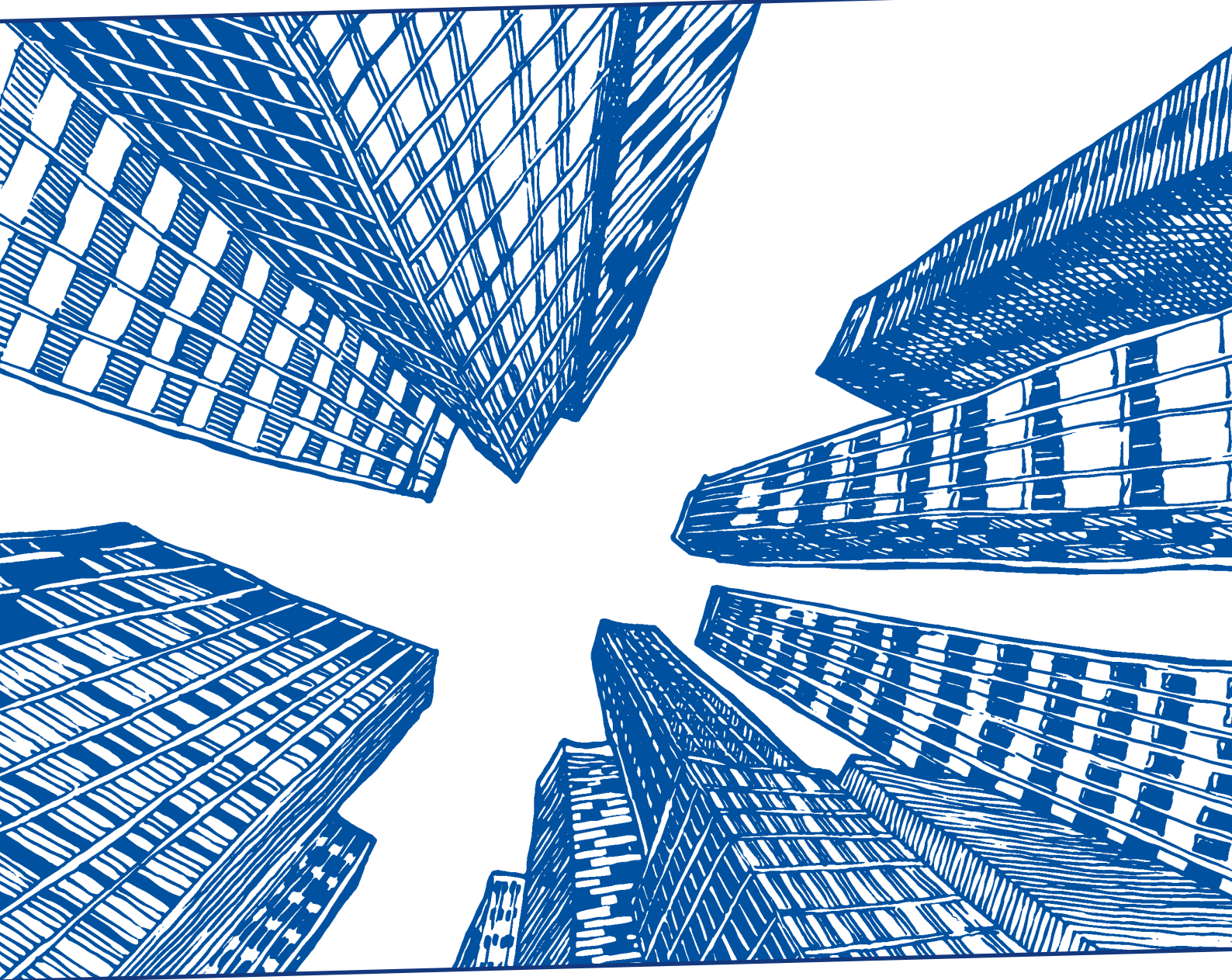


Survey of Business Expectations

June 2025 Quarter **Report**



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South Australian Business Chamber
ABN 14 725 309 328

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About the South Australian Business Chamber

The South Australian Business Chamber is SA's largest membership-based employer organisation, representing employers and business owners across 19 different industry sectors.

Our purpose is to remove complexity and create opportunity for South Australian business.

At the South Australian Business Chamber, we empower businesses to reach their full potential.

Through our four core pillars — **Connect, Advocate, Protect, and Educate** - we're dedicated to helping South Australian businesses grow, succeed, and shape a stronger future for our state.

Learn more about our Membership Benefits at sabusinesschamber.com.au/join.



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Executive Summary

South Australian business sentiment improved in the June 2025 quarter, although remains below neutral. Businesses expect better September quarter conditions and sales, however we note that recent surveys show actual results often come in below predictions, so optimism is cautious.

Costs remain the big story. Material and overhead costs are still near record highs, selling prices have only nudged up, and profitability is weak. Wage pressures remain elevated, and businesses are watching for rate cuts (most expect them) while bracing for a softer labour market and a weaker Australian dollar. Orders and exports lifted slightly but remain below neutral.

Investment intentions are subdued with capital spending drifting down since late-2023 and is now broadly “maintenance only”, with bigger projects deferred until costs ease and demand improves.

The top issues facing business mirror these pressure points: the cost of doing business, profitability and government policy/compliance were most cited, followed by skills shortages and softer demand. On tax reform, most respondents want simpler rules and less red tape; company tax and payroll tax are the priorities for change. Views on broader tax reform were divided.

The June quarter results point to stabilisation rather than recovery: businesses are keeping a tight grip on costs, delaying hiring and capital expenditure where they can, with the hope that the next quarter brings some relief.

Kendall Crowe
General Manager
Policy, Advocacy and International Services

The Economy

Business Confidence

South Australian Confidence Index June Quarter 2025

84.3 points

Up 4.3 points from last quarter

National Confidence Index June Quarter 2025

76.8 points

Up 5.6 points from last quarter

South Australian Business Confidence rebounded modestly in the June quarter, with the *SA Confidence Index* rising 4.3 points to 84.3. While still below pre-2023 highs, the recovery reflects cautious optimism amid easing interest rate expectations, relative stability in domestic policy settings, and early signs of improving demand.

National Business Confidence lifted 5.6 points to 76.8. The gap between SA and national sentiment persisted, with South Australian confidence remaining higher in every survey since June 2022, averaging a 7.6-point advantage.

These modest rebounds follow a sharp March quarter decline. Falling interest rate expectations (with 61.2% of businesses predicting further cuts in the next quarter) and stabilising inflation forecasts appear to support this sentiment.

Confidence levels remain vulnerable to external shocks, including ongoing geopolitical instability, US tariff adjustments, and a slowing Chinese economy which all present potential downside risks.

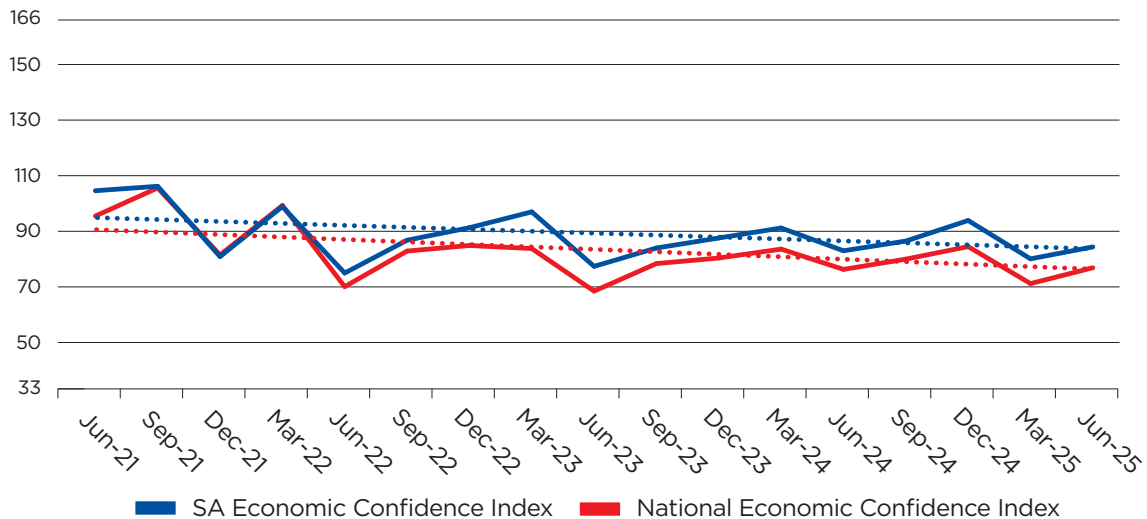
We're feeling slightly more optimistic, but only because we've been forced to adapt. Costs are still through the roof, and the rules keep changing.

» **Manufacturing, 20-49 employees**

Our confidence indices measure how South Australian businesses expect the state and national economies to perform over the next 12 months. Now in its 45th year, this survey is the longest running in the state.

For all indices, a score of 100 is neutral, with 33 the lowest and 166 the highest.

Chart 1
SA & National Economic Confidence Indices



General Business Conditions

General Business Conditions Index June Quarter 2025

82 points

Up 4.8 points from last quarter

Conditions improved modestly in the June quarter, with the *General Business Conditions Index* rising 4.8 points to 82. Despite the lift, the index remains well below the neutral mark of 100 and continues the broad downswing evident since mid-2022. Businesses again expect some recovery next quarter, forecasting 87.5 for September. That said, recent results warrant caution: the June quarter came in at 82, below the March forecast of 85.2.

Total Sales/Revenue Index June Quarter 2025

82.3 points

Up 1.4 points from last quarter

Sales momentum also edged higher but stayed weak. The *Total Sales/Revenue Index* increased 1.4 points to 82.3, indicating trading conditions remain subdued. Businesses anticipate a stronger September quarter, with sales/revenue forecast at 91.9. As with conditions, forecasts have tended to overshoot with the June quarter results falling short of predictions from the last quarter (90.6). Feedback points to persistent cost pressures and softer customer demand constraining turnover, with many businesses reporting limited ability to pass through higher costs, keeping sales below neutral.

Chart 2
General Business Conditions Index

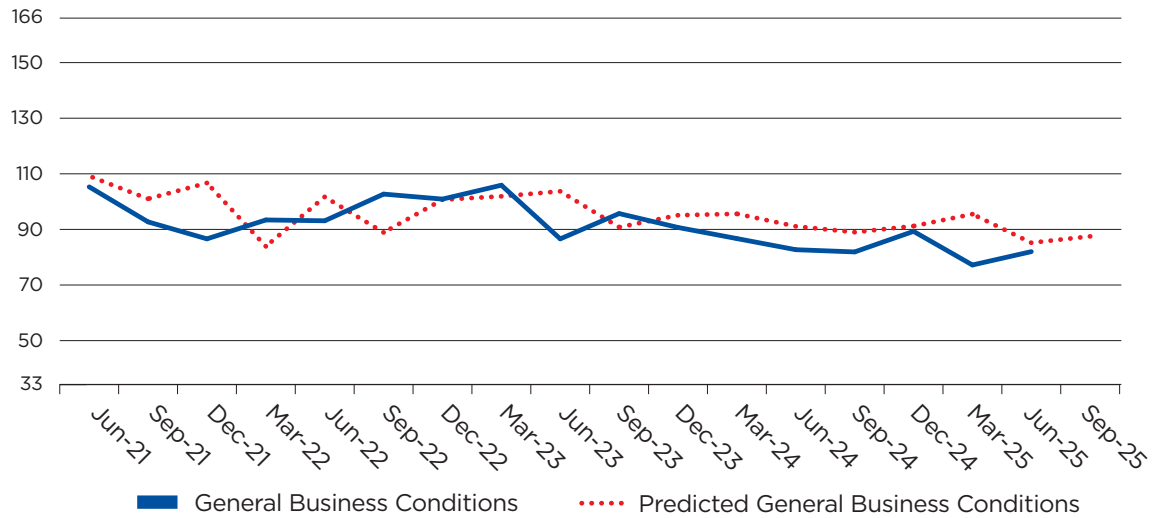
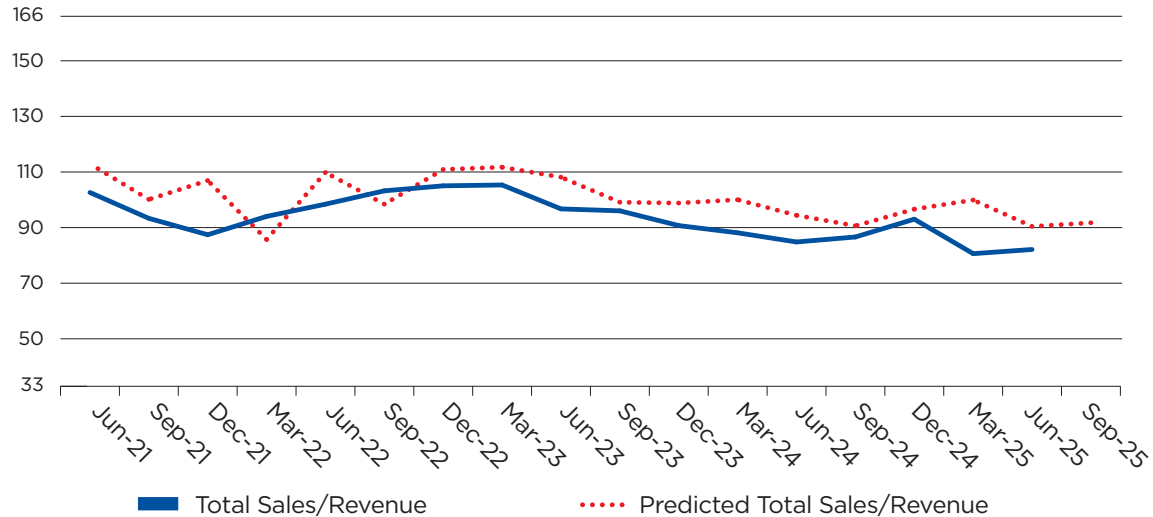


Chart 3
Total Sales/Revenue Index



**Predicted General Business
Conditions Index for September
Quarter 2025**

87.5 points

**Predicted Total Sales/Revenue
Index for September Quarter
2025**

91.9 points

Economic Indicators

How do you expect the following indicators to change in the next three months?

	Decrease	Stay the Same	Increase
Interest Rates	61.2%	31.7%	7.1%
Inflation Rate (CPI)	8.7%	54.1%	37.2%
Unemployment Rate	2.6%	36.6%	60.8%
Value of \$AUD (against \$USD)	44.8%	41.0%	14.2%

Businesses expect monetary policy to ease over the next few months. At the time of surveying 61.2% anticipated that rates would fall in the next quarter (up from ~50% in March). This has been validated by the Reserve Bank of Australia's decision to lower the cash rate target by 25 basis points on 12 August 2025.¹

Views on inflation are more mixed with 54.1% of respondents expecting it to hold steady, while 37.2% see it rising. This mirrors the *Cost of Materials* and *Cost of Overheads* indices which remain significantly high, while the *Average Selling Price* index has lifted moderately, indicating only modest pass-through. Comments again pointed to energy, wages and compliance as ongoing cost drivers.

Labour market expectations have weakened, with 60.8% of businesses telling us unemployment will rise in the next quarter and only 2.6% expecting a fall. The latest Australian Bureau of Statistics data shows South Australia's seasonally adjusted unemployment rate at 4.4% in June, unchanged on the previous month, with a participation rate of 64.3%.²

On currency, 44.8% expect the AUD to fall against the USD and 41.0% expecting no change. A weaker dollar would typically help exporters, but sentiment is still weak with the *Export Sales* index for the June quarter at 91.4. Many comments say any foreign exchange boost is being swallowed by higher input costs and uncertainty about global demand.

¹ Reserve Bank of Australia, Media Release, 12 August 2025, <https://www.rba.gov.au/media-releases/2025/mr-25-22.html>

² Australian Bureau of Statistics, Labour Force, Australia, 17 June 2025, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/jun-2025>

Business Demographics

Chart 4
How Many People Does Your Business Employ? (%)

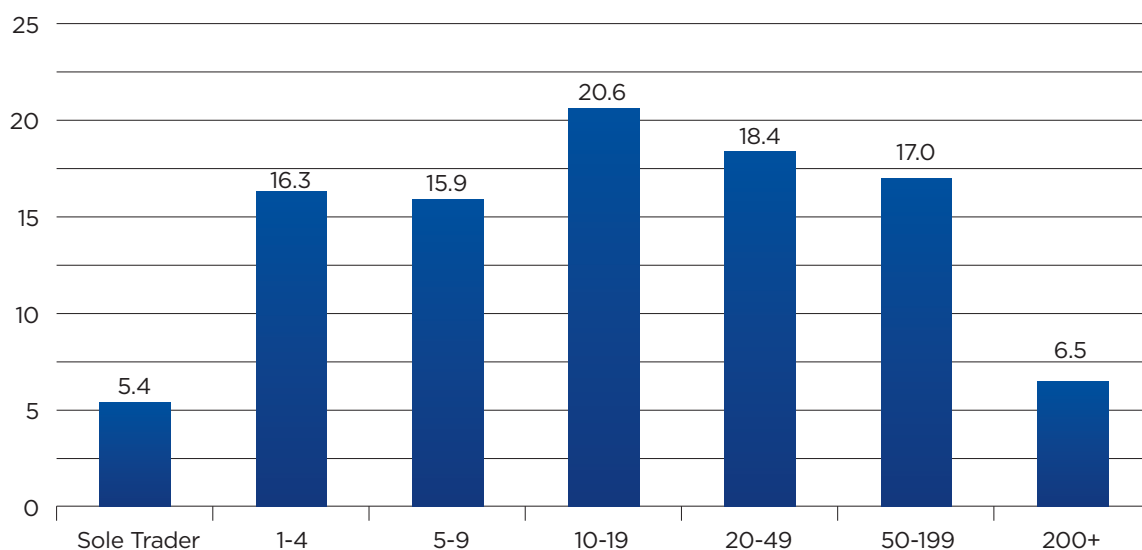
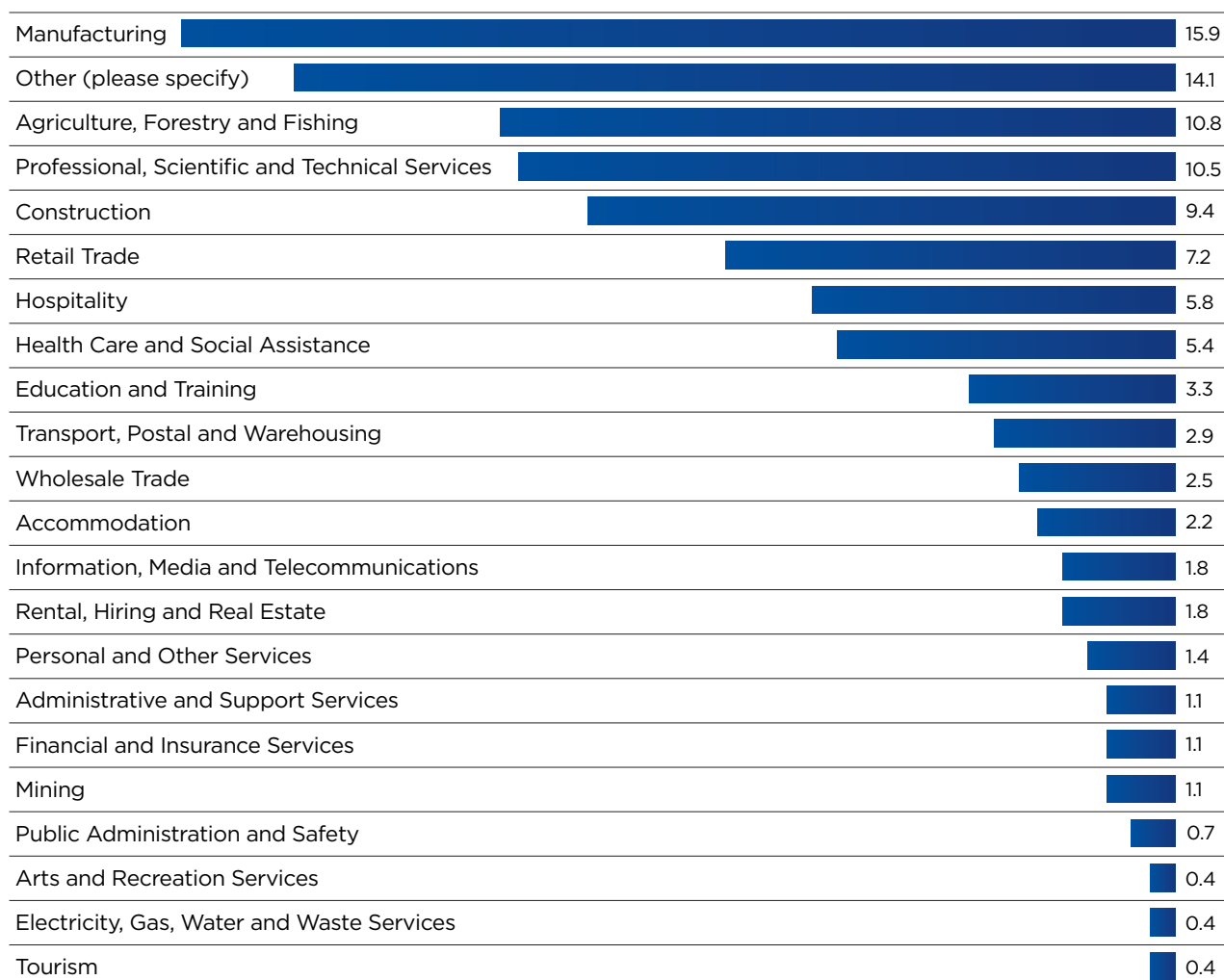
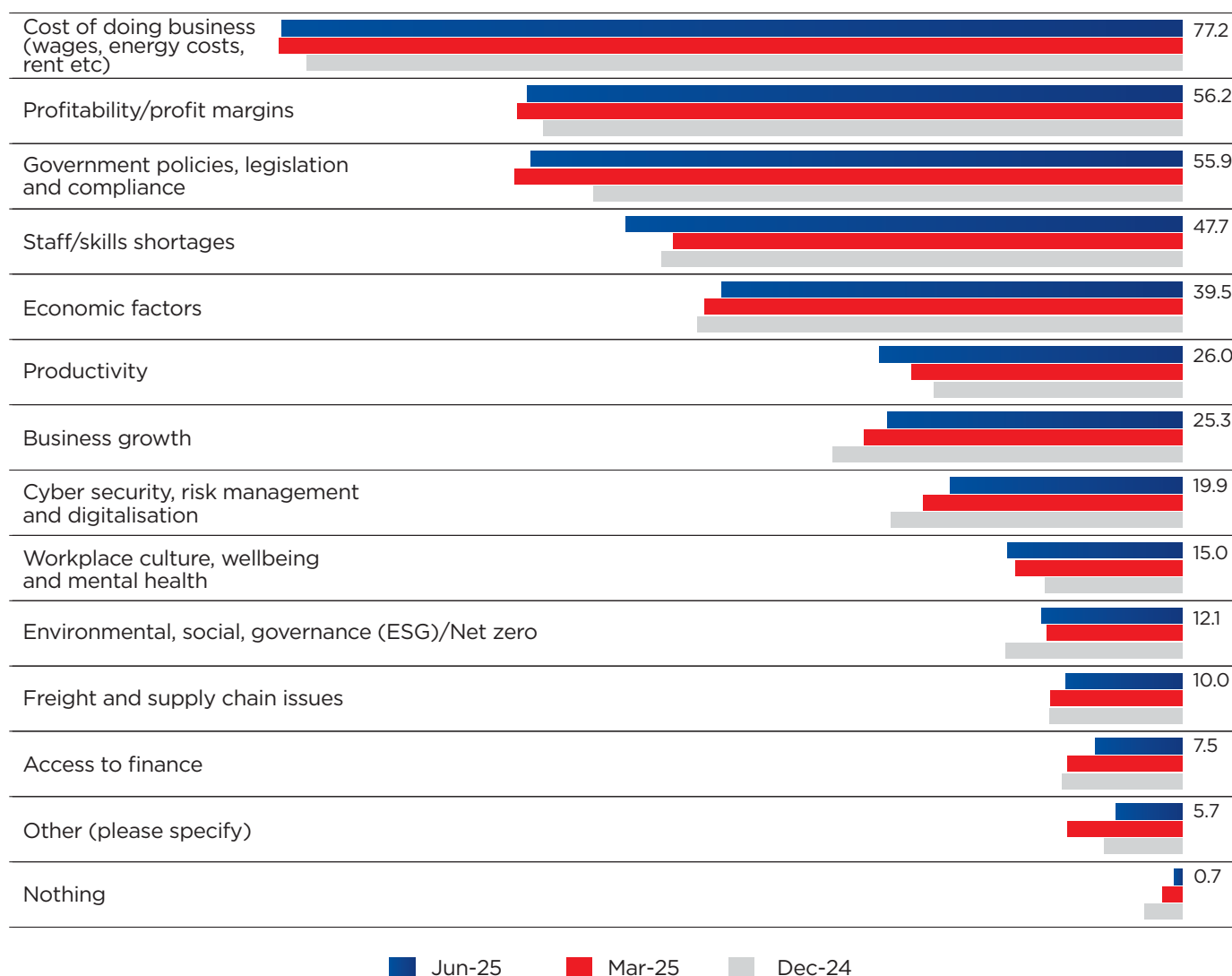


Chart 5
Industry Composition (%)



Issues Affecting Businesses

Chart 6
Main Issues Affecting My Business (%)



**respondents were asked to choose their top five*

The *cost of doing business* remains the dominant concern for South Australian businesses. In the June quarter, 77.2% of respondents placed costs in their top five (virtually unchanged from March). Comments pointed to energy, insurance and wage pressures, with many operators saying they cannot fully pass increases on to customers without losing volume. Several hospitality and retail businesses noted weekend penalty rates and rent escalations are eroding thin margins, while manufacturers highlighted rising electricity charges despite reducing usage.

Government policy and compliance is especially elevated among larger employers, where climate reporting and IR changes are biting.

Profitability/profit margins was the second most-selected issue, reflecting continued margin compression as input costs climb faster than selling prices. Comments referenced freight fuel surcharges, steep insurance premiums and softer discretionary demand; several businesses said they have delayed expansion or are prioritising debt reduction and automation/AI over new hiring.

Government policies, legislation and compliance held its position near the top of the list, and remains lineball with profitability as a key concern for business. Open-ended responses were heavily focused on payroll tax (including non-indexation and grouping), industrial relations changes, and layers of red tape.

Disability providers raised viability concerns linked to NDIS price settings and new portable long service leave costs, while food producers and builders pointed to multiple overlapping audits (federal/state/local) and utility connection processes that add time and expense without clear benefit.

Staff/skills shortages continue to feature, though the tone is evolving: fewer businesses speak of “no applicants”, and more point to wage expectations, award complexity and regional housing constraints that make recruitment and retention difficult. *Economic factors* eased slightly, consistent with expectations of lower rates, but many still worry about unemployment edging up and the flow-through to sales.

Lower-tier concerns shifted marginally. *Productivity* rose as a nominated issue (26.0%), with many saying compliance time and higher operating costs are crowding out the processes and investment that lift output per worker.

Business growth softened (25.3%), matching comments about delayed expansion plans and tighter customer spending. *Cyber security, risk management and digitalisation* dipped again (19.9%), though larger businesses reported rising supply-chain requirements from major customers. *Workplace culture, wellbeing and mental health* (15.0%) and *ESG/Net Zero* (12.1%) edged higher but remain secondary issues with several manufacturers citing growing climate-reporting demands from retailers. Access to finance (7.5%) and *Freight and supply chain issues* (10.0%) both eased.

Sector and size insights: Costs remain the top issue across every size cohort. Government policy and compliance is especially elevated among larger employers, where climate reporting and IR changes are biting. Within sectors, cost pressure appears most acute in Hospitality and Manufacturing, with several regional businesses also pointing to freight and housing as compounding factors.

Comments on the issues affecting business...

Power and insurance costs continue to rise unabated and directly impact our business capacity to survive. Turnover is down.

» **Retail Trade, 1-4 employees**

Payroll Tax erodes the bottom line restricting future investment into the business.

» **Construction, 1-4 employees**

Payroll tax is crippling and the fact that South Australia will back charge to years prior to meeting the threshold unlike other states, is a cheap cash grab and offers little incentive to employee more people.

» **Construction, 10-19 employees**

State Payroll tax is costing jobs, and every other state has better conditions than SA (we should not include super) and should lift threshold at least by CPI.

» **Health Care and Social Assistance, 50-199 employees**

It is becoming harder to do business, and the wages are rising despite worker productivity. I feel we're paying for fixed costs (energy and rent) more than any time before.

» **Accommodation, 10-19 employees**

There is a distinct lack of understanding of how policy development affects small businesses like ours from a practical and application perspective.

» **Education and Training, 50-199 employees**

After 30 years it never been harder to do business. Lack of skilled labour and very generous workers entitlements really impact us. Energy is out of control, and we have solar.

» **Manufacturing, 5-9 employees**

Every element in the cost of business has increased.

» **Construction, 10-19 employees**

Compliance puts pressure on wellbeing and mental health whilst trying to get work done and trying to be competitive.

» **Transport, Postal and Warehousing, 10-19 employees**

Compliance, compliance compliance! Input costs going through the roof.

» **Agricultural, Forestry and Fishing, 20-49 employees**

Freight for regional business is making it impossible to be competitive.

» **Retail Trade, 5-9 employees**

The Algae Bloom has devastated business.

» **Accommodation, 1-4 employees**

Businesses are rapidly leaning to AI to replace manual work and offshoring jobs as a result.

» **Construction, 50-199 employees**

Impossible to get skilled/trained/professional employees into the regions. Even if we were able to, there is nowhere to house them. Rentals are extremely scarce, and property prices are astronomical.

» **Professional, Scientific and Technical Services, 10-19 employees**

Government regulation around casual and permanent employees drives employers to avoid hiring unless absolutely necessary due to the risk with hiring the wrong person. Skills shortages could be somewhat alleviated by skilled foreign workers. ...often the qualification requirements and lack of recognition of equivalent foreign qualifications means that it isn't feasible to pursue.

» **Transport, Postal and Warehousing, 50-199 employees**

Regular commentary from across business networks is the ever increasing "dividends" for governments, in the form of PAYG, Super Guarantee, GST, Payroll tax, and the ever-shrinking margins. Added to the seemingly growing burden of compliance and sharply increasing costs of insurance, energy, wages, rent etc. Once sound and profitable businesses becoming marginal and not really warranting the elevated risks.

» **Agricultural, Forestry and Fishing, 50-199 employees**

Productivity is not about the unions. It is about business being able to do business with less red, blue, purple or other tape interfering with the productivity of small to medium-sized businesses. ESG compliance and reporting is costing way too much for the end result.

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

Inflation rising so fast has meant our prices have sky-rocketed which in turn makes us less affordable to our customers. As we are a fast-food chain, we rely on return business however our prices are now impacting the rate of return and it all boils down to the rising costs to do business. Wages, supplies and utilities are killing us, and we are still doing the same numbers as we were a few years ago just our profit margins are far lower. If this keeps up, we will be forced to close due to not being a viable ongoing interest. We employ 22 staff, and they will all need to find other employment so it's not just business owners who will suffer, this impacts the very people we are trying to keep employed.

» **Hospitality, 20-49 employees**

There is a distinct lack of understanding of how policy development affects small businesses like ours from a practical and application perspective. once the policies are applied.

» **Architecture and Design, 10-19 employees**

We are having to settle for basic underperforming staff to fill the crew due to lack of skilled workers in region. Training is costly and with the housing shortage it is unattractive for people to move to region.

» **Construction, 5-9 employees**

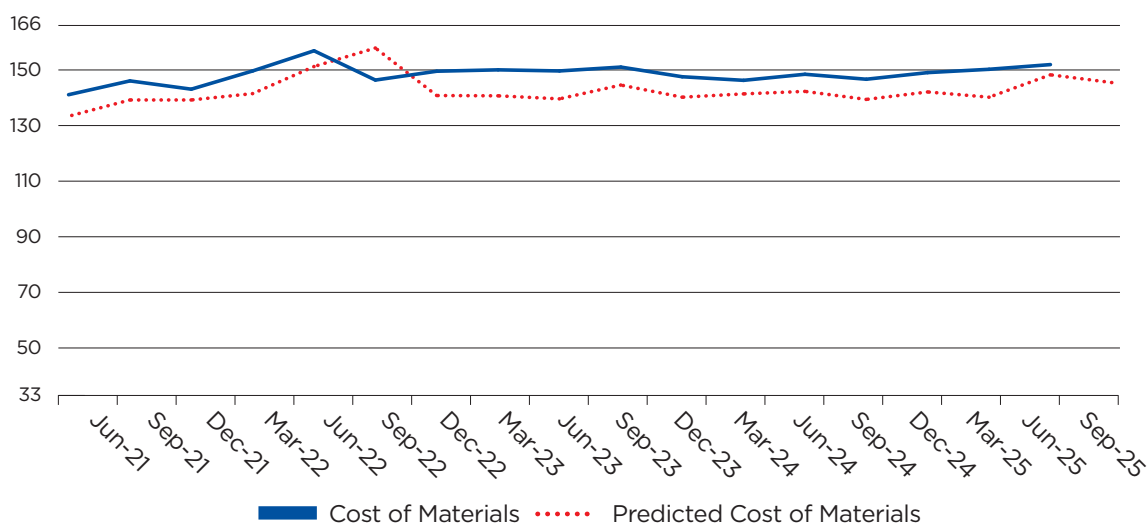
Cost Indicators

Cost pressures remain the dominant feature. The *Cost of Materials Index* (152.0) and *Cost of Overheads Index* (155.3) are both near the top of their long-run ranges, even though respondents expect some relief by September (145.5 and 149.9 respectively). Businesses have raised prices where they can (*Average Selling Price* 103.6 and likely to tick higher), but margins are still under pressure. The *Profitability Index* sits at 73.7 (still well below neutral), with businesses hoping for a rebound to 82.0 next quarter.

In June 2025, around three-in-four respondents reported materials costs increasing, nearing the peaks of 2021 and still well above the pre-pandemic norm.

Likewise, more than four-in-five businesses said overheads increased in the June quarter - again close to post-pandemic highs and far above historical averages. While respondents expect some moderation in the cost indices next quarter, cost pressures across the economy are still prevalent, particularly for energy, insurance and compliance-related overheads.

Chart 7
Cost of Materials Index



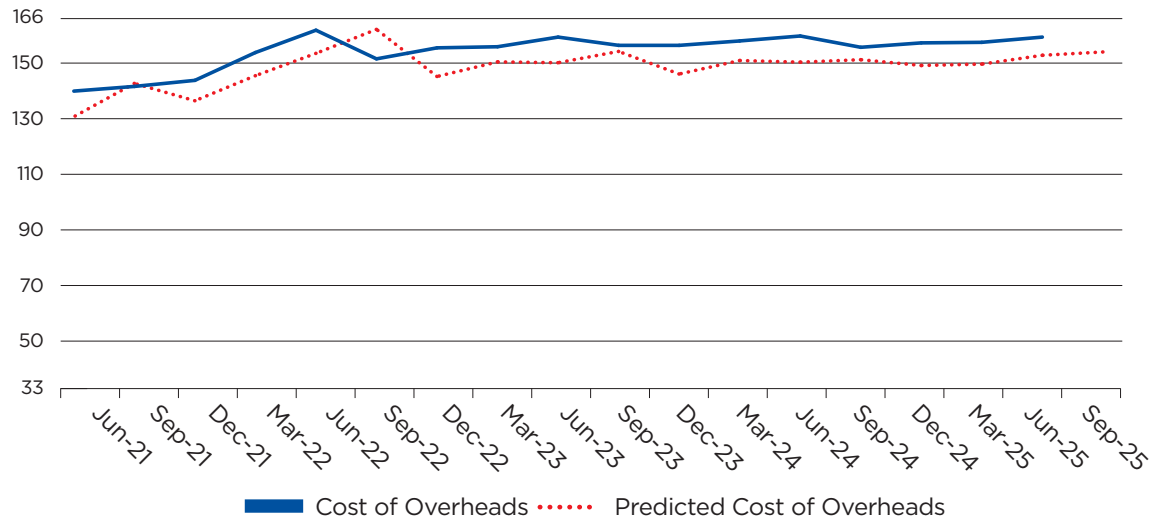
Cost of Materials Index for
the June Quarter 2025

152.0 points

Predicted Cost of Materials Index
for the September Quarter 2025

145.5 points

Chart 8
Cost of Overheads Index



Cost of Overheads Index
for the June Quarter 2025

155.3 points

Predicted Cost of Overheads
Index for the September
Quarter 2025

149.9 points

Chart 9
% of Businesses Reporting Cost of Materials Increasing

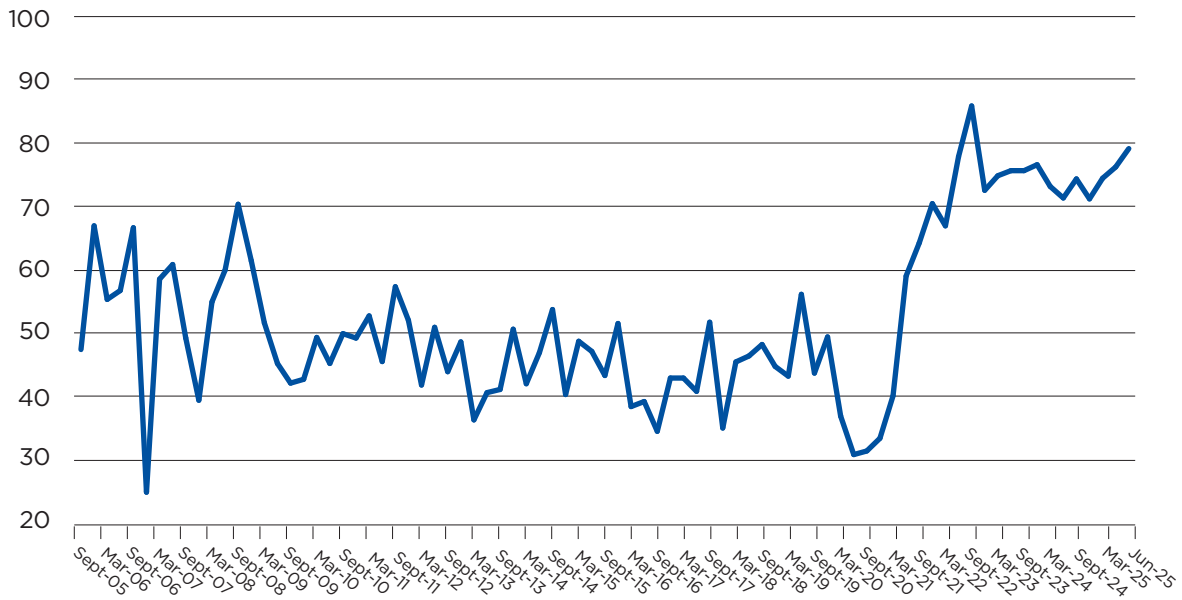
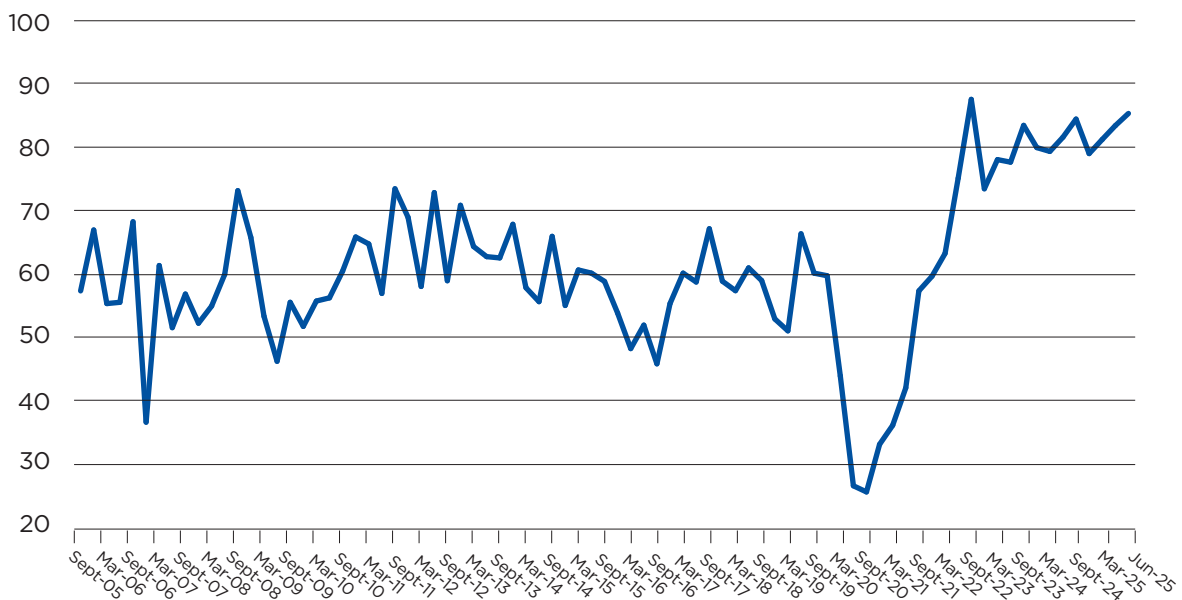


Chart 10
% of Businesses Reporting Cost of Overheads Increasing



Other Performance Indicators

Demand indicators improved modestly from March but remain soft. *Orders Received* lifted to 85.7 and *Export Sales* to 91.4; both are predicted to improve in September (96.5 and 94.9) yet stay below the 100 neutral mark.

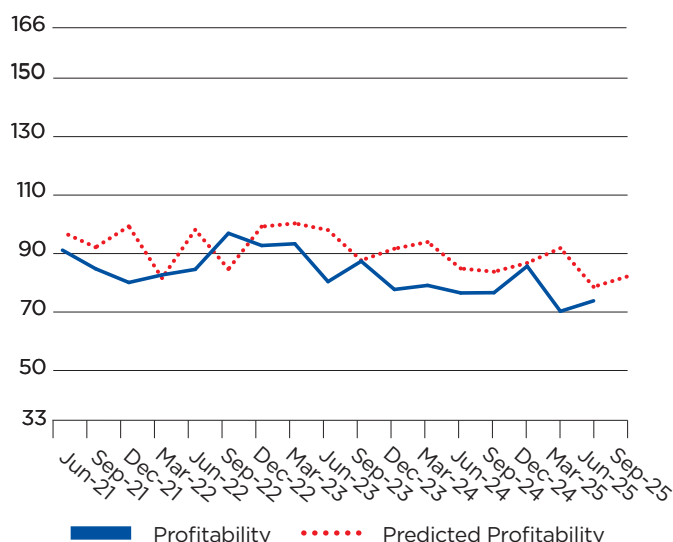
Labour costs remain elevated (*Average Wages* 136.4, easing to 134.0 expected), as businesses continue to adjust staffing to match demand. *Employment Levels* improved to 90.1 (from the March quarter's 85.2) with a further rise to 97.8 anticipated. At the same time, *Overtime Worked* dropped significantly to 99.4 and *Training Expenditure* held broadly steady at 115.2, signalling careful cost control.

Investment intentions remain subdued. The *Capital Expenditure Index* fell to 95.0 in the June quarter, extending the gentle down-trend evident since late-2023 and keeping the series at the lower end of its range since 2021.

Actual capital expenditure has consistently undershot earlier predictions, and respondents expect a further easing to 93.0 in the September quarter. Together this points to "maintenance-only" spending and the deferral of larger projects until demand improves and input-cost pressures moderate.

Overall, the June quarter points to stabilising rather than recovery: costs remain high, profitability is weak, and demand is improving only gradually. Respondents are cautiously optimistic about the September quarter - expecting lower input costs, higher order volumes and improved profitability, but these predictions still imply conditions will remain below neutral.

Chart 11
Profitability Index



Profitability Index for the June Quarter 2025

73.7 points

Predicted Profitability Index for the September Quarter 2025

82.0 points

Chart 12
Average Selling Price Index

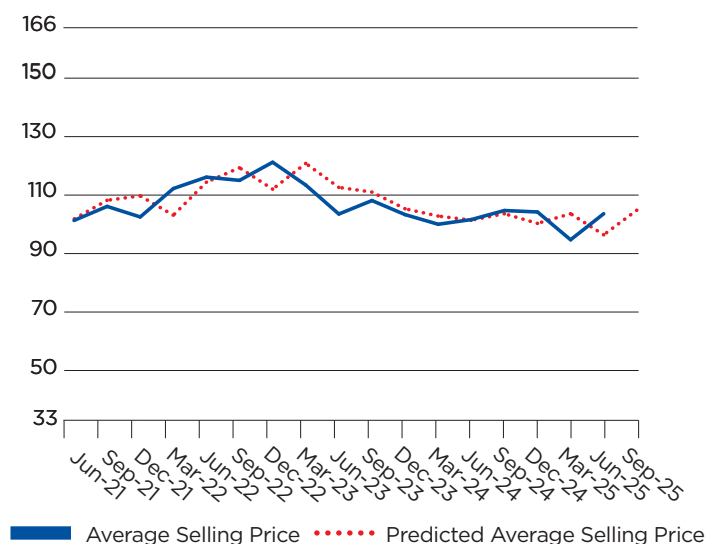
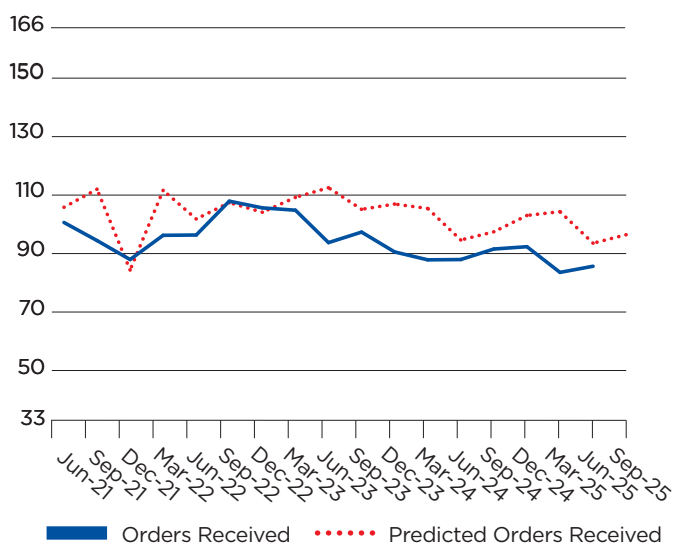


Chart 13
Orders Received Index



Average Selling Price Index for the June Quarter 2025

103.6 points

Predicted Average Selling Price Index for the September Quarter 2025

104.8 points

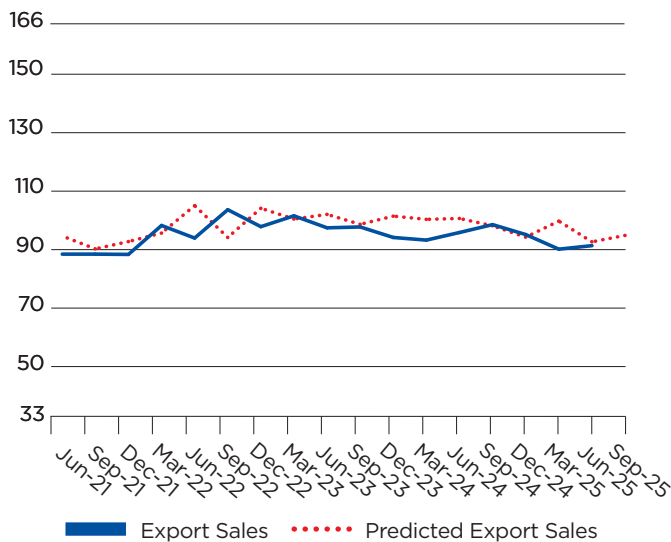
Orders Received Index for the June Quarter 2025

85.7 points

Predicted Orders Received Index for the September Quarter 2025

96.5 points

Chart 14
Export Sales Index



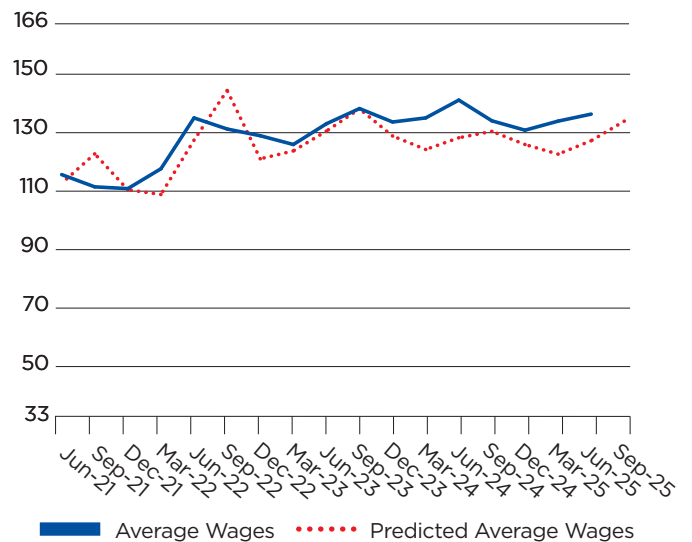
**Export Sales Index for the
June Quarter 2025**

91.4 points

**Predicted Export Sales
Index for the September
Quarter 2025**

94.9 points

Chart 15
Average Wages Index



**Average Wages Index for the
June Quarter 2025**

136.4 points

**Predicted Average Wages
Index for the September
Quarter 2025**

134.0 points

Chart 16
Employment Levels Index



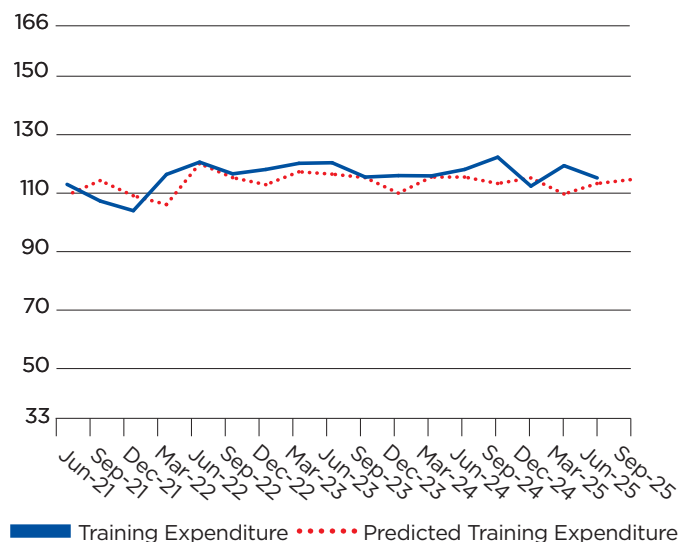
Employment Levels Index for the June Quarter 2025

90.1 points

Predicted Employment Levels Index for the September Quarter 2025

97.8 points

Chart 17
Training Expenditure Index



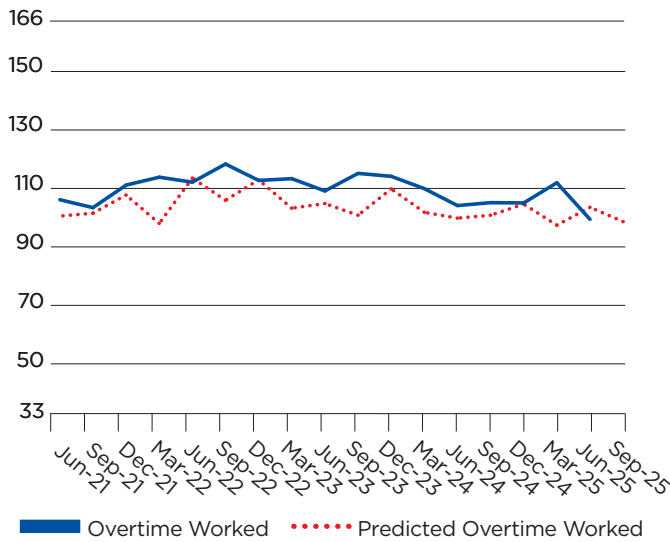
Training Expenditure Index for the June Quarter 2025

115.2 points

Predicted Training Expenditure Index for the September Quarter 2025

114.6 points

Chart 18
Overtime Worked Index



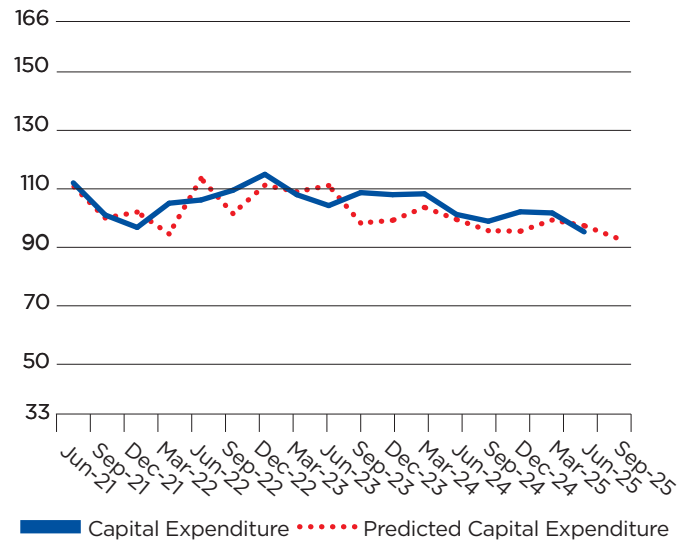
Overtime Worked Index for the June Quarter 2025

99.4 points

Predicted Overtime Worked Index for the September Quarter 2025

98.6 points

Chart 19
Capital Expenditure Index



Capital Expenditure Index for the June Quarter 2025

95.0 points

Predicted Capital Expenditure Index for the September Quarter 2025

93.0 points

Tax Reform

Most respondents believe the tax system needs change. Just over half of respondents say the tax system is too complex and administratively burdensome. That lines up with the June quarter’s *Main Issues* results, where government policies, legislation and compliance again ranked near the top, and with open-ended comments calling out time-consuming red tape and regulation. In context, this is also a profitability story: the *Profitability Index* sits at 73.7, while *costs of materials* (152.0) and *overheads* (155.3) remain elevated. When margins are this tight, complexity and red tape can seem more costly, which likely explains why 83.8% want government to review its expenditure first - a signal that businesses prefer discipline on the public sector side before any new tax settings are considered.

Priorities for change also echo other survey themes, with company tax and payroll tax topping the reform list. The payroll tax focus is consistent with earlier findings, with many reporting delaying or avoiding hiring more staff to avoid hitting the threshold. Others commented that lifting the threshold would support hiring or staff investment. That aligns with our *Employment Levels* index at 90.1 and a “do more with less” operating environment.

Put simply, businesses see company and payroll tax settings as key levers to ease costs and unlock new hiring and investment to grow.

Views on the GST are notably cautious. With demand soft and price sensitivity high, businesses possibly fear a higher GST would lead to a loss in sales and half the respondents opposed any increase. If an increase were implemented, 22.5% expect it to result in a moderate decrease in revenue and 15.6% expect a significant decrease, versus 10.4% who indicated a possible increase to revenue. That scepticism aligns with weak readings in *Total Sales/Revenue* at 82.3 and *Orders Received* at 85.7 and evidence that prices have already been pushed up (*Average Selling Price* 103.6).

The tax-reform responses are consistent with the broader survey story: businesses are wrestling with high input and operating costs, thin margins, and heavy compliance loads. They favour simplification and relief in areas that directly affect hiring and investment, and they are wary of changes that could further dampen already-soft demand.

Chart 20

Do you believe the tax system needs reform? (Select all that apply) (%)

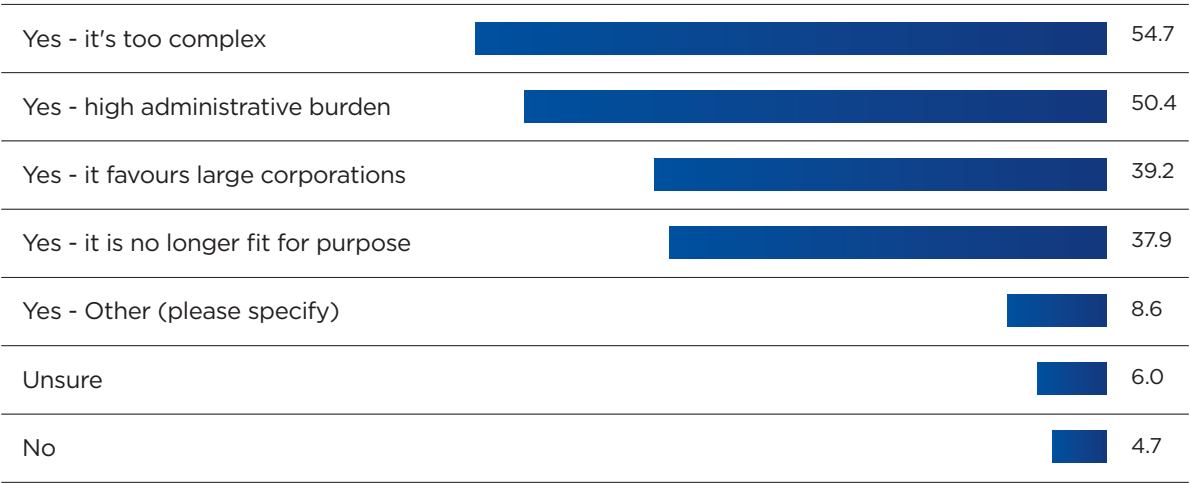


Chart 21
If the tax system was reformed, what should be prioritised? (%)

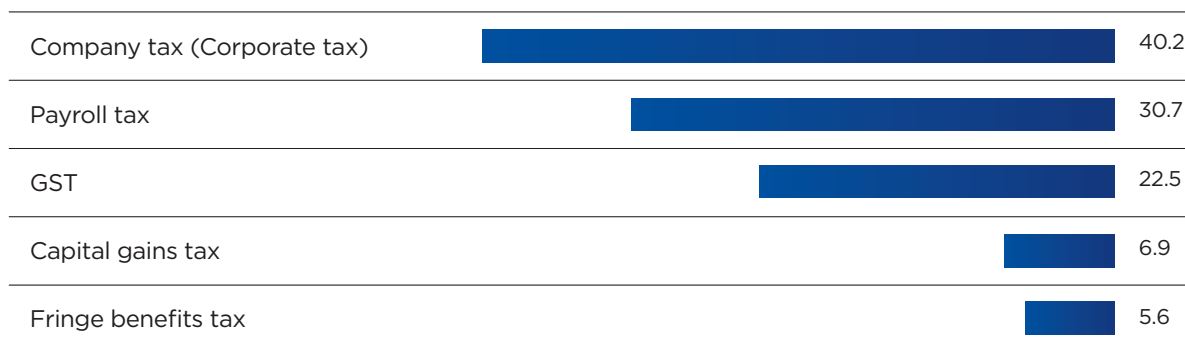


Chart 22
Should the government review its expenditure levels before embarking on tax reform?

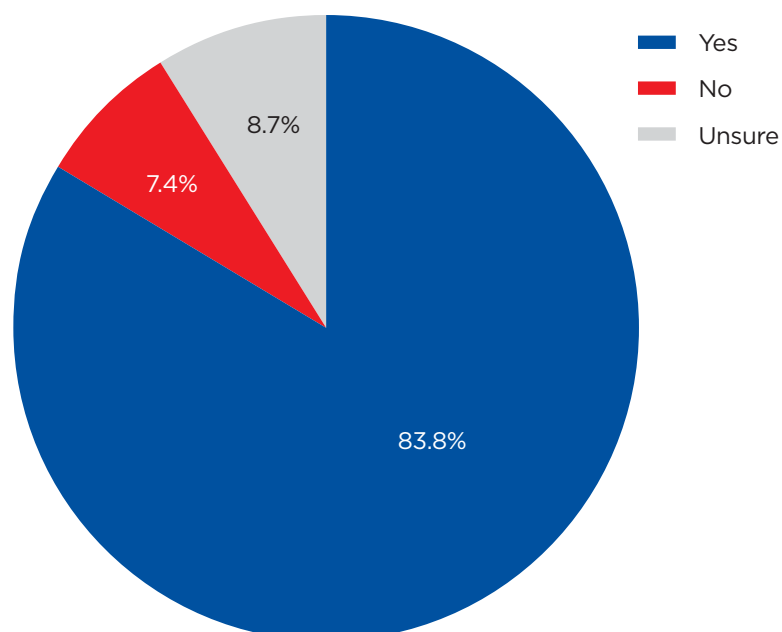


Chart 23
Should tax reform include an increase to GST? (%)

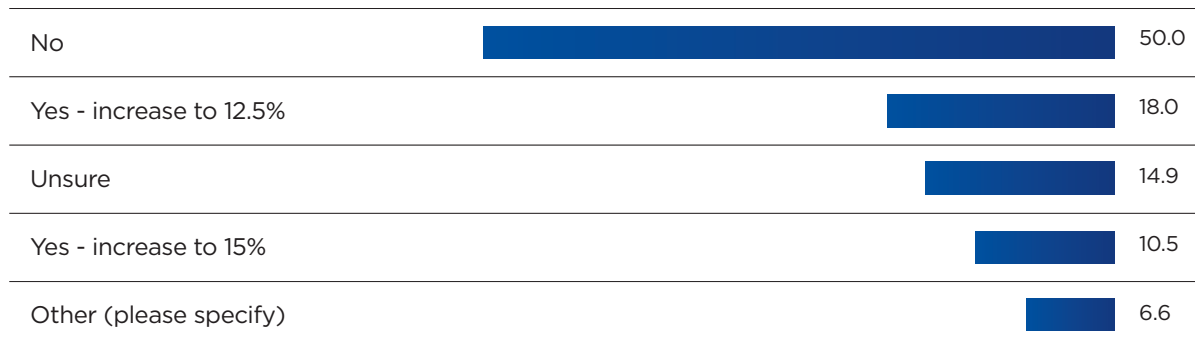
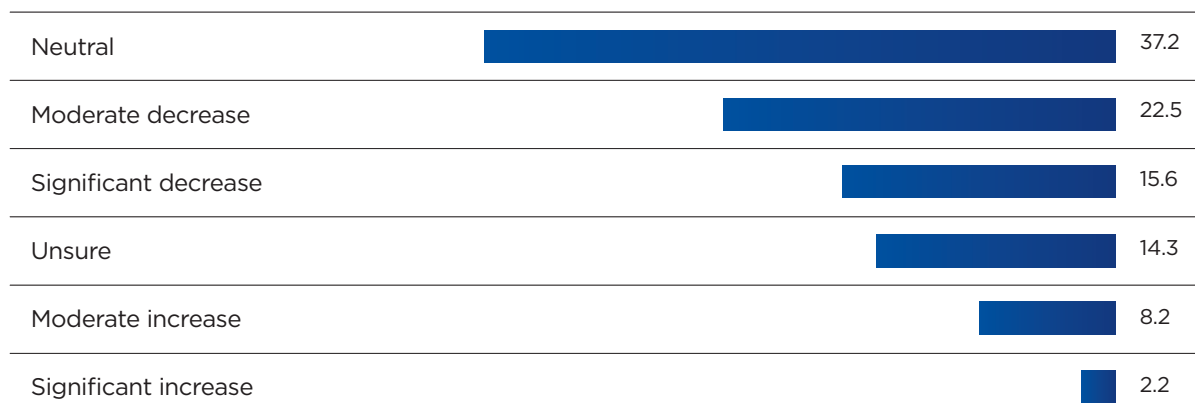


Chart 24
If the GST rate was increased, to what extent do you estimate your business revenue would reduce/increase? (%)



Case Study

Business with Purpose: Lifestyle Bakery Rises to the Challenge

As the founder of Lifestyle Bakery, Michael Horrocks has been navigating the ups and downs of business long before gluten free went mainstream.

Two decades on from launching the bakery in Adelaide's northern suburbs, he describes the current economy as challenging.

"There's always something to manage," Michael says. "Right now, it's a combination of cost pressures, workforce challenges, and uncertainty about where the broader economy is heading."

Lifestyle Bakery began with a single mission: to provide quality gluten free bread that didn't compromise on taste or texture. What started in a small Para Hills shopfront in 1994 has since grown into a national-scale operation with two facilities in Pooraka, producing artisan-style loaves and specialty products for health-conscious consumers across Australia.

"We started making gluten free before it was trendy," Michael reflects. "Back then, the focus was on people with coeliac disease. But we always knew there was broader demand coming."

That foresight paid off. The business has steadily grown, building a reputation for high-quality products and establishing itself in major supermarkets and health food retailers. But success hasn't made the business immune to economic pressure.

"The cost base has shifted significantly," Michael says. "Raw ingredients, packaging, freight... it's all gone up. Energy costs are high, and wage pressures are real too."

Like many manufacturers, Lifestyle Bakery operates in a price-sensitive environment where passing on cost increases to customers is not always an option.

"We're seeing it in consumer behaviour too. People are more cautious, and they're looking for value," he says. "That puts a lot of pressure on maintaining quality while staying competitive."

"Governments need to understand the real pressures on small and medium businesses. Every change has a real-world impact, whether it's payroll tax, energy pricing, or regulatory reform"

The South Australian Business Chamber's Survey of Business Expectations has tracked a steady softening in business confidence over recent quarters, and Michael says that resonates.

"We're not pessimistic; but we're definitely cautious," he says. "There's inflation, rate uncertainty, and national industrial relations changes."



Michael Horrocks of Lifestyle Bakery

They all create a bit of a pause in thinking. Do we invest now, or hold back and see?"

Despite these pressures, Lifestyle Bakery continues to innovate and evolve, but always with one eye on policy settings.

"Governments need to understand the real pressures on small and medium businesses. Every change has a real-world impact, whether it's payroll tax, energy pricing, or regulatory reform," Michael says.

One of the most consistent themes in the Chamber's survey is difficulty finding and keeping skilled staff. Michael says Lifestyle Bakery is no exception.

"Labour remains a challenge; especially getting people with the right mix of technical capability and mindset for food manufacturing," he says.

"There's a real opportunity for targeted programs that connect underutilised workers with businesses like ours. And if incentives or payroll tax relief can support that, even better."

With a state election now less than a year away, Michael welcomes the chance to contribute to the SA Business Chamber's 2026 Pre-Election Charter.

"I'm always up for constructive discussion about what's working and what's not," he says. "The more government and business talk to each other with mutual respect, the better the outcomes."

As for the future of Lifestyle Bakery? "We'll keep doing what we do — producing quality gluten free bread, growing sustainably, and adapting where we need to. That's what business is."

A Word from William Buck

Written by Adrian Chugg – Managing Partner, William Buck

Monday 11 August 2025

Confidence is creeping back; now it's about margins, discipline and doing more with less.

After several flat quarters, South Australian business sentiment has nudged higher – but it's arriving alongside a different kind of pressure. As inflation has reduced, it's much harder to pass cost increases through to customers, while overheads and wages continue to increase. When inflation was running hotter, price rises were easier to justify. Now inflation has cooled, and customers are pushing back. The result is a tight squeeze on margins and a sharper look at costs and productivity.

Across many sectors, particularly those selling to households feeling the cost-of-living strain, firms report that straightforward price increases aren't sticking. Business-to-business suppliers can sometimes adjust more easily, but even there, buyers are taking a harder line. The playbook is shifting from pricing to productivity.

Too many small to mid-sized firms live off the P&L and cash balance and often only glance at what creates those dollars. It's important to focus on the drivers, not just the dollars. Pick one output metric that truly drives revenue and track it, pairing it with a controllable input to show cause and effect.

That discipline underpins a focus on productivity. It also helps owners decide which customers and jobs deserve priority. Selectivity matters. If a customer consistently absorbs admin, squeezes your timeline and leaves no margin, that's a signal.

One data point that stood out in this quarter's survey was a fall in overtime. This is conscious cost control rather than a simple easing in labour shortages. Overtime is expensive, and it brings

risks around safety, quality and burnout. We've seen our clients set hard guard rails: minimise overtime, even if that means walking away from marginal jobs. Better to forego low-return revenue than carry extra cost and risk for very little gain.

That shift ties to a broader change in mindset. When prices were increasing, maintaining throughput at all costs made more sense. Today, with demand more variable and customers cost-sensitive, businesses are pruning unprofitable work and focusing on repeatable margin.

On tax, the message from this quarter's responses is consistent with the conversations William Buck is having daily: before talk of raising or reshaping taxes, businesses want government to demonstrate better spending discipline.

Payroll tax remains the most disliked impost in the SME space – on cost, complexity and principle. It feels counter-intuitive to tax employment. Thresholds, rates and definitions differ by state; indexation lags create de facto bracket creep; and the admin burden is real. Uniform settings and sensible thresholds would remove a lot of friction.

Adrian Chugg is managing partner at William Buck SA

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Managing Partner
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Level 1, 136 Greenhill Road
Unley SA 5061
policy@sabusinesschamber.com.au
08 8300 0000
sabusinesschamber.com.au
