplace safety.

The top three responses were employment and industrial relations, taxation and reporting obligations and work health and safety regulations.

These challenges are compounded by a lack of consistent or accessible guidance.

Many small businesses operate without legal or HR teams, making it difficult to stay across changing rules. Respondents report that "... we face contradicting government regulations and increase in taxes. Red tape, compliance, ever changing laws and legislation, it's too hard and I can't keep up."

Regulatory burden also comes at a cost in both time and money. Many small businesses report spending evenings or weekends on compliance tasks, which is not only unsustainable but diverts energy away from improving products, services or staff support.

When asked what forms of support would make the biggest difference, survey respondents were clear:

- 40% want plain-language guidance and checklists tailored to small business.
- 37% support grants or financial incentives to offset the cost of compliance.
- 29% called for consistent regulation across states and agencies.
- 29% said access to affordable legal, HR or compliance advice would help.

Together, these responses highlight a pathway to meaningful reform, not necessarily by removing regulation, but by making it simpler to understand and easier to comply with.



Only **38%** of surveyed business owners are confident they understand all of their regulatory obligations

Most difficult areas of compliance for small business

Which of the following areas are most difficult to comply with from a regulatory standpoint?

Employment / industrial relations	47%
Taxation and reporting	38%
WHS and safety regulations	28%
Industry-specific regulation	27%
Privacy and data protection	19%
Business licenses, permits, registrations	17%
Environmental or ESG requirements	9%



“What would really help is having a user-friendly, central platform tailored specifically to our industry... it could cover the exact requirements for apprenticeships, workplace safety, payroll, and training in a simple format that’s easy to understand and update as regulations change...”

Construction and Building, 1- 4 Employees

3.3 Complex IR rules mean missed opportunities

It's not just regulations and compliance that hampers small business owners. Industrial relations is one of the most difficult areas for small businesses to manage.

For many employers, the complexity of workplace laws is actively holding them back from hiring new staff or expanding their operations.

The survey shows that confidence in managing these obligations is low.

Just over half of business owners (53%) said they don't feel fully confident in their ability to comply with the Fair Work Act and other IR obligations, while 11% have no confidence in managing these requirements.

This lack of clarity is having tangible consequences. Almost three in 10 of respondents said compliance with industrial relations regulations or the Fair Work Act had prevented them from hiring staff in the past 12 months. Payroll tax obligations were also a major factor, cited by nearly 40% of businesses.

Business owners were also asked which aspects of workplace law were the most difficult to manage.

The most common responses included:

- Keeping up with awards / entitlement changes (34%)
- Managing termination / redundancy processes (29%)
- Classifying employees under the correct award (24%)
- Understanding which modern award(s) apply (23%)
- Managing casual staff (20%)

The Jobs and Skills Australia Recruitment Insights (June 2025) Report also highlights complex employment regulations, that are seen as a barrier to taking on staff, particularly for small and micro-businesses already constrained by resources

Taken together, these findings reflect a broader challenge. It appears the current system is simply not built with small businesses in mind. Rules that are intended to protect workers often create confusion and administrative burden, especially for businesses without internal HR support.



This sentiment was echoed in many of the free-text comments.

Some businesses said they had engaged outsourced HR advisors just to stay compliant. Others have avoided hiring altogether, citing “staff costs, increases in superannuation, and complex award rates, mean I worry about compliance, and mean I have decided not to hire. It's too hard.”

Simpler, more accessible support is clearly needed. Asked what would help manage their workplace obligations, survey respondents talk about “streamlined industry awards and better support,” that are easier to find, understand and implement”.

Practical tools such as tailored guidance, plain-English templates and direct help interpreting obligations are key enablers of better compliance and future employment growth.

Impact of industrial relations compliance on hiring intentions

In the past 12 months, has compliance with any of the following prevented you from employing more staff?

Payroll Tax obligations	40%
Industrial relations obligations	28%
The Fair Work Act	28%

Helping small business comply with IR regulations

Simplification of awards and regulations

Respondents across all industries asked for simpler rules, clearer definitions, and easier navigation of awards and entitlements.

“Simpler industrial relation awards.”
(Construction and Building, 1-4 employees)

“Keep it simple and reduce employer obligations.” (Retail and Wholesale, 1-4 employees)

“There are too many payment rates, allowances, minimum shift requirements etc.”
(Administrative and Support Services, 1-4 employees)

Access to professional advice and support

Many business owners want easier access to legal and HR guidance—tailored, practical, and affordable.

“Dedicated legal helpline for free of charge for all employers only.” (Education and Training, 5-19 employees)

“Access to professional advisors (e.g. HR consultants or small business support organisations.)” (Medical / Healthcare / Allied Health, 1-4 employees)

“Having pro-forma contracts would be helpful for HR.” (Information Technology and Telecommunications, 5-19 employees)

Help managing staff and compliance

Small businesses struggle with managing underperformance, terminating staff, and keeping up with compliance requirements.

“It takes hours & days to get rid of an incompetent & lazy employee. This is a huge financial impost on the business.” (Manufacturing, 5-19 employees)

“Having an advocate for the business owner and not just focusing on the rights of the employees.” (Professional, Scientific, and Technical Services, 1-4 employees)

“Clear and concise methodology to dismiss staff.” (Retail and Wholesale, 1-4 employees)

Clear and concise information resources

Some small businesses called for practical, plain-language materials and a central location for updates and compliance requirements.

“Plain English interpretation of regulations.”
(Manufacturing, 5-19 employees)

“A single place to call to answer questions... current info from official websites is too open to interpretation.” (Professional, Scientific, and Technical Services, 5-19 employees)

“An online resource center that was simple to navigate and search and is explained in simple English.” (Retail and Wholesale, 5-19 employees)

Reduction in government interference and red tape

Frustration with constant rule changes, over-regulation, and inflexible systems was common.

“Leave us alone and let us manage our staff...”
(Accommodation and Hospitality, 20-49 employees)

“Removing red tape around dismissal process.”
(Construction and Building, 5-19 employees)

“Stop thinking up new ways to regulate business and its people.” (Retail and Wholesale, 5-19 employees)



What would help you better manage your employment obligations and workplace regulations?
2025 COSBOA Small Business Perspectives Survey

Case study

Simon Potts

Boxes for Business, NSW, 3 staff

Spotlight on industrial relations and rising costs



Simon Potts owns and operates Boxes for Business, a packaging supply company based in Western Sydney. With three employees, the business provides boxes, bubble wrap, tape and packaging products to other small and medium-sized enterprises across NSW. Simon has been running the business for over two decades, driven by a desire to be independent and shape work on his own terms.

But over the past few years, those terms have changed, gradually degraded by mounting regulatory requirements, rising input costs, and the challenge of balancing employee support with business survival.

Support for staff, but who supports the owner?

Simon speaks openly about the disconnect he sees between expectations placed on small business owners and the support they receive in return:

- His employees earn more than he does, with less legal and financial risk, shorter hours, and no stress after 5pm. “Business costs are going up, so profitability is down, so I personally had to take a pay cut. And I take the financial risk and legal risk, but my staff are getting a pay rise” he says.
- New industrial relations laws have introduced more red tape, more paperwork, and more grey areas. He feels exposed to compliance risks, but unable to afford external HR support.
- He’s not opposed to employee protections, but wants more flexibility, particularly in small teams where a single absence or dispute can severely disrupt operations.

Simon isn’t looking for shortcuts or handouts. But he wants acknowledgement that small business owners carry a disproportionate load.

Profit margins under pressure

Business costs have increased across the board, while sales have softened and customers are more price-sensitive, but Simon has limited room to adjust pricing.

He’s dipped into personal savings to keep the business afloat and has considered closing more than once.

What keeps him going is hope that better conditions are coming and trying new things like social media to try to grow the business.

What would make a difference

Simon is clear about what would make the biggest difference for his business and others like his:

- Fairer, simpler IR laws that recognise the realities of small teams and owner-led businesses.
- Reducing business costs, particularly through changes to tax settings, government fees and charges.
- Streamlining compliance with consistent rules across jurisdictions and more practical tools to navigate them.
- Restoring balance in policy conversations to ensure the voices of small business owners are heard alongside those of workers, unions and large employers.

Looking forward – with reservations

Simon is trying new things to improve efficiency and grow the business. But he’s wary of being left behind in a system that often feels like it wasn’t built for him. He’s still motivated by the freedom of running his own business, but more than ever, it feels like that freedom comes at a cost.

Increasingly, he says, small business owners are made to feel like the “bad guy” in policy debates, with regulation focused on employees while overlooking the challenges faced by those who employ them. “The focus is just on one side; it’s not a balanced approach”.



“The average wage of an employee is actually higher than it is for a small business owner. And yet the government keeps promoting things like, oh, we’re looking after the low-paid workers. When the irony is, many of the low paid workers are actually the business owners.”

3.4 Skills gaps and high wage expectations stifle growth

Even when small businesses are ready to grow, workforce pressures are holding them back.

Staff shortages, high wage expectations and the time and cost of recruitment continue to weigh heavily, and in many cases, are stopping businesses from hiring altogether.

The 2025 COSBOA Small Business Perspectives Survey found that:

- **Only 36%** of small business owners expect to recruit in the next 12 months
- **43%** experienced significant difficulty finding suitable staff

When asked what’s making recruitment harder, the two top reasons were high wage expectations (71%) and a lack of skilled candidates (70%).

The impact of these challenges is clear. Almost three-quarters of respondents said staffing gaps had increased pressure on existing staff, while over half reported lost revenue or contracts due to lack of staff.

The Jobs and Skills Australia Recruitment Insights Report (June 2025) shows that while hiring conditions have eased slightly since their 2022 peak, recruitment remains harder for smaller businesses. Most are hiring to backfill roles, not to expand or grow.

Together, skills shortages, compliance complexity and rising labour costs are combining to dampen business confidence and constrain workforce expansion



“I love providing well-paid reliable jobs to people and value my staff enormously but if I can’t pay the bills, I need to know that there is not a risk to me in terminating employment. And I worry about the increasing number of leave categories and provisions. It just is an underlying risk for my business, particularly as I employ mostly females. And that concerns me.”

Real Estate, 5 - 19 Employees

Barriers to hiring and retaining staff	
What are the biggest barriers you face in hiring or retaining staff?	
High wage expectations	71%
Lack of skilled candidates	70%
Time and cost involved	24%
Competition from larger employers	21%
Complex or costly employment regulations	16%
Difficulty offering flexibility or benefits	15%
Visa or migration barriers	13%
Inability to offer long-term career pathways	8%



3.5 New tools, new risks in technology

As small businesses grapple with rising costs, regulation and workforce shortages, many are also feeling pressure from a fast-evolving digital environment.

In an already complex operating environment, small businesses are increasingly aware of the need to manage digital risks and opportunities. Cybersecurity and AI are now part of the day-to-day reality for many operators, but capability and confidence remain mixed.

From a cyber perspective, the survey shows most small businesses are taking basic steps to protect themselves. Around three in five use multi-factor authentication on key systems, and 60% have regularly updated antivirus or security software. Another 49% report strong password policies in place.

These figures suggest awareness is improving, but a significant number of businesses remain exposed.

This is consistent with the Cyber Wardens 2025 Pulse Check, which found that while 82% of small businesses had experienced or been exposed to a cyber incident, only 41% felt confident they were protected from emerging threats like AI-driven scams or ransomware.

Artificial intelligence is also emerging as both a potential asset and source of uncertainty.

According to the 2025 COSBOA Small Business Perspectives Survey:

- **48%** of businesses are not currently using AI
- **Around 30%** use AI regularly for productivity or efficiency
- **Just 14%** have integrated AI into business operations or services

“The cyber risk is high in our business and difficult to protect against. We manage a lot of client data and although we are doing a lot to mitigate our risk, it will never be enough. We simply cannot afford the measures that big business are putting in place.”

**Administration and Support Services,
5-19 employees**

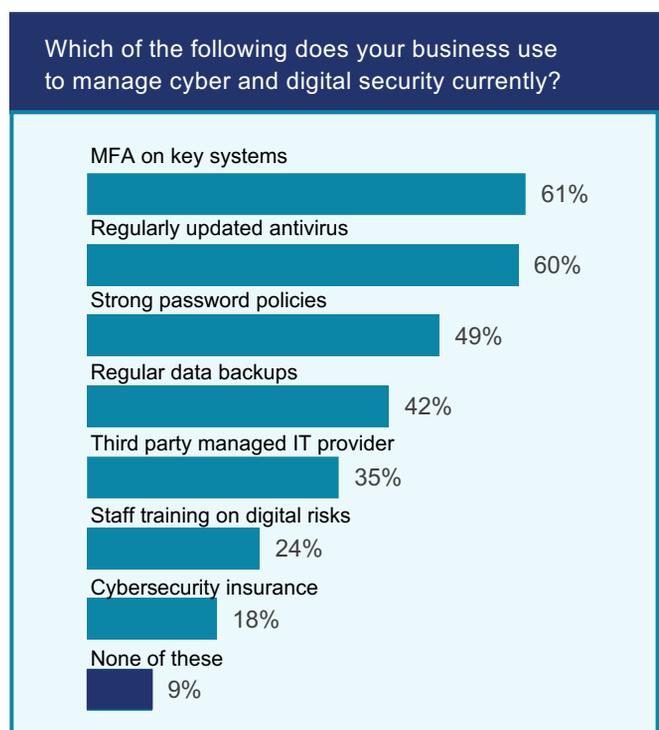


Perceptions of AI among respondents are mixed. Around a third said they see both benefits and challenges, while 30% view AI as a positive opportunity to improve efficiency. Only a small proportion (5%) regard it as a negative threat.

Of those using AI, a quarter have experienced significant improvements in productivity or efficiency, while another 46% said it had already improved their business in some way.

The auDA Digital Lives of Australians 2024 report confirms that confidence in using AI tools remains low, with only 18% of small businesses rating their capability as high. Despite this, the report also highlights that AI has driven positive increases in the internet’s value for small business, particularly helping with administrative tasks, creating efficiencies and marketing endeavours.

What’s clear is that digital capability is now essential to business resilience. Whether it’s protecting customer data or exploring AI-powered tools to improve efficiency, small businesses are aware of the shift, but many still need practical, affordable and trusted support to make the most of it.



Small business engagement with AI, 2025

How small business feels about AI

5%

Concerned it could disrupt or replace business

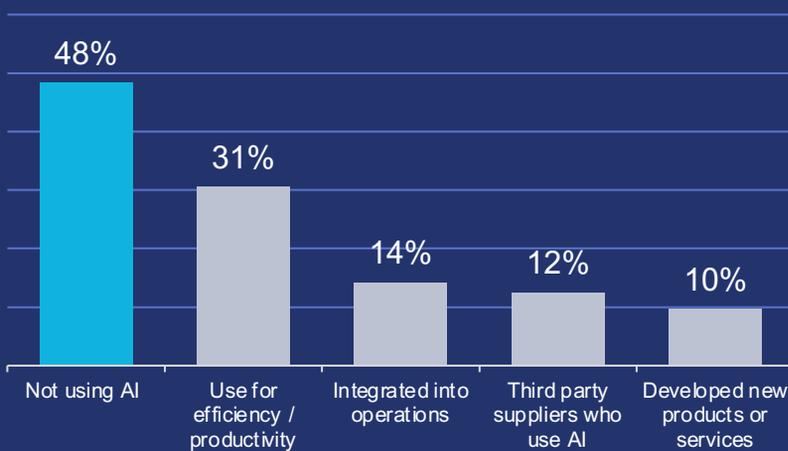
32%

There are both benefits and challenges

30%

See opportunities to improve efficiency or grow business

How small business is using AI



Impact of AI on productivity

46%



Somewhat increased productivity

26%



Significantly increased productivity



“We know we are not using AI to its potential but do not have time to learn how to implement it in our business to improve efficiency.”

Construction and Building, 5- 19 Employees

Q How do you feel about the impact of artificial intelligence (AI) on your business?
How is your business using artificial intelligence (AI)?
Has the use of AI improved your business productivity or efficiency?

2025 COSBOA Small Business Perspectives Survey



Case study

Michele Grisdale
Rainforest Bookkeeping, NSW

Spotlight on compliance, automation,
and the burden of doing the right thing



Michele Grisdale has been running Rainforest Bookkeeping for over two decades, helping micro and small businesses, like tradies, e-commerce retailers, and professional service providers, keep their financials in order. From her home office on the NSW Central Coast, she supports businesses with their BAS, payroll, and compliance, acting as both advisor and fixer when the system overwhelms them.

Deep expertise but limited support

Michele loves what she does, especially streamlining systems and training clients on how to stay compliant. But the compliance load is increasing, and the tools to manage it are increasing exponentially.

- **Red tape dominates:** Regulatory and tax compliance are her single largest cost. The complexity and frequency of legislative changes, particularly around payroll and superannuation, create pressures.
- **Software costs are spiralling:** Michele uses multiple subscriptions to meet compliance obligations and run her practice efficiently, but most are priced for larger firms and don't scale down for micro businesses.
- **Training gaps leave clients exposed:** Michele sees a pattern where businesses launch with no understanding of how to comply, then run into trouble with the ATO. "They don't know what they don't know," she says, "and by the time they do, it's too late."

AI delivers productivity, but not at an affordable price

Automation and AI are at the core of Rainforest Bookkeeping. From document processing and data integrity checks to ABN and GST validation, Michele relies on technology to manage workloads no human could handle alone.

She's a long-time early adopter and wouldn't go back. But she's clear that many of the efficiencies she's built come at a high cost, and too many technology tools don't cater to sole operators or micro businesses.



"My subscription costs are massive, they're just way too expensive for sole and small practitioners to be able to do what we want to do..."

Cybersecurity risks are real

Michele runs a secure business with cloud storage, multi-factor authentication and password managers across every system. But robust cybersecurity isn't affordable for most small operators. "Protection for one computer might be \$100, but if you've got my computer and my staff's computer, my laptop, her laptop and our phones, you're well over \$500 a month, which is not achievable for many small business'," she says.

Without better-scaled options, small businesses are forced to either take risks or walk away.

What would make a difference

Michele is a vocal advocate for small business and sits on the BAS Agent Advisory Group to the ATO. She believes small and micro voices are not being heard, especially by government regulators and tech providers.

Her recommendations include:

- Simplifying compliance and aligning systems: Integrating accounting software with award rates and ATO reporting tools.
- Breaking down the definition of small business: Ensuring micro businesses aren't lumped into policy designed for \$5 million+ firms.
- Making AI and cybersecurity tools more accessible: Subsidies, shared platforms or targeted support for under 5-person firms.

Looking ahead

Michele is realistic about what lies ahead. She's preparing for the introduction of Payday Super and expects to spend much of the next year rescuing small businesses already behind on compliance.



**SMALL BUSINESS
ORGANISATIONS
AUSTRALIA**



04

Supporting small business for a stronger economy

Practical changes that
can make a difference

Supporting small business for a stronger economy

These survey results show small businesses are resilient, adaptable and resourceful.

But it also makes it clear they are being stretched too thin. As operating pressures mount, the question becomes not whether small businesses can keep going, but what they need in order to thrive.

This chapter explores the types of support business owners say would have the greatest impact. The data shows strong alignment around three key areas, cost relief, compliance simplification, and fairer industrial relations, all practical changes that would immediately reduce pressure and build confidence.



4.1 The support small business owners need most

The top priorities for small business over the next 12 months are a focus on rising business input costs, simplifying employment laws, and cutting red tape.

When asked where COSBOA could focus its efforts over the next 12 months, survey respondents consistently pointed to the everyday pressures that make running a business harder than it should be.

More than half highlighted the need to bring down costs such as rent, insurance and energy. A similar proportion called for fairer and simpler industrial relations laws and for red tape and compliance processes to be streamlined to free up time and resources.

Other areas identified included improving access to government grants and tenders, strengthening digital capability and cybersecurity, and easier access to finance.

While the primary concern around rising input costs are influenced by broader market forces and global conditions, the other leading issues reflect areas where advocacy, policy reform, and a greater understanding of the realities of running a small business can make a meaningful difference.



“Fairer rules for small businesses. Everything is based on larger businesses with a cohort of HR and IR staff to manage compliance.”

Administration and Support Services, 5-19 employees

“The financial pressure small businesses face from taxes and compliance is huge. The amount of red tape and high tax burden often means more time and money is spent on paperwork instead of investing in growth, training apprentices, and improving our services...”

Administration and Support Services, 5-19 employees



Most important support focus areas



Reduce business costs

54% of respondents ranked reducing business costs, like energy, insurance and rent as the most important issue for focus



Fairer and simpler IR laws

49% of respondents ranked IR laws as an important area for reform



Reduce red tape

44% nominated simplifying compliance and reducing red-tape in the top 3 issues for focus.



What are the most important issues / areas for COSBOA to focus its activities over the next 12 months to help you in running your business?

2025 COSBOA Small Business Perspectives Survey

4.2 Practical changes can make a difference

For most small business owners there are clear actions that would help their business succeed.

When asked what would help their business succeed, respondents consistently called for fewer regulatory hurdles, lower taxes, simpler systems, and a more responsive government.

While the suggestions varied in wording, the messages were consistent, and respondents highlight four key changes that will help:

1

Simplifying regulation and compliance

Reducing red tape, shortening approval times, and making it easier to understand what's required.

These responses weren't about handouts or grants. Small business owners are asking for governments to focus on removing the friction, making it easier to start, run and grow a business without unnecessary barriers.

2

Creating a more small-business-friendly policy environment

Recognise the differences between large corporate businesses, especially in relation to procurement.

The CPA Australia Small Business Survey 2024–25 found that Australian small businesses rank lowest among 11 Asia-Pacific economies on expected growth and innovation, all areas tied to the policy and support environment.

3

Addressing workforce quality and skills

Improve job-readiness of candidates, aligning training with real business needs, and reducing the complexity and risk of hiring.

COSBOA's 2024 Small Business Perspectives Report also highlighted practical reforms such as extending the instant asset write-off, mandating least-cost routing for digital payments, and addressing market failures in insurance and energy.

4

Supporting digital adoption

Help to access, understand and afford automation, AI and other productivity-boosting technologies.

Meanwhile, digital readiness remains a concern. Reports from Cyber Wardens 2025 Small Business Cybersecurity Pulse Check and the auDA Digital Lives of Australian 2025 report show many businesses want to engage with digital tools and AI, but lack affordable, trusted support to do so.



“Lower red tape and taxes for small business to free my time and money so I can employ people more confidently and in turn grow my business.”

**Professional, Scientific, and Technical Services,
1-4 employees**



“I’m not looking for handouts. Staff costs are high, but there is not much you can do about that as they have to live too.

But reduce red tape, simplify compliance, less bureaucracy, more meaningful and helpful support. Simplified systems and processes. **LESS TAXES**, we pay tax on tax on tax...”

Construction and Building, 5 – 19 Employees

Conclusion

This report paints a clear picture of the state of Australia's small business sector in 2025.

Behind every statistic is a business owner working long hours, carrying personal financial risk, and navigating a system that often feels stacked against them.

Rising costs, complex regulation, skills shortages and digital risks are stretching resilience to its limits. Many owners have dipped into personal savings, foregone wages, or considered closing their doors altogether.

Yet, amid the pressures, the story is not only one of struggle but also of persistence and purpose. Small business owners continue to demonstrate adaptability, through adopting new technologies, repricing to manage costs, or staying motivated by their connection to staff, customers and communities.

These are not just businesses; they are the backbone of many local economies and the social fabric of towns and suburbs across the country.

The findings show that meaningful improvements are possible. Simplifying compliance, easing cost burdens, and creating fairer workplace laws would immediately free up time and energy for business owners to focus on growth and innovation.

Practical support for digital capability and workforce readiness would help unlock productivity and confidence.

Australia's 2.5 million small businesses employ millions of people, power innovation and sustain communities. If governments, regulators and industry work together to remove barriers and back small business with the right tools and policies, it can shift the outlook from survival to growth.

Doing so will not only strengthen the sector itself but also deliver benefits for the broader economy and every Australian household.



Methodology

The COSBOA 2025 Small Business Perspectives Survey was conducted with Australian small business owners in July 2025.

Research approach

COSBOA engaged Survey Matters, an independent research agency, to manage the project to ensure impartiality and confidentiality of participants.

The research was conducted using a mixed-mode approach, consisting of an anonymous, quantitative online survey open for all qualifying small business owners to participate, followed by qualitative interviews with ten (10) small business owners who opted-in to take part in further discussions. These interviews form the Case Studies presented in this report.

Questionnaire

The online survey questionnaire was custom designed to meet the objectives by Survey Matters, in collaboration with COSBOA.

A total of 46 questions were asked, including 12 demographic-type questions for segmentation purposes and nine (9) optional open-end questions for participants to provide feedback in their own words. The inclusion of these open-end questions provides context, depth and richness to the quantitative findings.

On average, participants took 24 minutes to complete the survey.

Data collection

The survey used an anonymous link for distribution to all qualifying small business owners in Australia. Distribution was managed by COSBOA through their industry association members and networks.

A total of 841 usable responses were collected.

Analysis and report

Survey responses were weighted to align with Australian Bureau of Statistics (ABS) data on the distribution of Australian small businesses across industry sectors. Weighting was applied using standard ABS industry classifications to ensure that findings are representative of the broader small business population by industry type. The weighting benchmarks were drawn from *Counts of Australian Businesses, including Entries and Exits, July 2021 – June 2024* (Australian Bureau of Statistics, accessed July 2025).

After data cleansing, data was analysed in Q research software, including significance testing to identify differences across industry sectors.

Results are provided at an aggregate level only, and no individual responses are identified. This ensures the confidentiality of participants and encourages honest and objective opinions.



Contact

Survey Matters is a specialist research agency with deep expertise in stakeholder and business research. We work with industry associations, peak bodies and member-based organisations to deliver evidence-based insights that support advocacy, strategy and decision-making. Our research approach is grounded, practical and tailored to reflect the real-world experiences of those we engage.



www.surveymatters.com.au

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