



Australian
Chamber of Commerce
and Industry

2025 Small Business Conditions Report



About the Australian Chamber of Commerce and Industry

The Australian Chamber of Commerce and Industry (ACCI) is Australia's largest and most representative business network. Our members are state and territory chambers of commerce, national industry associations and a council of business leaders from individual enterprises across the nation. Together, we represent Australian businesses of all sizes and shapes, across all sectors of the economy, and from every corner of the country.

About Future Makers

This report is a deliverable of the Future Makers project—a national initiative led by the Australian Chamber of Commerce and Industry to increase women's ownership and leadership in small business. It combines business development, tailored gender-specific entrepreneurship support, and a national Women in Small Business Summit to help drive cultural change and economic participation. It aims to support and elevate growth and visibility. For more information or to join our mailing list: acci.com.au/futuremakers.

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Report contact

Dr Jodie Trembath
Director | Skills, Employment and Small Business
jodie.trembath@acci.com.au

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Foreword

Small businesses are critical to our economy and communities, but their resilience continues to be tested. They employ millions, anchor local communities, and drive innovation; yet too often, their realities are a second thought in policy, legislation, and regulation.

The findings of this year's Small Business Conditions Report make clear that the pressures on small businesses have intensified. Rising costs, workforce shortages, mounting compliance obligations, and mental health strain are stretching owners to their limits. Many are optimistic about their prospects, but that confidence masks an underlying fragility: nearly a third have considered closing their doors, and too many are spending time navigating red tape rather than serving their customers.

Despite these challenges, small businesses continue to show determination and adaptability. They are finding ways to recruit and retain staff, experiment with digital tools, and lead their communities through difficult times. But they cannot carry these burdens alone. Governments must deliver practical relief—simpler regulation, affordable energy, genuine support for skills and workforce growth, and permanent, reliable investment incentives.

This report is both a warning and a call to action. It reinforces what ACCI has long advocated: if policymakers want a dynamic, competitive economy, they must start by empowering small business to thrive. By cutting red tape, backing innovation, and easing cost pressures, we can unlock the full potential of Australia's entrepreneurs.

We thank the more than 1,100 businesses who shared their insights with us. Their voices are central to this report and to ACCI's advocacy. On their behalf, we look forward to working with governments to translate these findings into real, lasting reform.

Andrew McKellar

Chief Executive Officer
Australian Chamber of Commerce and Industry



Foreword

Intuit: ACCI's official small business partner

Small businesses are the heart of Australia's economy. They contribute nearly \$600 billion to the economy and employ nearly 40% of the private workforce.

Yet the latest Small Business Conditions Survey reminds us how much pressure they are under, from rising costs and compliance demands to ongoing workforce challenges.

At Intuit, we see this determination every day, and we are committed to being a partner that helps small businesses not just survive, but thrive.

Our mission is to power prosperity. That means helping small businesses spend less time on admin and more time with customers.

Through QuickBooks and Mailchimp, we provide a connected end-to-end platform that small and mid market businesses can rely on to connect money, customers, and compliance in one place. Increasingly, our experiences are powered by AI—done-for-you tools that automate the most time-consuming jobs, from reconciling accounts to building marketing campaigns.

For many, this is the difference between working late into the night and feeling confident their business is under control.

But the right technology is only part of the solution. Small businesses also need policy settings that give them room to grow: regulation that is clear and consistent; incentives that encourage investment; and digital frameworks that lower barriers to adoption.

We're proud to stand alongside ACCI and the thousands of small businesses who contributed their voices to this report. By working together — industry, policymakers, and the business community — we can create an environment where small businesses have less work on their shoulders, more money in their pockets, and complete confidence in their future. That's what drives us at Intuit.

Suzy Nicoletti
Regional Vice President
Intuit



Key Findings

Business Health

- 28% have considered closing in the past year; 30% worry they may close within the next 12 months.
- 82% of small business owners and managers are confident in the future of their business but it appears to reflect survival rather than true stability, with many reducing investment, cutting costs and trimming staff.

Mental Health

- 44% of business owners and managers report high stress, peaking at 52% in firms with 15–24 staff.
- Main stressors were predominately: cash flow, uncertainty, personal financial obligations.

Technology

- 59% of small businesses report that technology and AI are already having a positive impact.
- 62% of small businesses anticipate that over the next 3-4 years the positive impact will continue to materialise.
- Significant gaps in cyber insurance persist, especially for micro-businesses.

Workforce

- 35% struggle to recruit/retain staff, especially in construction (54%), manufacturing (42%), and healthcare (41%).
- Compliance with regulations related to pay (33%), superannuation (34%), and awards (36%) is a significant burden, hitting larger small businesses hardest.

Compliance

- 42% of small businesses reported that regulation harm their operations.
- 61% reported spending over \$20,000 annually on compliance.
- nearly half have been penalised in the past four years for not meeting their compliance obligations.

Women in Small Business

- Women own 28% of small businesses.
- 39% of women small business owners in male-dominated sectors reported not being seen as credible compared to their male-counterparts.
- More regional women (37%) are likely to own businesses compared to their metropolitan counterparts (25%).

Executive Summary

Australia's small businesses stand at a pivotal juncture, balancing resilience with fragility, optimism with operational strain. This 2025 Small Business Conditions Report presents the results of a national survey of small businesses, revealing a compelling and at times sobering story of determination amidst adversity.

The survey paints a nuanced picture: most small businesses are confident about the future, yet many are close to breaking point. Nearly a third have considered shutting down, and for many others, the operational burdens, from surging costs and red tape to compliance fatigue and workforce shortfalls, are consuming valuable time and resources.

Recruitment and retention challenges remain high, particularly in critical sectors such as construction, care services, and hospitality. Compliance with industrial relations requirements is an escalating concern, especially as reforms such as real-time superannuation payments loom. Mental health issues are increasingly visible, with 44% of Small Business owners and managers rating their stress as high. Stress is most acute in businesses with 15 to 24 employees, a group often too large to remain agile but too small to afford dedicated support functions.

Digital tools and AI offer promise, yet investments in innovation are being curtailed due to budget pressures. Cyber insurance coverage is patchy, leaving many exposed. Meanwhile, women continue to have lower representation in leadership, particularly in metro areas and in industries with a higher skew towards male employees, despite demonstrating resilience and adaptability. While women's ownership is more prevalent in regional small businesses, small businesses in the regions are plagued with a range of other challenges, including chronic skill shortages and difficulties with supply chains.

This report calls for decisive policy action. Solutions must target compliance simplification, workforce readiness, cost relief, technological support, mental health care, and gender inclusion. Australia's small businesses are not asking for rescue, they are asking for tools to keep fighting, growing, and contributing to their communities.

Introduction & Methodology

Each year, the Australian Chamber of Commerce and Industry (ACCI) commissions a comprehensive national study to better understand the realities of running a small business in Australia. The Small Business Conditions Survey (SBCS) provides a critical snapshot of this vital sector, drawing insights from more than 1,100 businesses from across the nation.

The 2025 survey was conducted online between 7th and 14th May 2025, reaching a total of 1,136 small businesses. The survey included questions covering financial performance, workforce management, compliance obligations, use of technology, and future expectations. To ensure representation across the vast diversity of Australia's small business landscape, targets were established for different industry sectors, and results were weighted using Australian Bureau of Statistics (ABS) data. While traditional definitions of small businesses, such as those used by the ABS and Fair Work Australia, limit the threshold to fewer than 20 or 15 employees respectively, this report reflects ACCI's broader view that businesses with up to 24 employees share many of the same challenges as their smaller peers. As such, data is analysed across three cohorts: 1–14 employees, 15–19 employees, and 20–24 employees.

This expanded scope allows the survey to more comprehensively test the hypothesis that slightly larger small businesses, often family-run or start-ups, should be included in small business definitions due to their operational and compliance similarities. The evidence presented throughout this report supports the notion that these businesses not only deserve support but require it urgently.

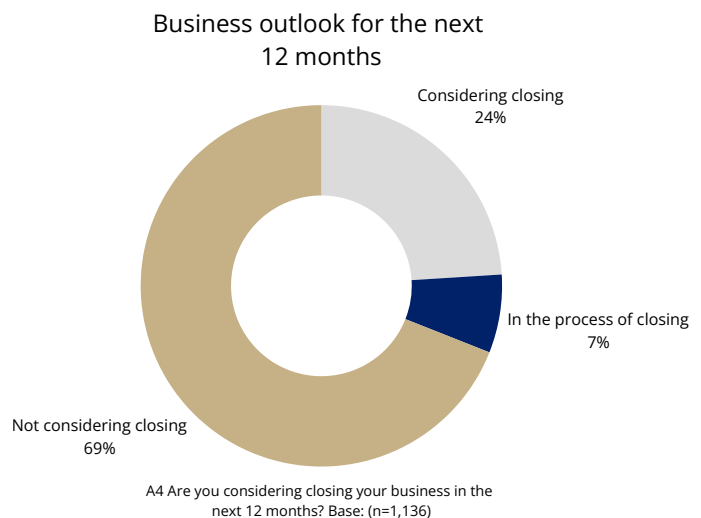
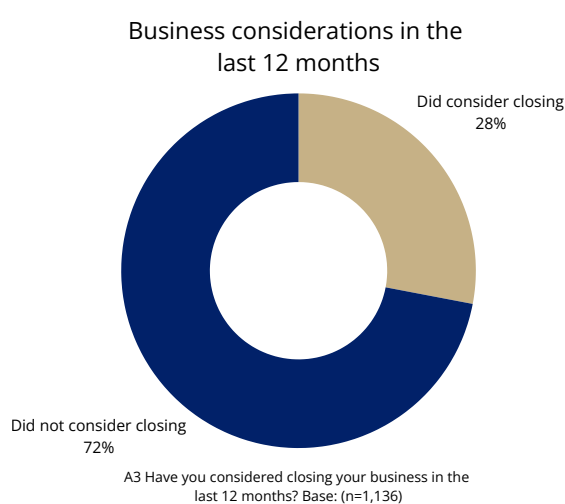
1. Business Health

Resilience under pressure

Australia's small businesses have always been praised for their grit and determination, but in 2025, that resilience is being tested as never before. Across the country, small businesses are contending with a suite of pressures that threaten their financial sustainability, their ability to plan ahead, and in some cases, their very survival.

According to the Reserve Bank of Australia's October 2024 update, slowing demand growth and elevated input costs, paired with high interest rates, are placing significant stress on indebted businesses (Bullo et al, 2024).

These trends have disproportionately affected small operators who often lack the financial buffers and purchasing power of larger firms. In this survey, 28% of small businesses disclosed that they had seriously considered shutting down in the past year, and 31% indicated that they were either already in the process of closing or contemplating closure in the coming 12 months.



Top challenges facing small businesses



Increasing costs - 47 %



Maintaining profitability - 37%



Skills/workers shortages - 35%



Increasing competition - 34%

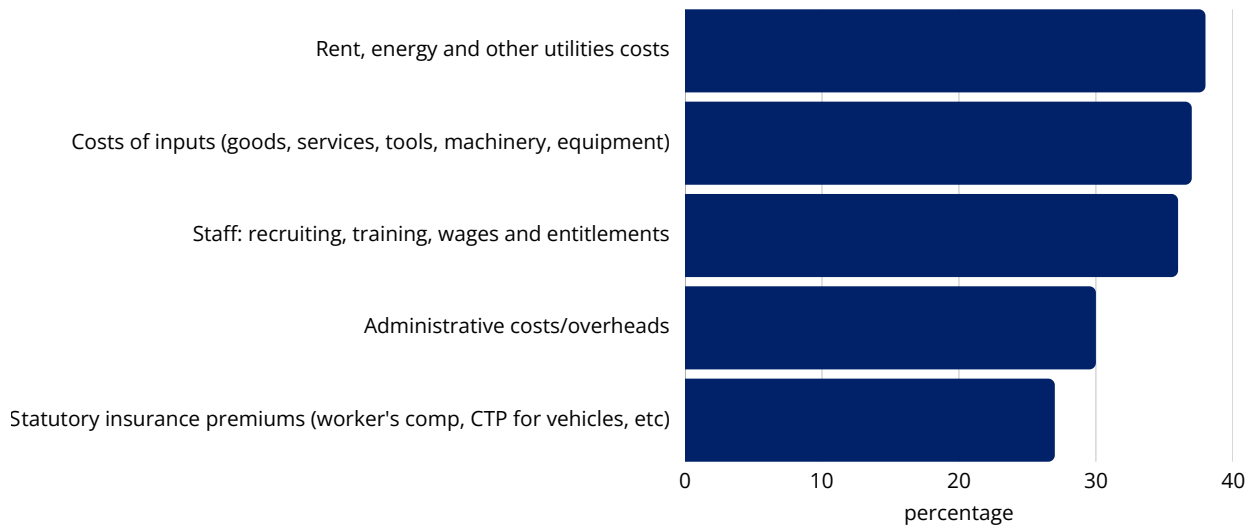
These stark figures are just the tip of the iceberg. They do not include businesses that have already closed, as those businesses are no longer around to answer surveys. This suggests the attrition rate may be even higher than the data reveals. Sector-specific vulnerabilities are also evident. The accommodation, food services, and administrative support sectors are particularly hard-hit, with financial instability pushing some operators to breaking point. In regional and remote areas, closures often mean the loss of essential local services and employment, worsening socio-economic isolation.

Confidence among small businesses is high overall (82%), though the drivers of that confidence differ across sectors. For many, optimism is closely tied to resilience and a determination to adapt, rather than an absence of challenges. Confidence reaches 94% in financial and insurance services, and in manufacturing and resources, but falls to 75% in accommodation and food services, reflecting the more uncertain conditions facing that sector.

Alongside these structural pressures, the survey also highlights the escalating costs that weigh most heavily on small businesses. The top five expenses identified by respondents were rent, energy and other utilities (38%), costs of inputs such as goods, services and equipment (37%), staff recruitment, training and wages (36%), administrative overheads (30%), and statutory insurance premiums (27%). These expenses are closely followed by technology and software (26%) and marketing and advertising (26%).

These are not discretionary costs that can be easily cut back; rather, they are unavoidable outlays intrinsic to running a business. When layered on top of finance costs, compliance burdens, and supply chain pressures, the result is an increasingly fragile cost base that leaves many small operators with little room to manoeuvre. Rising expenses of this kind compound the financial risks already flagged by business owners, further constraining their capacity to invest, expand, or even remain solvent in the months ahead.

Top 5 largest expenses to business

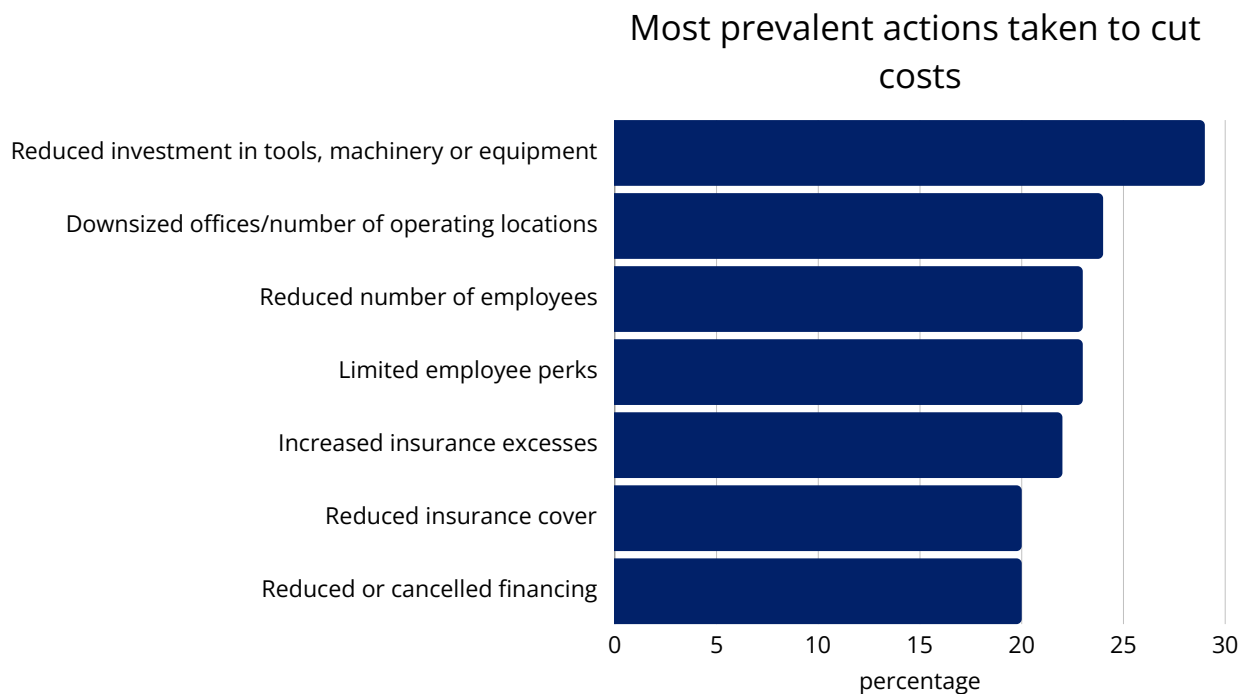


Z4 What are the largest expenses faced by your business this financial year?

Base: (n=1,136)



Our research shows that nearly one in three small businesses (29%) are cutting back on tools, machinery or equipment to manage operational costs. Others are making difficult trade-offs, reducing physical premises (24%), trimming staff (23%), limiting staff perks (23%), or increasing insurance excesses (22%).



Z6 Which of the following have you done to reduce your business operating costs in the last 12 months?
Base: Small Business Owners and Managers in Australia (n=1,136)

These austerity measures may relieve short-term financial pressure but pose long-term risks to competitiveness and productivity. Innovation, once seen as a pathway to growth, is now being deferred as businesses struggle to keep the lights on.

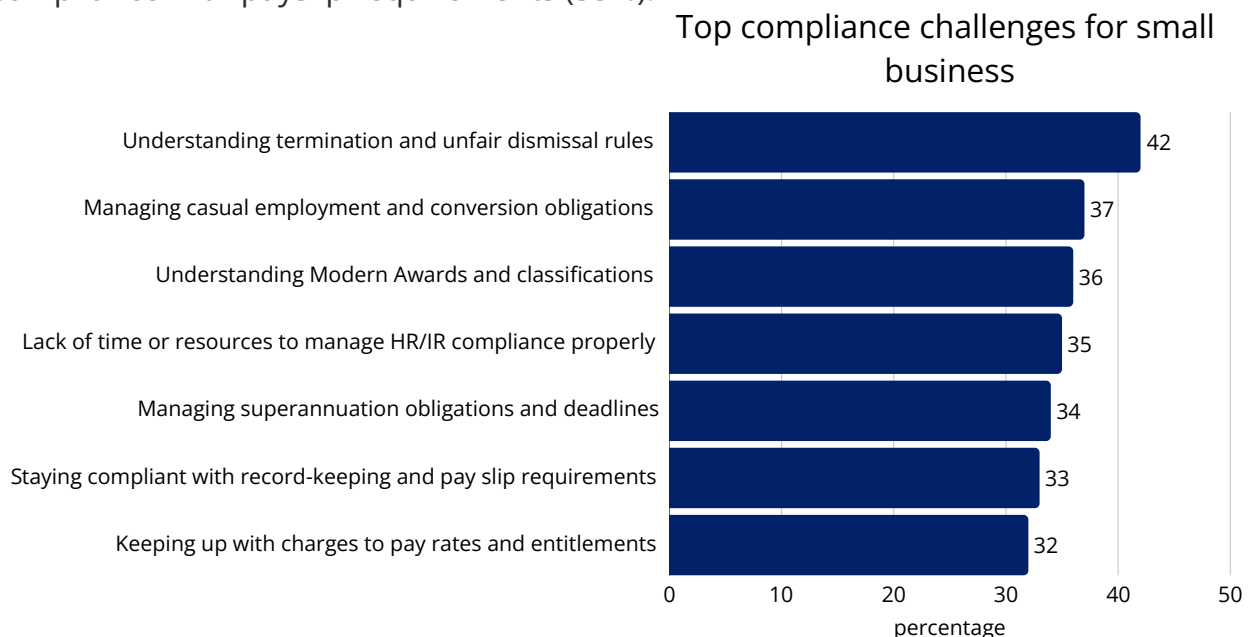
2. Workforce Dynamics

The human face of business strain

At the heart of every small business is a workforce, often small in number but critical in function. In 2025, small businesses face an increasingly complex set of people-related challenges. These range from recruitment bottlenecks and regulatory confusion to stress management and workforce morale.

The survey revealed that 35% of small businesses are struggling to attract and retain skilled workers, with the construction (54%), manufacturing (42%), and healthcare (41%) sectors particularly affected. These recruitment difficulties are exacerbated by regional talent shortages, rising wage expectations, and increasingly complex industrial relations (IR) frameworks. The ability to offer competitive pay and entitlements is constrained by tight margins, leaving many small businesses caught in a frustrating cycle of understaffing and overwork.

The burden of compliance in this area is significant. Nearly half of respondents (42%) noted difficulties understanding termination and unfair dismissal rules. Other common pain points included: struggling to understand compliance, casual employment and conversion obligations (37%), understanding modern award classifications (36%), lacking the time and resources needed to maintain compliance (35%), understanding superannuation requirements (34%) and maintaining compliance with payslip requirements (33%).



C1 What are the top 5 challenges you face in keeping up with Human Resources and Industrial Relations compliance and legislation? Base: (n=1,136)



The strain is especially apparent among larger small businesses. Businesses with 20 to 24 employees report higher rates of non-compliance anxiety and fatigue. For example, 43% cited lack of time and resources as a barrier to proper HR compliance. The ability to manage complex issues like employee terminations and correct contractor classifications becomes increasingly challenging without a dedicated HR team.

Payday Super

One critical reform coming into effect in July 2026 is the requirement to pay superannuation concurrently with wages. Despite the importance of this change, awareness remains patchy. Only 63% of all businesses were aware of the reform, dropping to just 38% among sole traders. Businesses that were members of an industry body were far better informed than others, with 77% being aware of the change, highlighting the value of these bodies in communicating policy updates.

While 42% of respondents believe the super reform will benefit their business in the long run, many expressed concerns about short-term cash flow disruptions and software compatibility. Without targeted support during the rollout, many small firms risk falling foul of the new requirements.

3. Mental Health



44% of small business owners and managers are experiencing high levels of stress

Mental health challenges for those running small businesses continue to be of concern. 44% rated their personal stress at 7 or above on a 10-point scale—the sources of this stress are varied, and include: cash flow pressures (41%), future uncertainty (35%), personal financial obligations (35%), and complex stakeholder management, including both staff and customers (33%).

Owners and managers of small businesses with 15 to 24 employees are bearing a disproportionate share of this psychological burden. In this group, 52% reported stress levels at the higher end of the scale, compared to 39% of those running smaller small businesses. Yet despite these pressures, 72% of respondents remain satisfied with their role, evidence of the emotional investment and pride many attach to their enterprises.



*F1 On a scale of 1 to 10, where 1 is not stressed at all and 10 is extremely stressed, how would you rate your overall stress level in the past month? S2 How many staff does your business have overall (including yourself)?
Base: Small Business Owners and Managers in Australia with high stress (7, 8, 9 or 10 out of 10). (n=1,136)*

The Business of Mental Health

Mental ill-health is a significant issue for many small-business owners. National surveys have reported that sizeable proportions of owners receive diagnoses of anxiety, depression or stress-related conditions, with some industries such as manufacturing and retail showing higher levels of medically diagnosed mental ill-health (Treasury, 2022). Qualitative studies highlight that running a business as a “soloist” often leads to loneliness, blurred boundaries between work and personal life and a sense that the owner must “do it all,” all of which exacerbate stress (Faulkner et al, 2021). Many owners are reluctant to seek professional help for mental-health concerns because of cost, time and stigma, reinforcing the importance of accessible, targeted support programs.

Business owners and managers with 15–24 employees face unique stresses because they sit just over key regulatory thresholds.

At 15 employees, businesses cease to qualify as “small business employers” under the Fair Work Act 2009, losing access to the Small Business Fair Dismissal Code and exemptions from redundancy pay. They are also captured earlier by new obligations such as the federal “right to disconnect”, which has applied to employers with 15 or more staff since 26 August 2024 (for small businesses with fewer than 15 employees, these provisions commenced on 26 August 2025).

From 1 January 2025, intentional wage underpayment became a criminal offence, further heightening compliance pressure in firms without large HR or payroll teams. Crossing the 20-employee mark also moves a business from the “small” (0–19 employees) to the “medium” (20–199 employees) category in ABS classifications, which can reduce access to some supports and change procurement eligibility. At this headcount, many firms also begin to encounter payroll tax liabilities depending on their total wages and state thresholds.

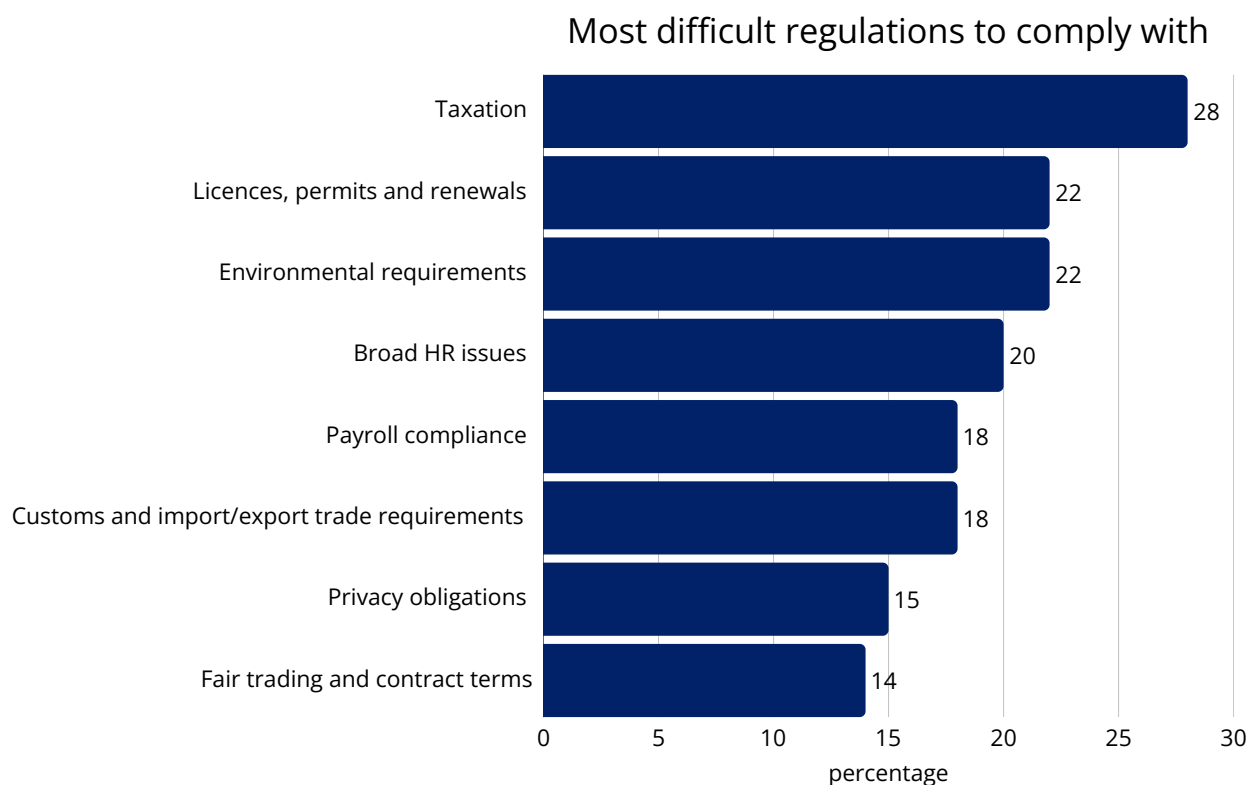
Together, these shifts explain why the owners and managers of larger small businesses with 15-24 employees often report higher stress than both smaller firms under the compliance thresholds and larger businesses (with 25+ employees) with more established compliance infrastructure.

4. Regulation and Compliance

Red tape and real costs

Behind the scenes of every successful small business is an intricate web of regulations, compliance requirements, and administrative obligations. For many operators, managing these tasks is not simply a matter of formality; it is an unending, time-consuming, and costly endeavour.

In 2025, a quarter of small businesses stated that, overall, complying with red tape was challenging. 42% of small businesses stated that compliance had a negative impact on their operations. The burden is especially heavy on the smaller operators. More than half (53%) of businesses with 2 to 9 employees said they were negatively affected.



B2 How easy or difficult is it to comply with the relevant regulations for each of the following? Selected "very difficult" or "quite difficult" Base: Small Business Owners and Managers in Australia (n=1,136)

Taxation remains one of the most challenging areas, cited by 28% of respondents. The complexities of payroll tax, company tax, and GST obligations require not only accuracy but time, understanding, and often professional advice, resources that many small businesses struggle to afford.

Additional regulatory areas that frequently cause issues include licensing and permit renewals, environmental obligations, interpretation of industrial awards, and superannuation reporting. Many of these are evolving, further increasing the burden on already stretched operators.

61%

Spent more than
\$20,000 on compliance

48%

Penalised for non-
compliance in last four
years

77%

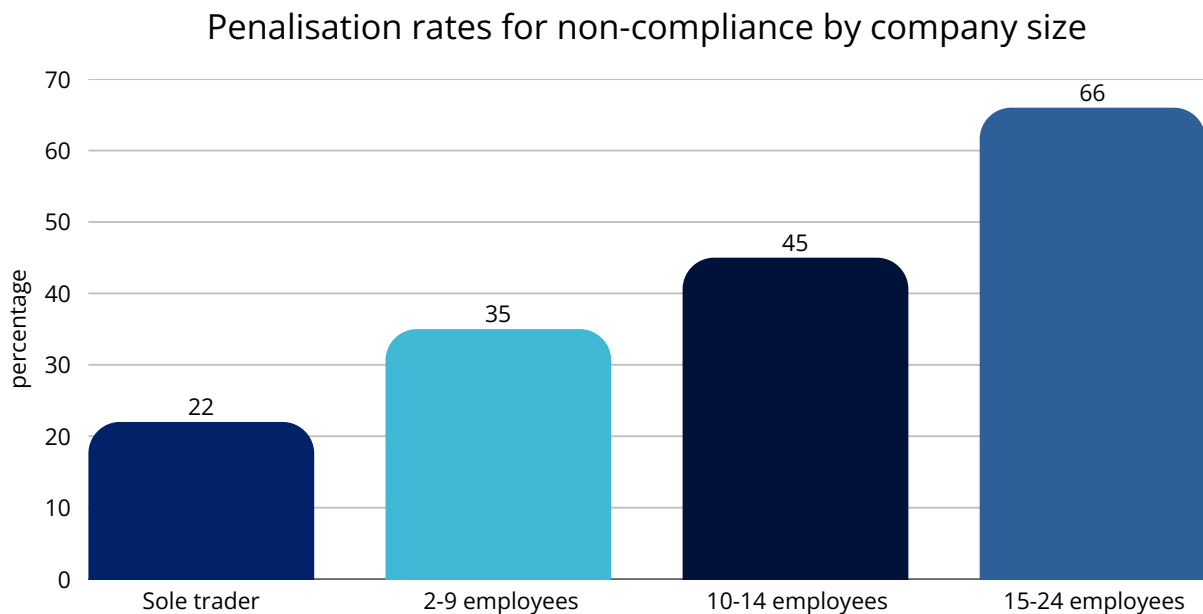
Manage compliance
internally

77% of businesses manage compliance internally, rising to 85% among businesses with 20 to 24 employees. For many, this means the owner or a senior manager personally devotes significant time to ensuring compliance. In fact, 39% of respondents spend more than six hours per week navigating red tape. Among larger small businesses (15–24 employees), this rises significantly, with 58–63% devoting over six hours weekly.

These time costs translate directly into financial ones. 61% of all small businesses reported spending more than \$20,000 annually on compliance-related expenses. For businesses with 20–24 employees, 57% spend more than \$50,000 per year.

The consequences of non-compliance are also real and frequent. Nearly half (48%) of businesses reported being penalised in the past four years, whether through fines, penalty interest, or other sanctions. The likelihood of receiving a penalty increases with business size. Among businesses with 10-14 employees, 45% had been penalised. For those with 15–24 employees, the figure jumps to 66%.





B9 When was the last time, if ever, you were penalised for failing to comply with red tape/regulatory requirements? S2 How many staff does your business employ (including yourself)? Base: Small business owners and managers in Australia penalised in the previous 4 years (n=1,136)

The financial and insurance services and hospitality sectors report the highest incidence of regulatory penalties, 74% and 63% respectively.

These figures underscore the urgent need to simplify the regulatory landscape and reduce the risk exposure for businesses doing their best to comply.

In addition to managing existing obligations, small businesses are also expected to stay up to date with new policy changes. Recent reforms include government incentives for hiring apprentices in priority occupations. Yet only 51% of businesses were even aware of these changes. Among sole traders who may well benefit from bringing in an apprentice or trainee to support their workload, awareness dropped to 17%, and among micro-businesses (2–9 employees), just 37%.

Such awareness gaps weaken the effectiveness of even the most well-intentioned policies. They point to a broader issue: information dissemination and regulatory clarity can be just as important as the rules themselves. However, with the existing compliance burden, keeping small businesses informed of the policy changes will be an ongoing challenge.

5. Technology and Outlook

Risk, readiness and opportunity



Many small businesses are cutting their investment in technical innovation and protection to relieve financial stress

This creates long-term risks to productivity and profitability

Technology has long been hailed as the great equaliser, offering small businesses tools to compete with larger firms, expand market reach, and streamline operations. Yet, in 2025, the digital playing field remains uneven. While some small businesses are leveraging emerging technologies for growth, others are falling behind due to cost pressures, risk aversion, or limited digital skills.

According to NAB's 2025 Small Business Outlook, 25% of businesses plan to increase technology spending this year, with one-third already investing in AI or enhancing cybersecurity capabilities (NAB, 2025). However, these ambitions are often tempered by financial realities as outlined earlier in the Business Health section, where small business are forced to cut back on costs that could aid with innovation.



71% of sole traders do not have cyber insurance, exposing businesses to significant financial and operational risks

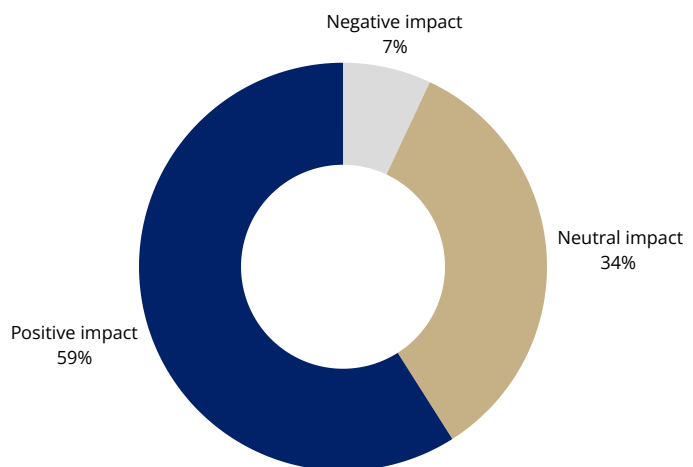
Cybersecurity remains a growing concern. Two-thirds (65%) of small businesses report having cyber insurance, but this coverage is far from universal. The gaps are particularly evident among sole traders (71% lack coverage) and businesses with 2–14 employees, of whom 31% have no cyber insurance at all. Meanwhile, financial services firms are almost universally protected, with 98% covered.

The presence of cyber insurance correlates strongly with perceived cyber readiness: 86% of insured businesses felt confident in their cyber resilience, compared to just 73% among the uninsured. Yet confidence in employees' ability to avoid scams and phishing threats remains low; 24% of business owners and managers expressed doubt in their team's cyber vigilance.

Artificial intelligence (AI) is viewed with cautious optimism. 59% of businesses believe technology and AI are already having a positive impact. That figure rises slightly (to 62%) when asked about the anticipated benefits over the next 3–4 years.

However, not all businesses are on equal footing. Certain sectors, particularly manufacturing, education, the arts, and administrative services, report lower confidence in their ability to integrate new technologies.

Current impact of technology including AI



D4 What impact is technology (including AI) currently having on the industry in which you operate? Base: Small Business Leaders in Australia. (n=1,136)

Administrative and support services (44%), Health care (45%), arts and recreation (52%), and education and training (54%) were the least confident industries when it came to tech adoption. This highlights an opportunity for more targeted government and industry support aimed at building digital capability and confidence in sectors that risk falling behind.

Despite these challenges, most businesses are looking forward with guarded optimism. Profit expectations remain high, with 89% anticipating stable or increased profits in the coming year. Still, this confidence must be balanced against the reality of increasing costs, shifting customer behaviours, and evolving compliance risks.

The lesson is clear: while small businesses are willing to innovate, they need support to do so. Whether through subsidies for digital upgrades, training in cyber readiness, or simplified access to AI tools, enabling small businesses to modernise is a critical piece of the economic resilience puzzle.

Instant Asset Write-Off

The Instant Asset Write-Off (IAWO) is a tax measure that allows small businesses to immediately deduct the full cost of eligible assets, up to a certain threshold, rather than depreciating them over several years. This provides quicker tax relief and helps improve cash flow, enabling businesses to reinvest sooner in equipment, vehicles, technology, or other productive assets. For many small businesses, it has been a vital tool for managing expenses, maintaining competitiveness, and adapting to changing economic conditions.

ACCI has consistently supported the IAWO, but strongly criticised its temporary and piecemeal application. While ACCI welcomed recent extensions, it argued that last-minute renewals create uncertainty and undermine the measure's effectiveness. ACCI has called for the IAWO to be made a permanent feature of the tax system, giving businesses the certainty they need to plan and invest confidently. In its submissions and public statements, ACCI has also urged the government to raise the asset threshold from \$20,000 to \$50,000 per asset and to extend eligibility to businesses with turnover up to \$50 million, ensuring more small and medium enterprises can benefit.

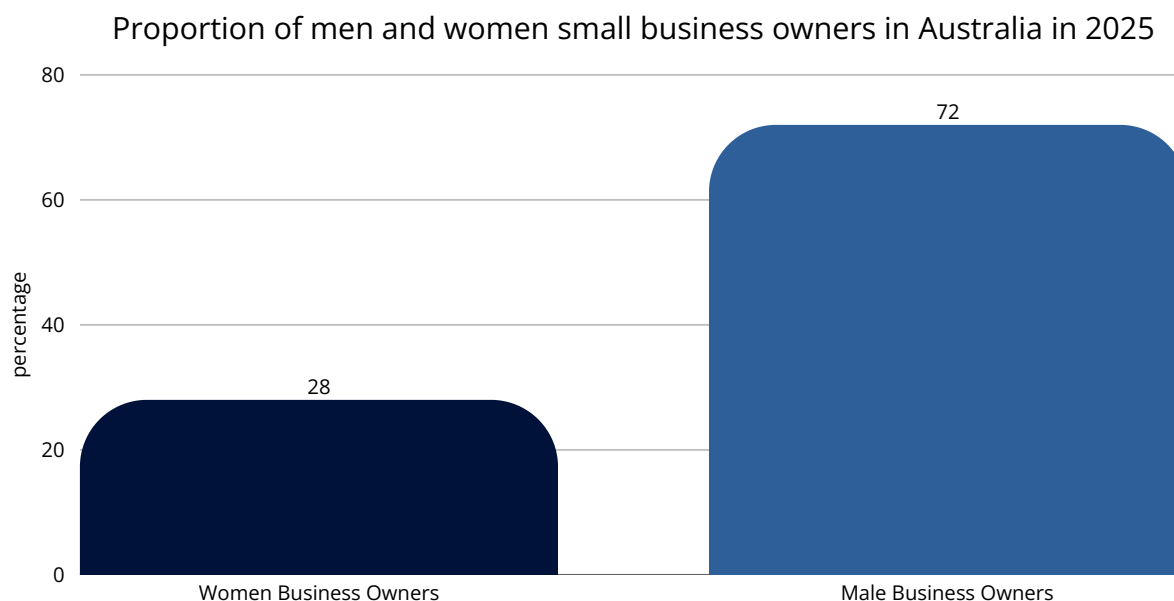
ACCI has further emphasised that the pandemic-era Temporary Full Expensing (TFE) scheme was highly effective in stimulating investment and should be reinstated as a broader, permanent measure, with an expanded IAWO serving as an important complementary tool. For ACCI, a permanent and expanded IAWO alongside a return to full expensing would be useful in boosting productivity, supporting growth, and driving long-term business investment in Australia.

6. Women Owners of Small Businesses

Progress and persistent gaps

Women continue to shape the Australian small business landscape, often leading enterprises that serve as vital community anchors, especially in regional and remote areas. Yet despite their contributions, gender disparities persist.

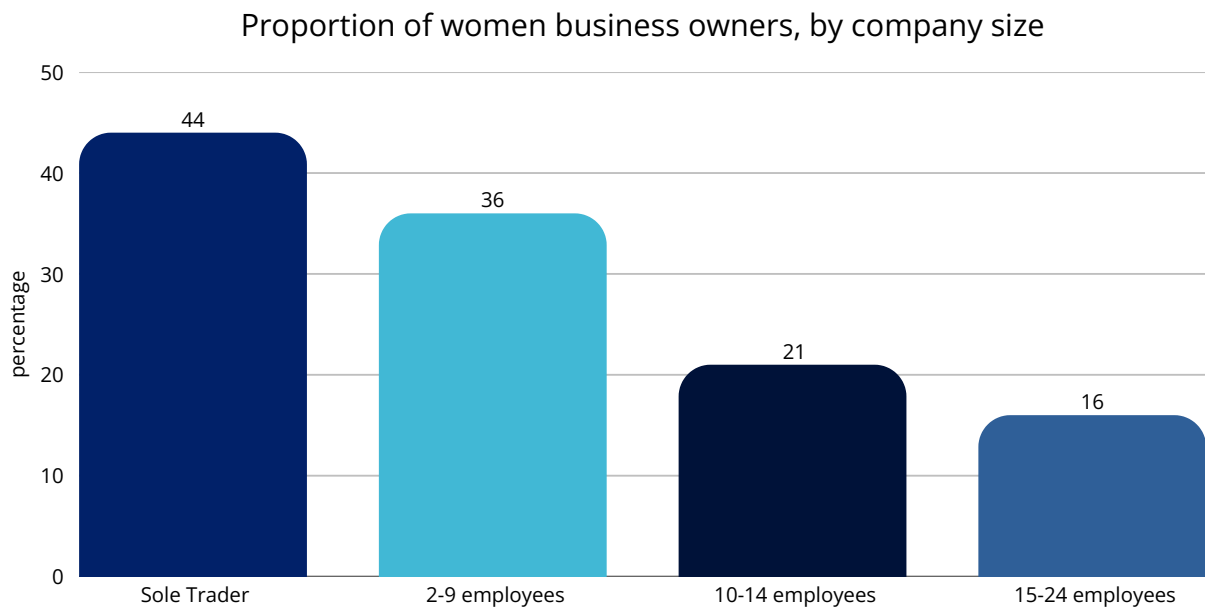
Based on our survey sample, 28% of small businesses are owned by women in 2025—just over a quarter. These figures are broadly consistent with the averages reported in the 2021 Census of the broader Australian population, which found that women owned 35% of small businesses (ASBFEO, 2025).



Z10 What is your gender? Base: Small business owners in Australia (n=696)

The disparity between women and men small business owners is more pronounced in metropolitan areas, where only 25% of small businesses are owned by women, compared to 37% in regional Australia. The higher representation of women in regional businesses reflects a variety of cultural, social, and economic factors present in non-urban Australia. For example, in many rural settings, formal childcare is limited and owning a small business can provide flexibility in childcare arrangements.

A study conducted in Queensland (Kille et al, 2022), along with insights from the Commonwealth Bank (2022), have highlighted that regional women frequently draw upon strong community ties, personal resilience, and resourcefulness to create sustainable enterprises. These businesses are often embedded in the social fabric of their towns and deliver more than just economic value.



Z10 What is your gender? S2 How many staff does your business employ (including yourself)? Base: Small Business owners in Australia. (n=696)

Women are most likely to own businesses with less than 10 employees. 44% of sole traders are women, but this figure drops to 16% for businesses with 15-24 employees.

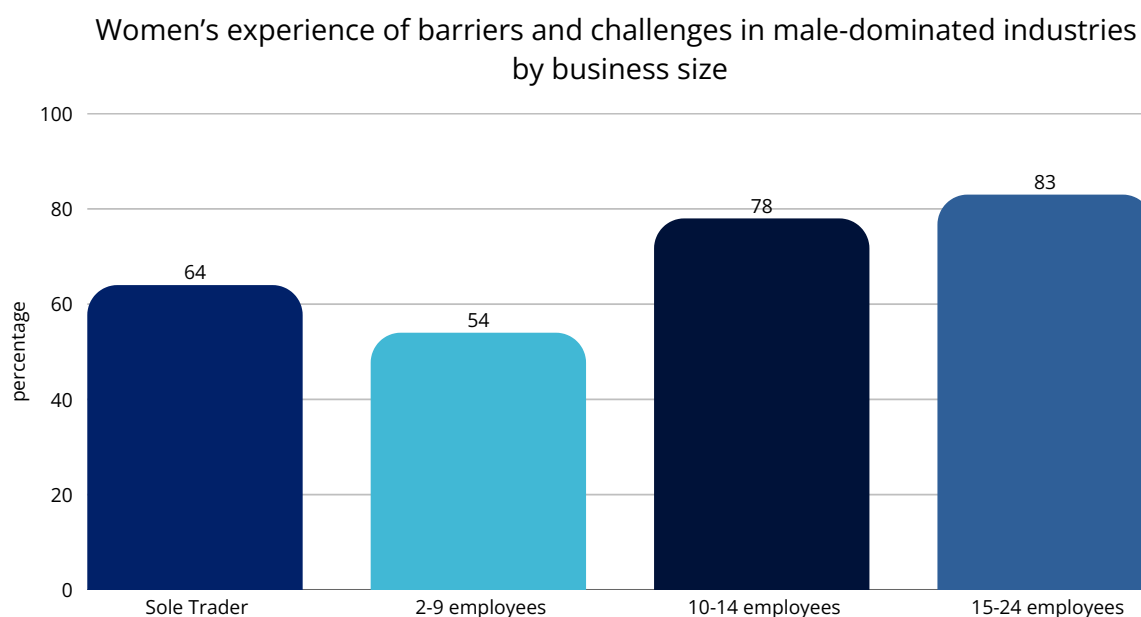
Their industry presence also differs. In some industries, women are more likely than men to own businesses, specifically healthcare (62% are women), education and training (50%), and arts and creative industries (48%).

Women small business owners in male-dominated industries

Additional challenges emerge among the 35% of women small business owners with businesses in male-dominated industries, which include construction, transport, postal and warehousing, mining, electricity, gas, water and waste services, financial and insurance services, information media and telecommunications, public administration and safety, agriculture, forestry and fishing, manufacturing, and wholesale trade.

The struggles for women small business owners in male-dominated industries go beyond the operational. Many of the female respondents operating in male-dominated industries (39%) reported not being seen as credible in their roles. Approximately a third of women small business owners across all male-dominated sectors (30%) reported a consistent challenge of balancing responsibilities outside of work. Accessing finance (23%) and dealing with inadequate gender-specific amenities (16%) are other major hurdles for women in male-dominated fields. Together, these barriers underline some of the challenges faced by women in male-dominated industries.

The data indicates that women working in male-dominated industries experience more barriers as business size increases. While just over half (54%) of women in businesses with 2–9 employees report challenges, this figure rises sharply to 78% for businesses with 10–14 employees and peaks at 83% for those with 15–24 employees. Sole traders also report significant barriers (64%), suggesting that both isolation and organisational complexity contribute to these challenges.



G4_1 Working in a male-dominated industry has created more barriers or challenges for me as a women (Agree/Strongly Agree). S2 How many staff does your business employ (including yourself)? Base: (n=56)

7. Conclusion

A call to action for policymakers

This report provides a picture of a resilient yet strained small business sector. The findings confirm that small businesses remain the backbone of the Australian economy, providing millions of jobs and vital services across metropolitan, regional, and rural communities. Yet despite their contribution, many face mounting pressures that threaten their viability. Key challenges include financial instability, compliance overload, workforce shortages, energy and input cost pressures, and uneven technological adaptation. While confidence and satisfaction remain strong, they are tempered by financial stress and regulatory risk, which continue to challenge many businesses, leading to some considering closure.

To improve the long-term sustainability of this sector, there is an urgent need for a comprehensive policy agenda tailored to the unique needs of small business. Insights from ACCI's *Agenda for Business* and *2025–26 Pre-Budget Submission* provide a roadmap for policymakers, highlighting reforms that can unlock productivity, ease cost pressures, and support business-led growth.

Financial relief and investment confidence

Small businesses require greater certainty to plan and invest. ACCI has been clear that the Instant Asset Write-Off (IAWO) should be made a permanent feature of the tax system, with the threshold lifted to \$50,000 per asset and access extended to businesses with turnover up to \$50 million and to digital assets. Policymakers must go beyond ad hoc annual renewals and embed stability into the system, supporting continuous reinvestment in plant, equipment, vehicles, and digital technologies. Complementary investment allowances for larger-scale purchases and simpler access to the R&D Tax Incentive would further strengthen innovation-led growth.

Regulatory simplification and red tape reduction

Regulation is consistently identified by small business as a major barrier. ACCI has called for a user-centric approach to regulation that simplifies approval processes, cuts duplication across state and federal levels, and imposes greater accountability on regulators for cost recovery practices. Building on survey findings, a dedicated red tape reduction agenda, including a Minister for Red Tape Reduction and mandatory Small Business Impact Analysis for new laws, would give businesses the certainty and efficiency they need. Simplifying modern awards, harmonising definitions of small business across legislation, and ensuring regulators provide clear guidance are essential steps.

Workforce support and skills development

Small businesses cannot compete without skilled and reliable staff. Yet workforce shortages persist across key sectors. ACCI has urged the government to expand apprenticeship and traineeship incentives for employers, while also boosting funding for all vocational education and training, rather than limiting the funding focus to TAFE. Broader reforms to restore workplace flexibility, including a small business division of the Fair Work Commission and binding advice from the Fair Work Ombudsman, would give small business employers confidence to hire and manage staff without fear of unintended non-compliance.

Digital enablement and cyber preparedness

The future competitiveness of small businesses depends on their ability to adopt and adapt to new technologies. Yet around one in five small firms reports limited digital capability. ACCI has called for the permanent reinstatement of the Small Business Technology Investment and Skills Training Boost programs to support digitalisation, alongside a national digital inclusion strategy and a coordinated AI adoption plan. Targeted grants, training, and support for cybersecurity compliance will help small businesses not only survive but thrive in an increasingly digital economy.

Energy, cost pressures and productivity

High input costs, especially energy, continue to undermine small business profitability. ACCI has pressed for a market-based energy strategy that restores Australia's status as a low-cost energy producer by streamlining environmental approvals, unlocking gas exploration, and supporting private sector investment. Lower energy costs are essential to reduce financial strain, support growth, and maintain international competitiveness.

Mental health and wellbeing

The strain on those running small businesses goes beyond balance sheets. Stress, burnout, and mental health risks are rising, particularly for larger small businesses. Providing more resources for dedicated programs aimed at business-owner mental health and wellbeing, delivered through trusted intermediaries, would complement ACCI's broader agenda to reduce red tape and financial uncertainty—but focus must remain on the cause of the stress, i.e. the red tape burden. Policymakers must recognise that supporting wellbeing by recognising the impact of unnecessary bureaucracy is not only a social imperative but also an economic necessity.

Women entrepreneurs

Women continue to make important contributions to Australia's small business sector, particularly in regional areas where ownership rates are higher. However, representation remains uneven across industries and business sizes. Women own 28% of small businesses, with lower participation in male-dominated sectors and larger firms. Addressing barriers to participation through practical measures can help ensure that women have the confidence to take on ownership roles.

Regional businesses

Finally, small businesses in regional Australia face unique challenges. ACCI has highlighted the need for tailored support to encourage greater workforce participation in regional areas, especially for small business owners balancing care responsibilities. Reforms such as improved access to childcare, stronger regional networks, and targeted leadership development programs would foster inclusive growth and unlock entrepreneurial potential in communities that too often miss out.

An imperative for action

Small businesses are resilient, innovative, and integral to the Australian economy, but it is imperative that policy settings are changed to allow businesses to flourish.

ACCI's reform agenda provides a comprehensive framework—tax and investment incentives, streamlined regulation, targeted workforce support, digital enablement, affordable energy, mental health programs, and tailored support for women and regional entrepreneurs. Committing to these measures would help improve operations and unlock significant dynamism in the economy.

Appendix

Weighted Sample Profile

This survey was conducted among 1,136 owners and decision-making managers (e.g. non-owner CEOs or equivalent) of Australian businesses with less than 25 employees.

All respondents (100%) had responsibility for running the business in question, with 58% identifying as the business owner or part-owner, and the remaining 42% managing the business on behalf of a non-managing owner.

In the cases where small business owners are referenced directly, it refers only to the 58% of respondents who identified as the business owner.

Survey response quotas were set by industry, using ABS ANZSIC definitions, to ensure the data was representative of Australian small businesses. Once the survey was closed, weighting was applied to the data at an industry level to remove any sampling biases that had occurred.

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