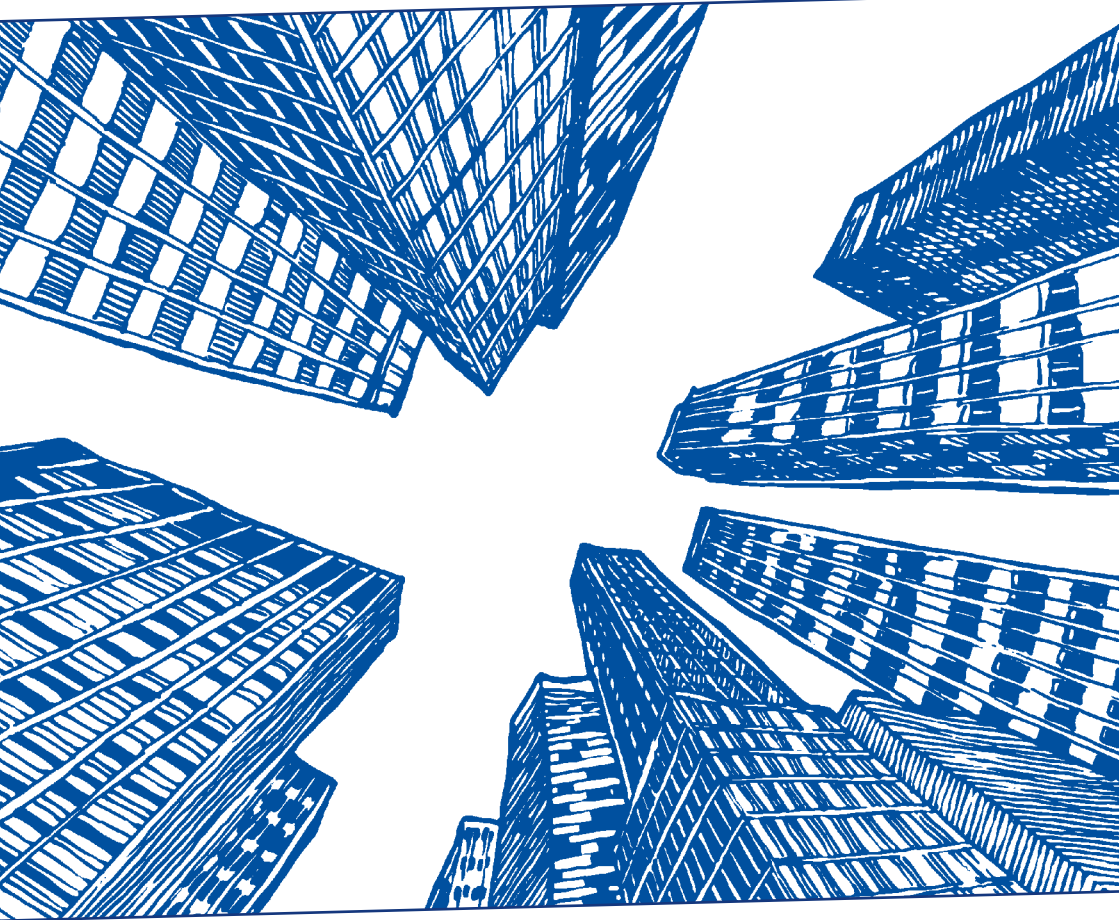


Survey of Business Expectations

March 2026 Quarter **Report**



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Executive Summary

The March 2026 quarter shows a clear deterioration in business confidence and trading conditions across South Australia, with businesses facing cumulative pressures during the survey period. Confidence in both the South Australian and national economies fell sharply to their lowest levels since March 2020, while profitability has fallen to a 20-year low.

General business conditions and sales also fell to their weakest levels in six years and are expected to weaken further next quarter. These results reflect a trading environment shaped by high input costs, elevated inflation and fuel disruption.

Freight and supply chain issues have risen sharply, reflecting both local fuel disruption and global instability linked to the Middle East. For many businesses, the fuel crisis flows through to transport, deliveries, staff movement, supplier costs and the reliability of getting goods to market. This has added another layer of pressure to an already constrained operating environment.

The survey results also highlight how cost pressures affect businesses both as suppliers and as customers. As costs rise, businesses are either absorbing them through lower margins or passing them on to customers, including other businesses managing their own input cost pressures. This creates flow-on effects through the supply chain and weighs on cash flow, profitability and capacity to invest.

Businesses are already making decisions in a constrained environment, and this is reflected in the survey. Against the backdrop of the recent Federal Budget, governments should ensure broader tax and structural reforms do not create unintended consequences for business. For many small and family businesses, these decisions are closely tied to confidence, cash flow, succession planning and risk management. When business conditions and profitability are already under significant pressure, reforms should be tested carefully against their real-world impact.

South Australian businesses are continuing to adapt, but too often that means absorbing costs, delaying investment and carrying greater risk. That may help manage immediate pressures, but it is not a strong foundation for sustained growth.

The survey results point to the need for practical action that helps South Australian businesses manage current pressures while maintaining the confidence to invest, employ and plan. Reducing avoidable costs, cutting red tape, lifting productivity, preserving investment incentives and testing reforms against their practical impact should be central to that response. Getting this right will be critical to business resilience now and to South Australia's longer-term economic growth.

Kendall Crowe
General Manager
Policy, Advocacy, Workplace Consulting and International Services

The Economy

Business Confidence

The March 2026 quarter marks a significant deterioration in business confidence: the second lowest level since 2001.

The *South Australian Economic Confidence Index* dropped to 66.1 points, down 19.8 points from the December 2025 quarter and 13.8 points from the March 2025 quarter. The *National Economic Confidence Index* fell to 56.3 points, down 14.7 points over the quarter and 14.9 points over the year.

Despite the sharp fall, confidence in the South Australian economy remained higher than in the national economy. The gap is narrowing, however, at 9.9 points in the March 2026 quarter, compared with 15.0 points in the December 2025 quarter.

For the *South Australian Economic Confidence Index*, the March 2026 result was the lowest since March 2020, when it fell to 41.0 points at the height of the COVID pandemic. The *National Economic Confidence Index* also recorded its lowest reading since March 2020, when it reached 39.2 points.

South Australian Confidence Index March Quarter 2026

66.1 points

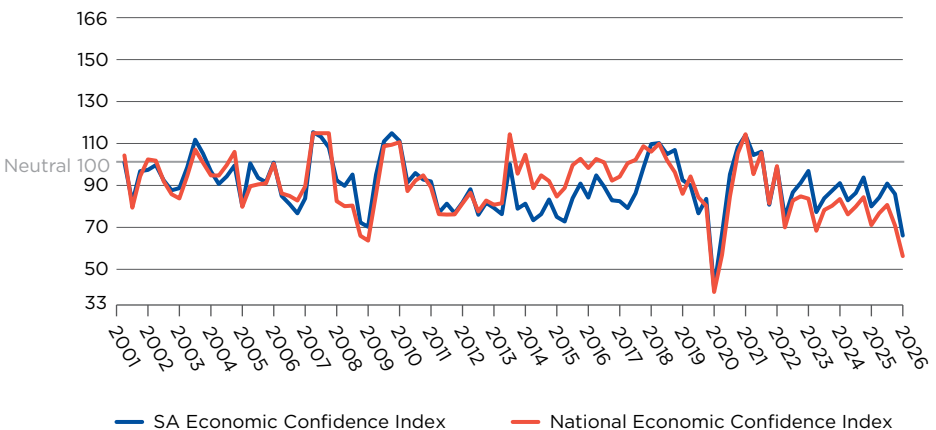
Down 19.8 points from last quarter

National Confidence Index March Quarter 2026

56.3 points

Down 14.7 points from last quarter

2001-2026 SA & National Economic Confidence Indices



General Business Conditions

Both the *General Business Conditions Index* and the *Total Sales/Revenue Index* fell to their lowest levels since the first half of 2020. This highlights how severely business conditions and sales have deteriorated in the March 2026 quarter, with a further decline predicted for next quarter.

The *General Business Conditions Index* fell sharply to 69.7 points in the March 2026 quarter, down 20.9 points from the December 2025 quarter. It also sits below last year's March quarter (77.2 points) and was 24.3 points below what businesses predicted in December 2025.

The *Total Sales/Revenue Index* declined to 76.9 points in the March 2026 quarter, down 15.6 points from the December 2025 quarter and below the 80.8 points reported a year ago. Sales also undershot expectations from last quarter by 19.0 points and remain well below the neutral level of 100.

Looking ahead, respondents expect conditions to weaken further in the June 2026 quarter, with the *General Business Conditions Index* predicted to decline to 64.4 points and the *Total Sales/Revenue Index* to 70.0 points. Both forecasts are the fourth lowest recorded since 2001.

General Business Conditions Index March Quarter 2026

69.7 points

Down 20.9 points from last quarter

Predicted General Business Conditions Index for the June Quarter 2026

64.4 points

Total Sales/Revenue Index March Quarter 2026

76.9 points

Down 15.6 points from last quarter

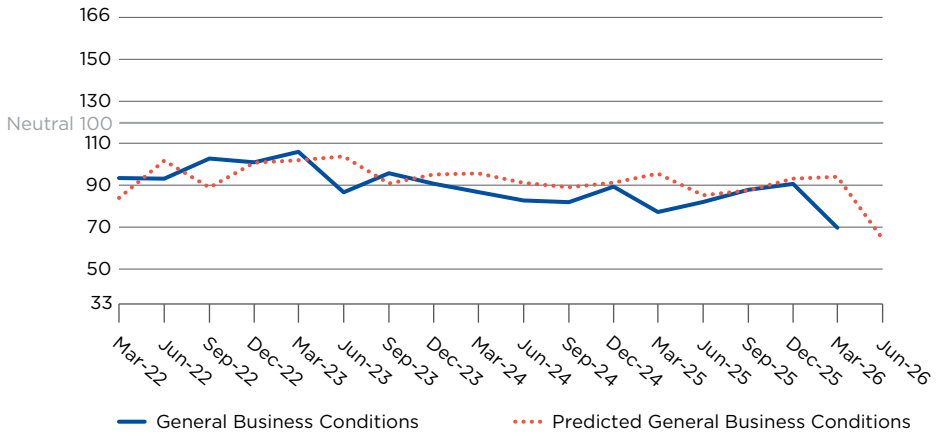
Predicted Total Sales/Revenue Index for the June Quarter 2026

70.0 points

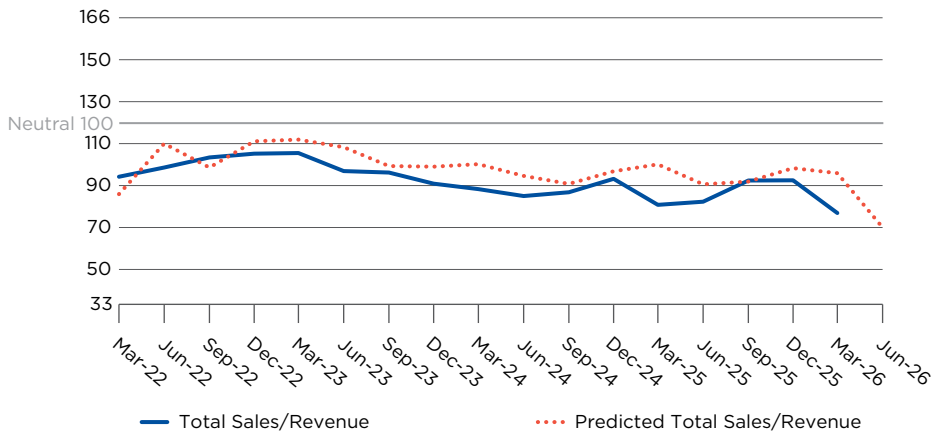
Our confidence indices measure how South Australian businesses expect the state and national economies to perform over the next 12 months. Now in its 46th year, it is the longest running survey of its kind in the state.

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

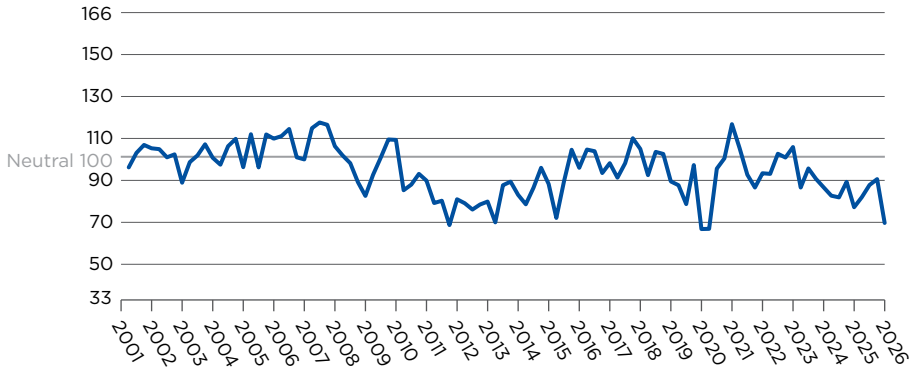
General Business Conditions Index



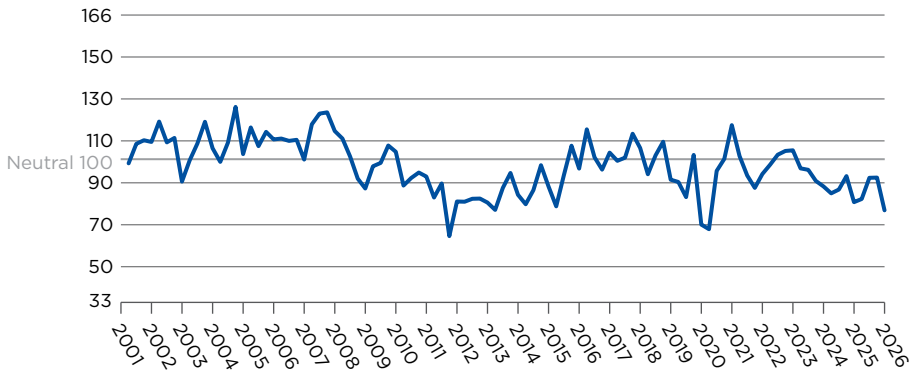
Total Sales/Revenue Index



2001-2026 General Business Conditions Index



2001-2026 Sales/Revenue Index



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

	Decrease	Stay the Same	Increase
Interest Rates	2.7%	11.7%	85.6%
Inflation Rate (CPI)	1.9%	10.9%	87.2%
Unemployment Rate	3.9%	30.6%	65.5%
Value of AUD (against USD)	32.4%	46.3%	21.3%

The vast majority South Australian businesses expect interest rates to rise over the next three months, with 85.6% of respondents anticipating an increase. These expectations sit alongside recent Reserve Bank moves, with the cash rate increased by 25 basis points in February 2026 to 3.85% and again in March 2026 to 4.10%. It is also noted that there was a further 25 basis points increase to 4.35% on 5 May 2026, which may have impacted on responses as our survey was in market at the time.

Businesses also expect inflation to move higher. Most respondents (87.2%) expect CPI to increase over the next three months, while 10.9% expect it to stay the same and 1.9% expect it to decrease.

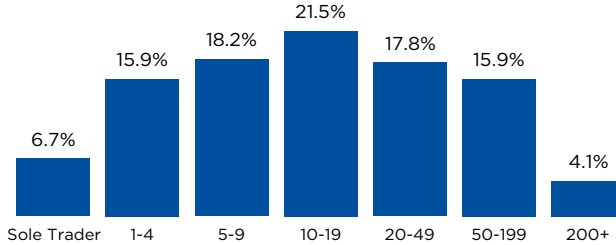
Around two-thirds of respondents also expect the unemployment rate to rise over the next three months. Australian Bureau of Statistics data for March 2026 show South Australia's seasonally adjusted unemployment and participation rates holding steady at 4.0% and 66.8% respectively.¹

Views on the Australian dollar against the US dollar are more evenly split, with a slight lean towards stability. Almost half of respondents expect no change in the next three months, while 32.4% expect the dollar to fall and 21.3% a rise.

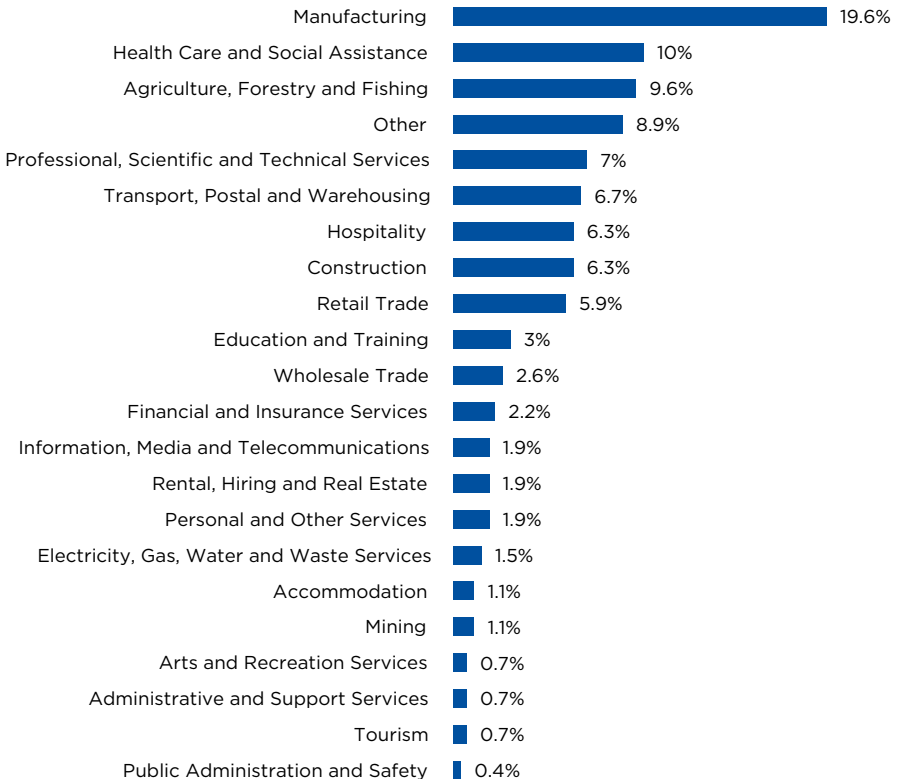
¹ Australian Bureau of Statistics, Labour Force, Australia, March 2026, released 16 April 2026, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/mar-2026>

Business Demographics

How many people does your business employ?



Industry Composition



Issues Affecting Businesses

Cost of doing business remained the leading issue in the March 2026 quarter, selected by 76.3% of respondents. This was higher than the December 2025 quarter (72.2%) and slightly under the March quarter last year (77.5%). *Profitability/profit margins* also increased further, rising to 63.7% in the March 2026 quarter from 56.2% in the December 2025 quarter. It was also above the March 2025 quarter (57.0%), pointing to a stronger lift in profitability pressure over the year.

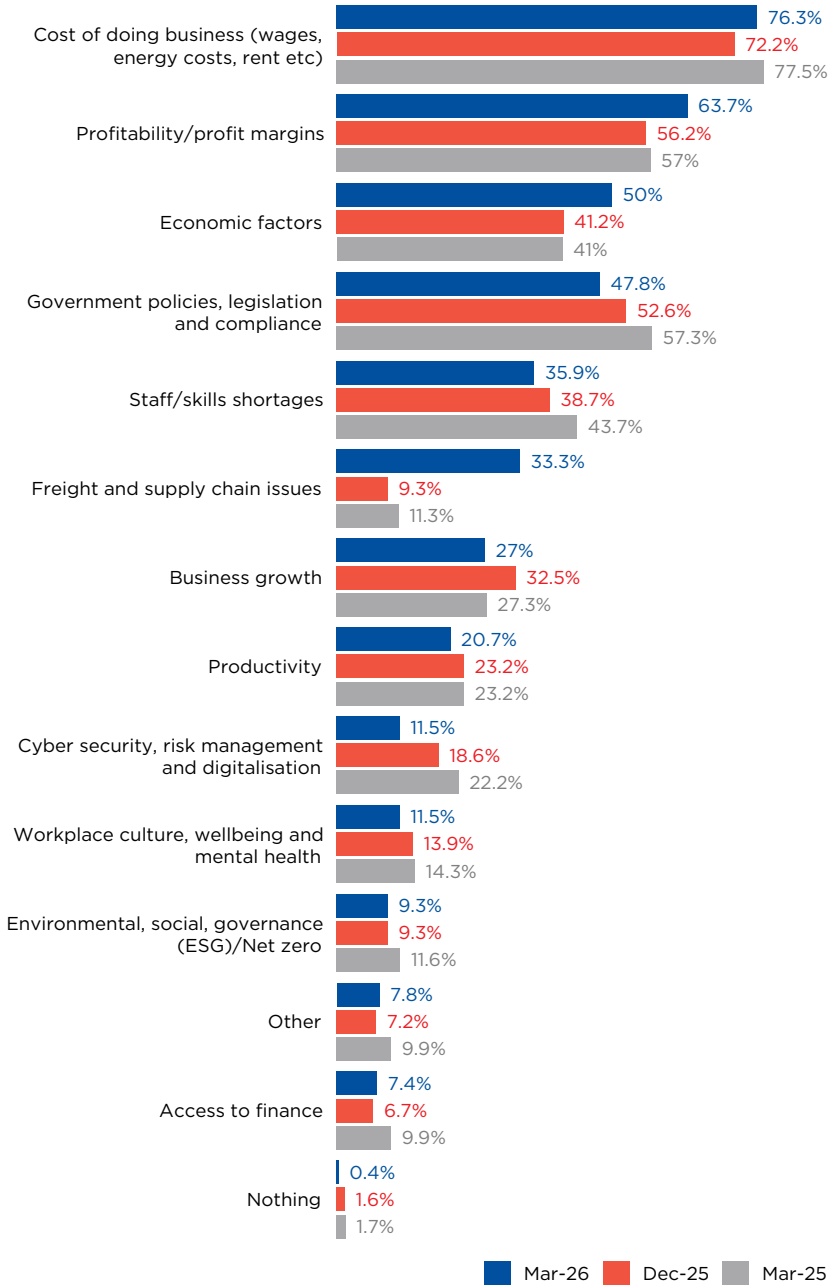
Economic factors also became more prominent, increasing to 50.0% in the March 2026 quarter from 41.2% in the December 2025 quarter. Compared with the March 2025 quarter (41.0%), this represents a notable year-on-year increase. By contrast, *Government policies, legislation and compliance* was selected by 47.7% of respondents in the March 2026 quarter, down from 52.6% in the December 2025 quarter and 57.3% a year earlier.

Staff/skills shortages was selected by 35.9% of respondents, down from 38.7% in the December 2025 quarter. It was also below the March 2025 quarter (43.7%), suggesting that skills pressures are being reported less frequently than a year ago, although they remain among the top five issues facing businesses.

Beyond the top five, *Freight and supply chain issues* recorded the sharpest rise, increasing to 33.3% in the March 2026 quarter from 9.3% in December 2025 and 11.3% a year earlier. This moved it into sixth place overall and is obviously a direct response to the impact of the war in the Middle East on fuel supply and costs, shipping routes and disrupted supply chains.

Business growth eased to 27.0% (down from 32.5% in December 2025), while *Cyber security, risk management and digitalisation* fell to 11.5% after sitting higher in the prior two quarters.

Main Issues Affecting My Business



*respondents were asked to choose up to five issues



Government tax, WorkCover and compliance costs are not only costing more, they are getting harder to understand and implement.

» **Agricultural, Forestry and Fishing, 1-4 employees**

Got rid of all of my permanent staff and now use consultants on as needed basis. I don't pay myself a wage anymore due to the ongoing regulation driven business environment that is stifling industry and small business.

» **Professional, Scientific and Technical Services, 5-9 employees**

Nothing new here, we operate in highest regulated, administrated and taxed state in Australia and [it's] getting worse.

» **Manufacturing, 5-9 employees**

We are usually a very consistent business, so when we traded down by 11% over the Gather Round and Easter, we are certainly concerned that there is some fiscal tightening on the domestic front.

» **Hospitality, 10-19 employees**

At a time when our margins were being restored to sustainable, pre-covid levels, we are now again under pressure to sustain a margin that will facilitate future business growth and enhance reward and recognition for our staff.

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

Key emerging risks we are monitoring include continued increases in labour, material, fuel, insurance, and compliance costs that cannot always be passed on to customers due to fixed-price maintenance contracts. We are also concerned about ongoing skilled labour shortages, supply chain delays for critical parts and equipment, and the broader economic slowdown potentially reducing customer spending on non-essential works and upgrades.

» **Building Services, 20-49 employees**

Contraction in demand for services as a result of decreased consumer confidence.

» **Professional, Scientific and Technical Services, 50-199 employees**

Rising legislation, compliance demands, and psychosocial responsibilities are steadily tightening business margins, placing increasing pressure on owners who are often forced to absorb costs rather than pass them on to consumers. This becomes even more challenging when smaller or less compliant operators undercut pricing, creating an uneven playing field. At the same time, ongoing staff and skills shortages are driving up labour costs and making it harder for businesses to maintain standards, compounding the overall strain on sustainability and profitability.

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



Top 5 Issues Affecting My Business by Industry

Manufacturing		
1	Cost of doing business	79%
2	Profitability/profit margins	68%
3	Economic factors	60%
4	Government policies & compliance	55%
5	Freight & supply chain	40%

Health Care & Social Assistance		
1	Cost of doing business	78%
2	Government policies & compliance	74%
3	Staff/skills shortages	52%
4	Profitability/profit margins	37%
5	Economic factors	37%

Agriculture, Forestry & Fishing		
1	Profitability/profit margins	77%
2	Cost of doing business	69%
3	Government policies & compliance	58%
4	Economic factors	58%
5	Freight & supply chain	58%

Professional, Scientific & Technical Services		
1	Cost of doing business	63%
2	Business growth	53%
3	Profitability/profit margins	42%
4	Government policies & compliance	32%
5	Economic factors	32%

Transport, Postal & Warehousing		
1	Economic factors	72%
2	Cost of doing business	67%
3	Profitability/profit margins	67%
4	Government policies & compliance	56%
5	Staff/skills shortages	50%

Construction		
1	Cost of doing business	82%
2	Profitability/profit margins	82%
3	Staff/skills shortages	65%
4	Economic factors	59%
5	Government policies & compliance	29%

Hospitality		
1	Cost of doing business	88%
2	Profitability/profit margins	82%
3	Economic factors	65%
4	Government policies & compliance	59%
5	Freight & supply chain	53%

Retail Trade		
1	Cost of doing business	94%
2	Profitability/profit margins	81%
3	Economic factors	56%
4	Freight & supply chain	50%
5	Government policies & compliance	38%

By industry, cost pressure remains the most common theme across sectors, but there are clear differences in what sits behind it.

The Transport, Postal and Warehousing industry stands out with *Economic factors* the top issue, while Professional, Scientific and Technical Services is the only listed industry where *Business growth* appears in the top five, ranking second.

Freight and supply chain issues are particularly prominent in Agriculture, Forestry and Fishing, Hospitality, and Retail Trade, and also appears in the top five for Manufacturing.

Cost pressures dominate across sectors, with freight issues spiking as fuel disruptions hit logistics-exposed industries like retail, hospitality and agriculture.

As a building designer in the construction industry the compliances and requirements sometimes feel overwhelming. The planning pathways seem overly long, and the council staff doing the approvals seem to be less trained/equipped than in the past.

» **Construction, Sole Trader**

Demand and profitability are keeping us awake at night.

» **Agricultural, Forestry and Fishing, Sole Trader**

Customers are much more hesitant to purchase due to rapidly changing economics.

» **Education and Training, 1-4 employees**

The cost of doing business is growing quickly in the Beauty Industry and we cannot keep up with it paired with the decrease in client spend.

» **Personal and Other Services, 5-9 employees**

Working in commercial construction, our clients are putting a lot of works on hold due to economic uncertainty.

» **Construction, 5-9 employees**

Red Tape - constantly being required to undertake more and more compliance.

» **Hospitality, 10-19 employees**

Cost of doing business is shrinking the profit margin continually.

» **Retail Trade, 20-49 employees**

Additional government support that would be most helpful at this time includes measures to reduce cost pressures on small and medium businesses, support for skills training and apprenticeships to address labour shortages, and initiatives to improve supply chain reliability. Greater flexibility around government compliance requirements and targeted relief for rising energy, fuel, and insurance costs would also assist businesses operating under fixed-price contractual arrangements.

» **Building Services, 20-49 employees**

As an NFP, employment and cost of doing business increases have now significantly outstripped indexation from government grants as we look to be heading for a deficit next FY as a result.

» **Health Care and Social Assistance, 20-49 employees**

Any cost increase related to fuel prices (either directly or indirectly) is yet another operating cost to be absorbed when running a legal practice at a time of additional compliance and expenditure.

» **Professional, Scientific and Technical Services, 50-199 employees**

Top 5 Issues Affecting My Business by Business Size

Sole Trader		
1	Cost of doing business	83%
2	Profitability/profit margins	72%
3	Economic factors	44%
4	Government policies & compliance	39%
5	Freight & supply chain	39%

1-4 employees		
1	Cost of doing business	72%
2	Profitability/profit margins	63%
3	Economic factors	47%
4	Freight & supply chain	44%
5	Government policies & compliance	42%

5-9 employees		
1	Cost of doing business	73%
2	Profitability/profit margins	67%
3	Economic factors	57%
4	Business growth	43%
5	Government policies & compliance	39%

10-19 employees		
1	Cost of doing business	76%
2	Profitability/profit margins	67%
3	Economic factors	59%
4	Government policies & compliance	50%
5	Staff/skills shortages	45%

20-49 employees		
1	Cost of doing business	75%
2	Profitability/profit margins	58%
3	Government policies & compliance	46%
4	Economic factors	42%
5	Freight & supply chain	33%

50-199 employees		
1	Cost of doing business	84%
2	Government policies & compliance	60%
3	Profitability/profit margins	56%
4	Staff/skills shortages	56%
5	Economic factors	53%

200+ employees		
1	Cost of doing business	73%
2	Government policies & compliance	73%
3	Profitability/profit margins	73%
4	Productivity	55%
5	Staff/skills shortages	55%

We will deliver our last classes on 27 June after nearly 30 years. The combination of economic factors has been too much.

» **Education and Training, Sole Trader**

Getting access to help or answers on the phone eg banking or ATO should not require hours of waiting wasting time often only to be told the answer is on the website, if you could find it on the web you would not ring.

» **Agricultural, Forestry and Fishing, 1-4 employees**

The challenges faced by small and medium-sized enterprises (SMEs) are increasing in number and severity.

» **Manufacturing, 5-9 employees**

Reduction of household spending due to cost of living. [Increasing] fuel, rent and bank interest rates. The legislated removal of small business ability to apply a merchant surcharge to EFTPOS transactions.

» **Hospitality, 10-19 employees**

SMEs cannot afford or cope with the changes in IR laws, compliance requirements, margin squeeze, inflation combined with fuel crisis, and continual cashflow squeeze. How can they expect us to maintain/grow business in the current environment and meet compliance, work with ever reducing profit margins and fund cashflow?

» **Manufacturing, 20-49 employees**

[Government needs to] support local industry/manufacturing/diversification of what we produce ourselves. Reduce reliance on the need to import.

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

Cost of fuel has reduced at the bowser, but suppliers have continued to charged levies and surcharges.

» **Retail Trade, 200+ employees**

By business size, the top five issues are broadly consistent, but the mix shifts for larger employers. *Productivity* appears only in the 200+ employees' group, alongside high reporting of *Government policies and compliance* and *Profitability/profit margins*, suggesting bigger businesses are balancing regulatory burden and performance pressures.

Among mid-sized businesses (50-199 employees), *Staff/skills shortages* remains a top-tier concern alongside *Government policies and compliance*, while smaller businesses and sole traders more commonly include *Freight and supply chain issues* in their top five, indicating this is not limited to larger supply chains.

Larger businesses flag **productivity** and **compliance** more, while smaller businesses report the impact of **costs**, **profitability** and **freight pressures**.

Cost Indicators

Cost pressures intensified further in the March 2026 quarter, with both the *Cost of Materials Index* and *Cost of Overheads Index* reaching 20-year highs and moving close to the upper end of the 166-point index range.

The *Cost of Materials Index* rose to 158.9 points and is expected to ease only slightly to 155.9 points in the June 2026 quarter, while the *Cost of Overheads Index* lifted to 160.0 points and is forecast to remain elevated at 159.0 points.

Cost of Materials Index for the March Quarter 2026

158.9 points

Predicted Cost of Materials Index for the June Quarter 2026

155.9 points

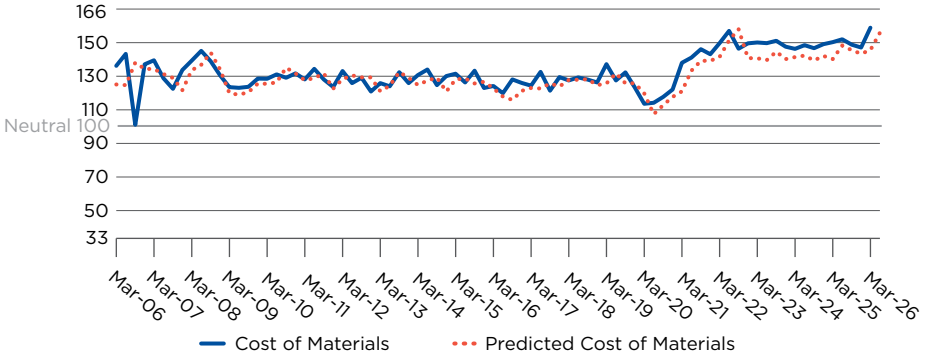
Cost of Overheads Index for the March Quarter 2026

160.0 points

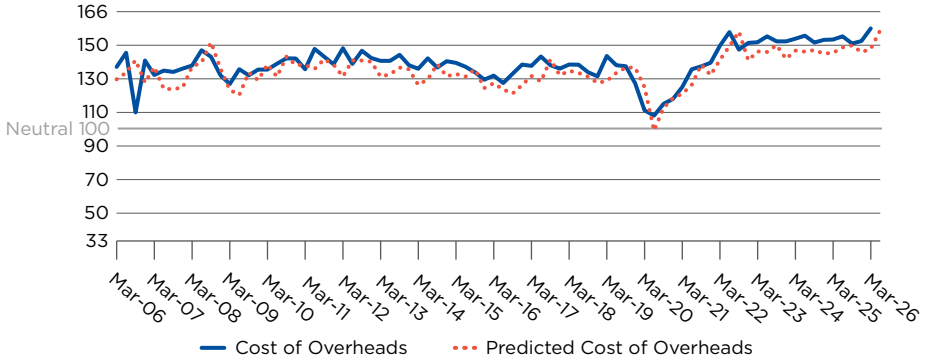
Predicted Cost of Overheads Index for the June Quarter 2026

159.0 points

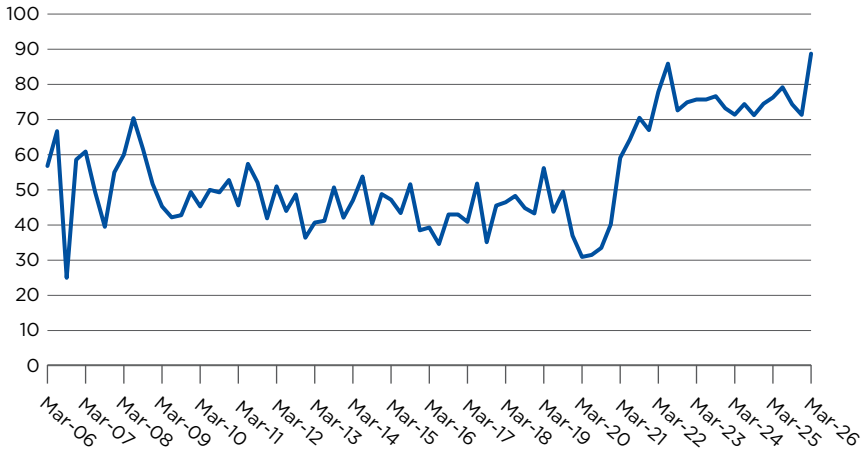
Cost of Materials Index - 20 Years



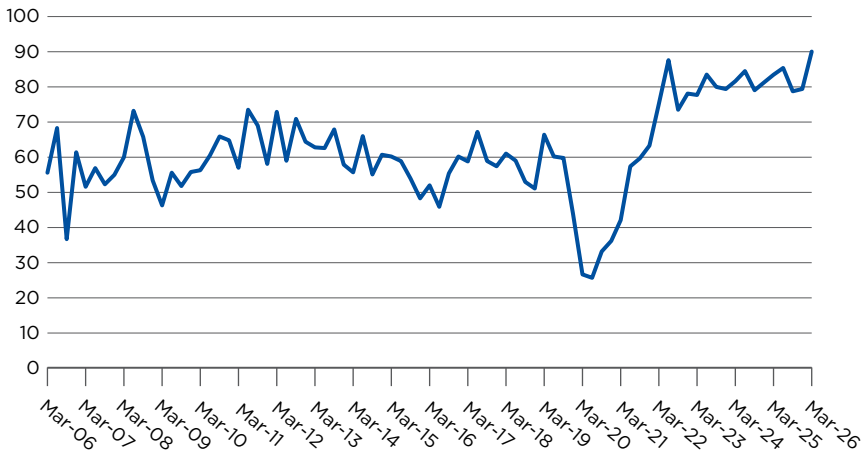
Cost of Overheads Index - 20 Years



% of Businesses Reporting Cost of Materials Increasing



% of Businesses Reporting Cost of Overheads Increasing



Other Performance Indicators

The *Profitability Index* fell to 65.5 points in the March 2026 quarter and remains well below neutral, aligning with profitability/profit margins being one of the most reported issues this quarter. Respondents expect profitability to remain at similar levels in the June 2026 quarter, with the *Predicted Profitability Index* at 65.4 points.

Price indicators remain only modestly above neutral. The *Average Selling Price Index* was 102.1 points in the March quarter and is predicted to return to neutral (100 points) in the June quarter, suggesting limited pricing movement is expected in the near term. This sits alongside the March quarter's sharp fall in overall conditions and sales reported.

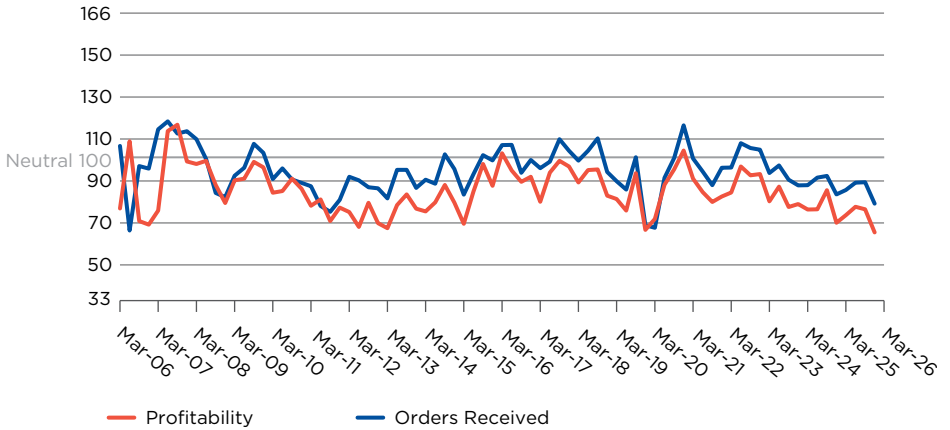
Demand indicators point to weaker trading conditions and are expected to soften further. The *Orders Received Index* was 79.2 points in the March quarter and is predicted to fall to 76.6 points in the June 2026 quarter. Export conditions are also below neutral, with the *Export Sales Index* at 94.6 points in March and predicted to fall further to 92.1 points in June.

Labour indicators point to ongoing wage pressure, even as employment conditions soften. The *Average Wages Index* was 127.1 points in the March quarter and is predicted to ease to 121.5 points in June, remaining well above neutral. Meanwhile, the *Employment Levels Index* fell to 91.0 points in March and is forecast to decline further to 82.4 points in the June 2026 quarter, consistent with weaker business conditions.

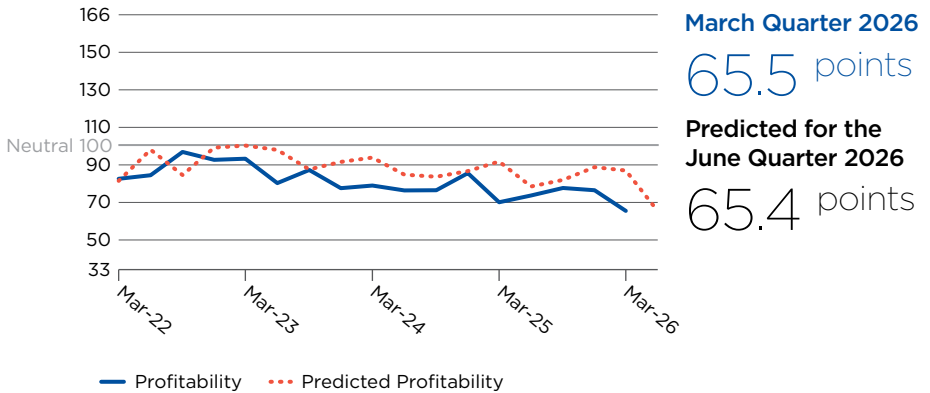
Investment and capability indicators are also expected to ease. The *Training Expenditure Index* was 115.6 points in March and is predicted to fall to 108.0 points in June, while the *Overtime Worked Index* is forecast to move below neutral (from 100.6 points in March to 87.5 points in June). The *Capital Expenditure Index* was 98.2 points in March and is predicted to fall further to 86.5 points in the June 2026 quarter, indicating weaker investment intentions.

The March 2026 quarter saw the ***Profitability and Orders Received Indices*** fall to their **weakest levels in over 20 years.**

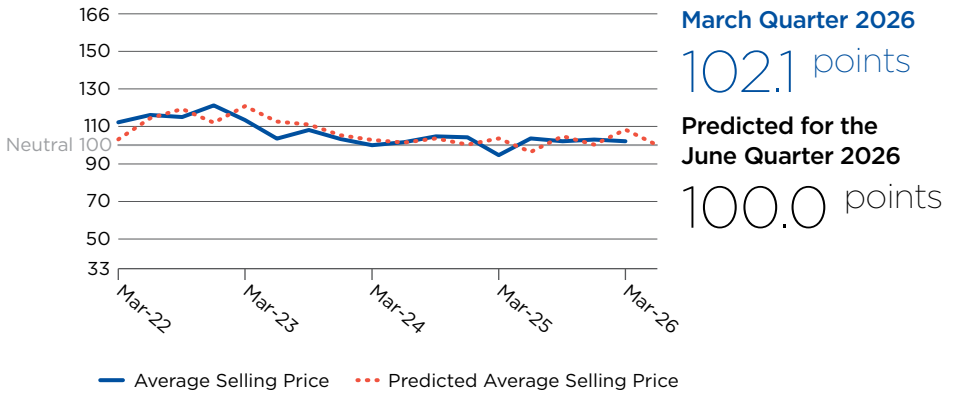
Profitability and Orders Received Indices - 20 Years



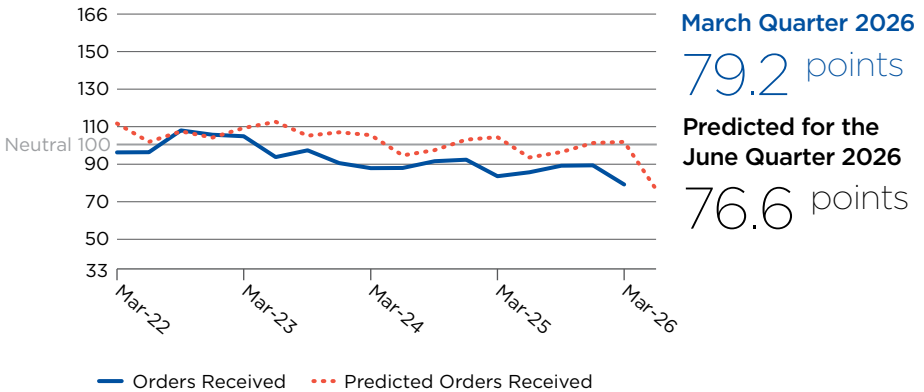
Profitability Index



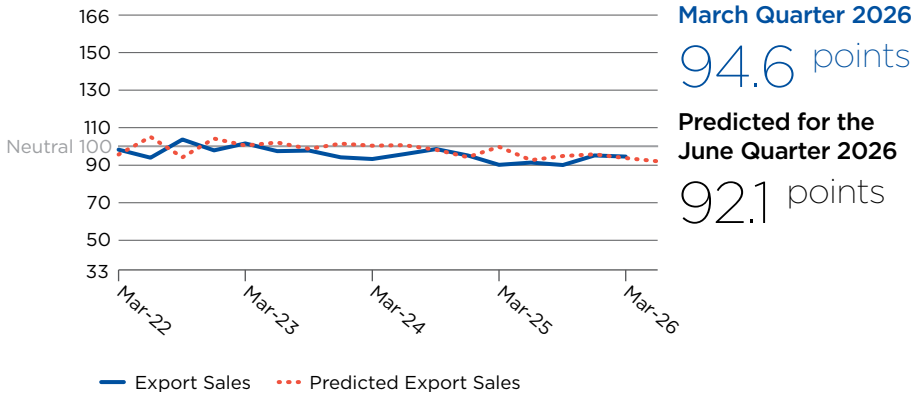
Average Selling Price Index



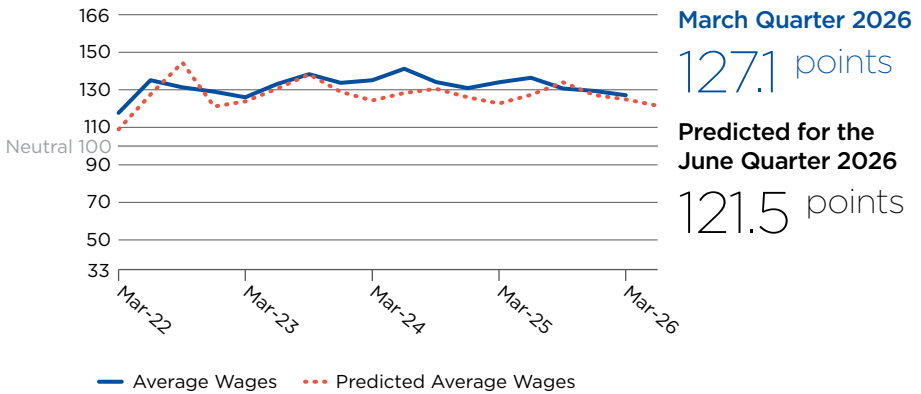
Orders Received Index



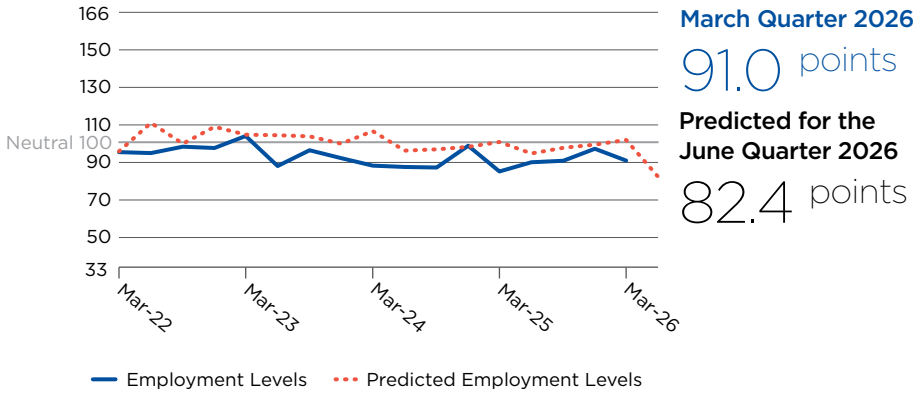
Export Sales Index



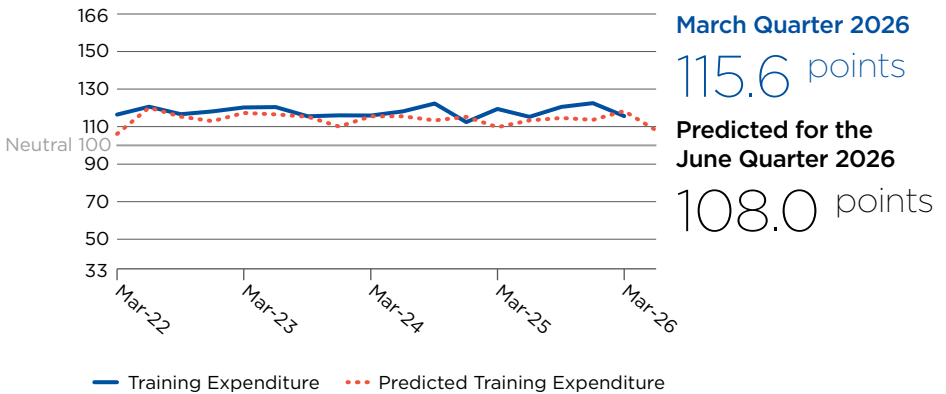
Average Wages Index



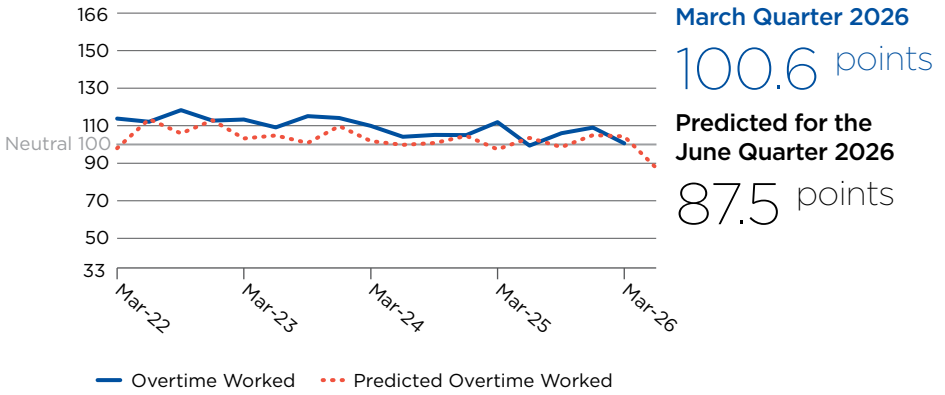
Employment Levels Index



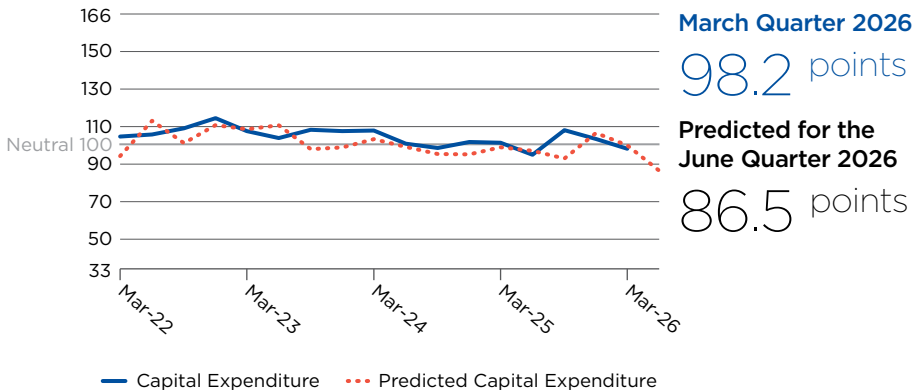
Training Expenditure Index



Overtime Worked Index



Capital Expenditure Index



Fuel

At the time the survey was conducted, a vast majority (91.5%) of respondents told us that fuel-related issues were impacting their business in some way. More than half of respondents reported a moderate or significant effect on operations, while 5.3% said their operations were at risk. Almost 40.0% of businesses advised they were delaying investment or expansion and around one in three were reviewing business practices to reduce fuel consumption.

The most common impacts were higher transport or freight costs (75.0%) and higher operating or input costs (69.7%). More than half of respondents also reported reduced customer spending, while almost half cite cash flow pressures and difficulty planning or pricing.

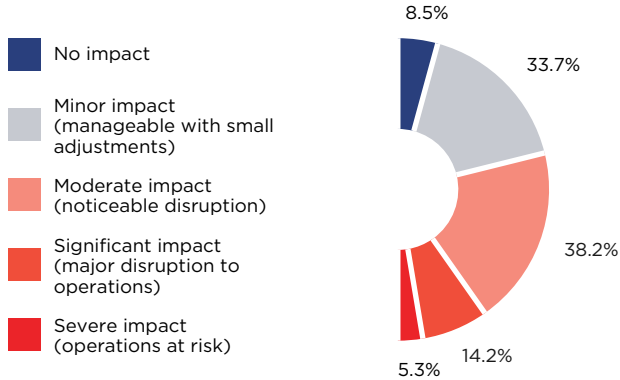
While most businesses report additional costs, 64.5% are absorbing them through reduced margins, while 42.2% are passing costs onto customers. Among those businesses that have passed on costs, around two thirds have limited the share of increased costs passed through to between 1-20%. This indicates that even where businesses can pass on cost increases, the proportion passed on is generally modest.

Changes in employment related to the fuel crisis are evident, with one in three businesses telling us they were reviewing/changing staffing levels. When we asked if they had stood down staff or reduced staff hours due to the fuel issues, 15.0% reported reduced hours and 10.6% told us that they would likely implement reduced hours, temporary stand downs or redundancies if conditions continued.

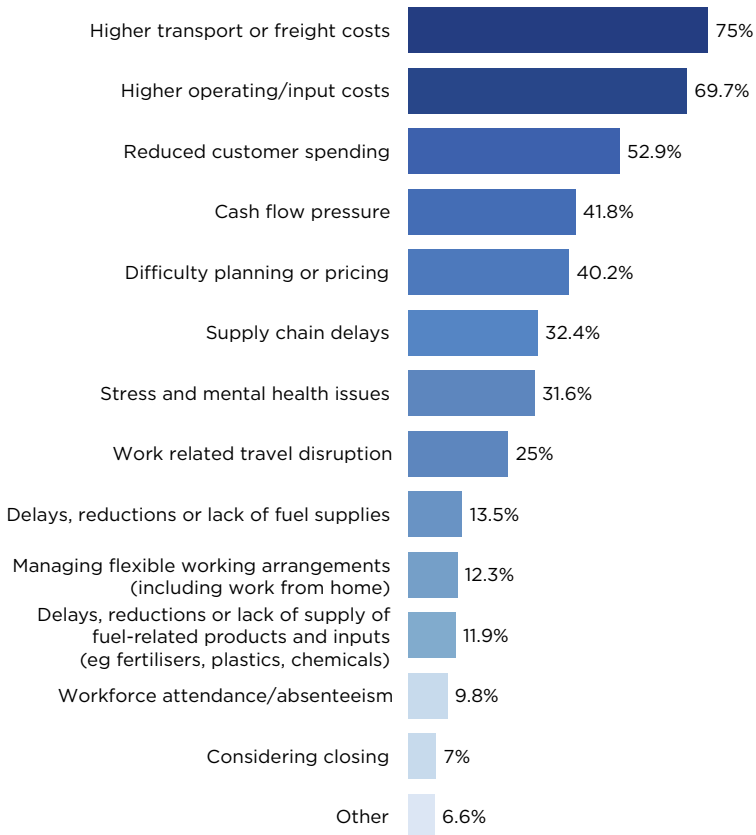
At the time of surveying, confidence in managing the impacts of the fuel situation over the next four weeks was reassuring, with most businesses either very confident (21.3%) or somewhat confident (42.6%). Almost half said additional government support would only be needed if conditions worsen, while 16.3% advised that immediate support was needed.

Concerningly, around one in three businesses reported **stress and mental health issues**.

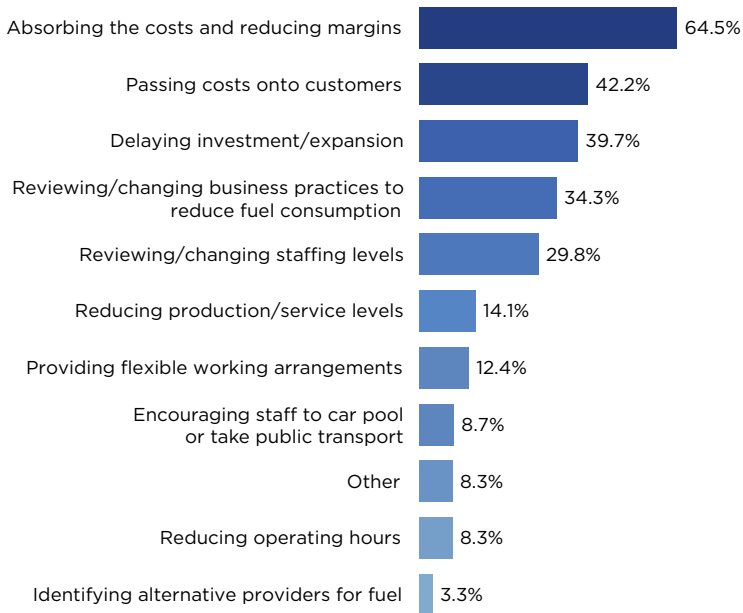
To what extent have fuel shortages affected your business operations?



How are the fuel issues impacting your business?



Which of the following operational changes are you implementing?



Fixed costs such as power, rates, insurance government levies etc. are killing small business along with fuel prices. Agriculture runs on diesel no fuel no food.

» **Agricultural, Forestry and Fishing, Sole Trader**

50% cancellation rates. Customers unsure they can afford the fuel costs to continue their long-planned travel.

» **Accommodation, Sole Trader**

We are struggling with fuel costs, and we cannot increase our rates as we may not be guaranteed any future work.

» **Construction, Sole Trader**

The media seem to make more of an issue and people react to it, they need to be more positive.

» **Retail Trade, 1-4 employees**

The cost of freight. Our local freight company has added a 42% surcharge. Sending a pallet of gin to Victoria went from \$600 3-months ago to \$1100 last week. some of our suppliers have sent emails warning of their items increasing in cost.

» **Food and Beverage Producer, 1-4 employees**

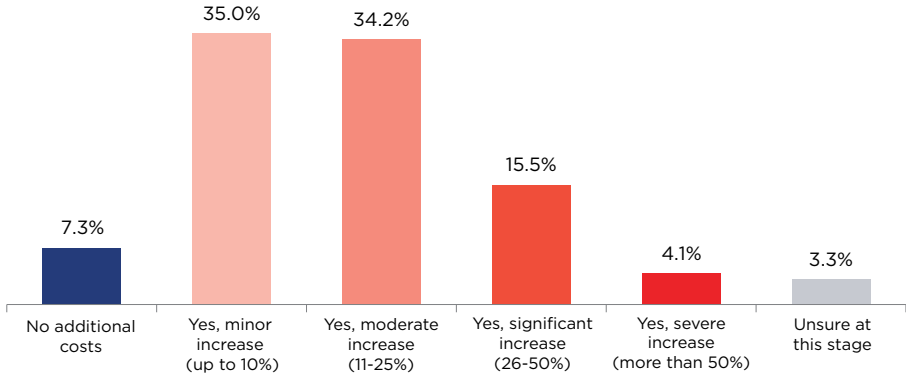
Cost of freight has increased by 25%. Some suppliers have put on temporary surcharges to their prices to cover fuel costs.

» **Manufacturing, 5-9 employees**

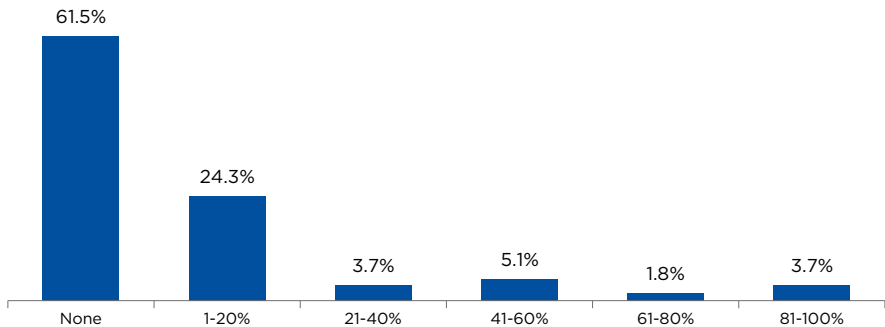
Worse than COVID, but without government support! Entire cost increases across the board for freight, cost of goods, insurances, mortgages... in short, costs UP – profit/sentiment DOWN.

» **Construction, 5-9 employees**

Have the fuel issues resulted in additional costs for your business?



How much of those costs increases have you been able to pass on?



As we are trying to keep the prices competitive, we have absorbed as much as we can.

» **Retail Trade, 5-9 employees**

As a trucking and earthmoving business our fuel costs doubled and one of our suppliers limited our ability to purchase. It has also caused some clients to cease operations which has resulted in loss of work.

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

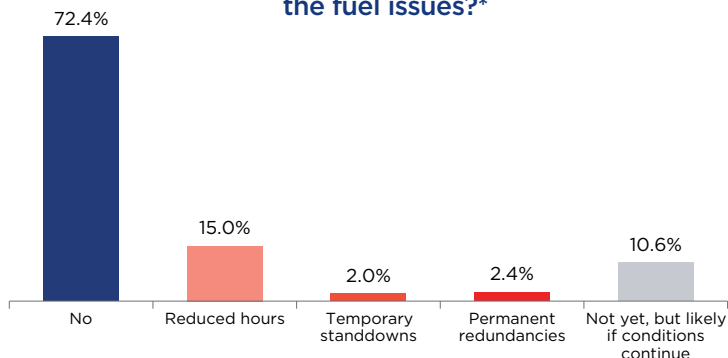
We do not believe that the Australian Government (or South Australian Government) fully understands the depth of the energy crisis, or that it can ensure fuel supplies (or at a reasonable price).

» **Mining, 20-49 employees**

Our clients are feeling the pain, one of them reported that every transaction that they have now has a 25% increase in costs. This has created a domino effect to our business, as they can't justify spending on marketing when the unit economics of their business does not make sense. They're not a solo case either; other clients are feeling the pain, that's trickling over to us.

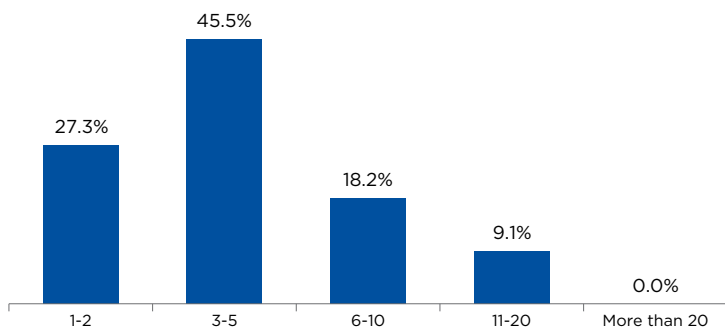
» **Professional, Scientific and Technical Services, 20-49 employees**

Have you stood down staff or reduced staff hours due to the fuel issues?*



* Respondents could select multiple options

If temporary standdown and/or redundancy - how many staff are impacted?



A large core of our business is fixed-price maintenance contracts where we are unable to pass on cost increases, meaning we must absorb additional expenses such as rising wages, materials, fuel, insurance, and compliance costs.

» **Essential Fire Services, 20-49 employees**

[We need an] immediate remediation to increase annual indexation of state government grant funding to allow NFPs to manage these costs year to year. Plus, advocacy to Commonwealth Government for similar remediation for grant funding including for programs involving volunteers, to ensure we maximise retention.

» **Health Care and Social Assistance, 20-49 employees**

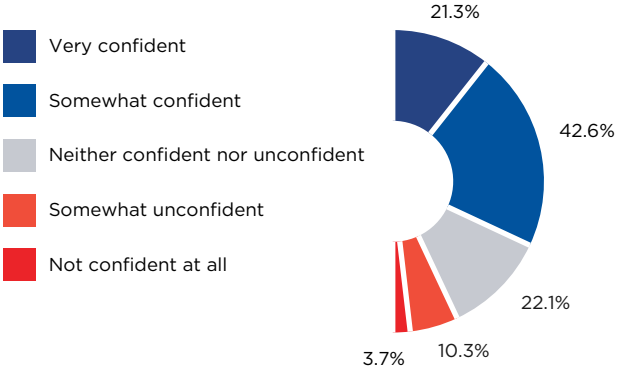
Greater demand for services, reduced essential donations and higher cost of doing business.

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

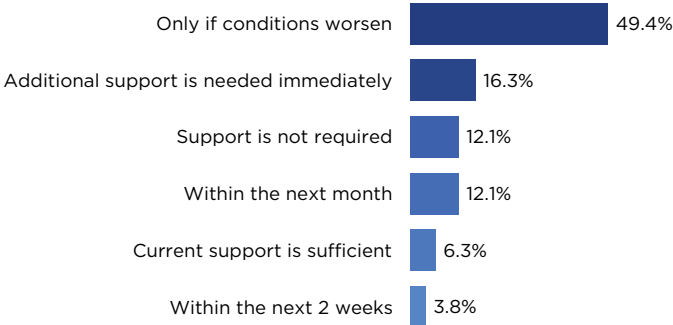
Increased fuel to over 100% at one point, which is our biggest expense, along with the payment terms required for suppliers vs customer trading terms. Increased bad debts, increased ongoing costs not only fuel, along with overinflated inflation that will push up wages come 1st July.

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

How confident are you in your ability to manage the impacts of the fuel issues over the next four weeks?



Considering what has already been announced, when will additional government support be necessary for your business or industry?



I think the measures taken in terms of financial support by our respective governments to date has been adequate. Additional actions would need to relate to shoring up fuel supplies to stabilise prices in my opinion.

» **Manufacturing, 50-199 employees**

Not understanding what restrictions may be put in place if we move to Level 3 in the Government Fuel Plan. If we move to Level 4, we will need to make significant changes to our staffing levels, without Government intervention.

» **Health Care and Social Assistance, 200+ employees**

Payday Super

New Payday Super requirements commence on 1 July 2026.

While 20.8% are already making superannuation payments at the same time as payroll and another 30.8% have begun making changes to their payroll system, 24.6% know what is required but have not yet implemented changes. Of concern is the 10.0% who do not know what needs to be done to comply and 5.0% who are unaware of the changes.

Concerns about Payday Super are mixed. While nearly half report no concerns, cash flow was cited by 35.6% of respondents, with other issues raised by a smaller cohort - cost of implementation (16.5%) and the ability to comply (14.0%).

Too busy surviving day to day to worry about that.

» **Agricultural, Forestry and Fishing, 1-4 employees**

Can be a good thing, as no need to make a full payment at the end of the quarter, but cash flow is always an issue and budgeting each week for the payment.

» **Manufacturing, 1-4 employees**

There are no actual working instructions. We as business owners have to do all the work as to how, what and where we go to do the Governments job for them! We should have exact, simple instructions and be compensated for the Payday Super nightmare.

» **Retail Trade, 1-4 employees**

We do weekly pay; it makes it hard to do all the reporting if we want to go on holidays. Only 1 finance keeper in this business.

» **Agricultural, Forestry and Fishing, 5-9 employees**

Aware of Payday Super awaiting advice from MYOB as to how to manage and process this. Aware there are problems with superannuation funds not being ready to process in required time.

» **Hospitality, 10-19 employees**

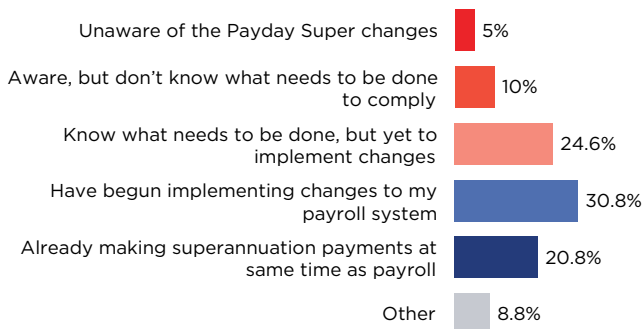
My impression is that the times allowed for employees to advise of changes to their superannuation arrangements have such potential to penalise conscientious employers that there will be a strong disincentive to employ people at all.

» **Health Care and Social Assistance, 10-19 employees**

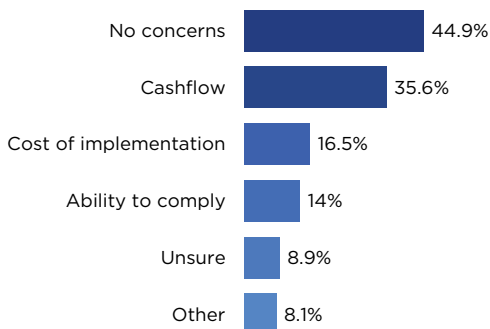
Our billing will need to be [in] advance from July to meet ATO requirements on super payment.

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

How would you rate the preparedness of your business to implement the Payday Super requirement?



What concerns do you have regarding the Payday Super requirements?



Uncertain if more physical time will be required in addition to the time already required to process payroll.

» **Hospitality, 10-19 employees**

Increases administrative burden for little gain to staff.

» **Manufacturing, 50-199 employees**

Ready for the new changes. Already pay super monthly.

» **Manufacturing, 20-49 employees**

Relief on compliance burden on business and unnecessary and over the top red tape particularly in employee related matters. The introduction of Payday Super will bring forward a cost burden (timing issue at a time where cash flow is critical).

» **Professional, Scientific and Technical Services, 50-199 employees**

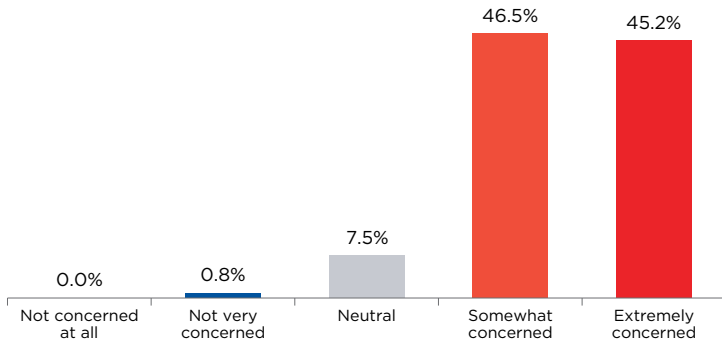
Inflation

All respondents report at least some concern about rising inflation over the next 12 months, with over 91.0% either somewhat concerned or extremely concerned. This aligns with the broader survey finding that most businesses expect the inflation rate to increase over the next three months.

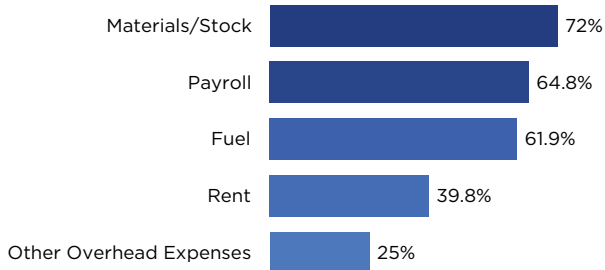
Looking ahead, businesses expect inflation to have the greatest impact on materials or stock (72.0%), payroll (64.8%) and fuel (61.9%). Rent is also a concern for 39.8% of respondents, while one in four point to other overhead expenses.

Overall, the results suggest businesses expect inflationary pressure to remain broad-based, with the biggest impacts concentrated in core operating costs.

How concerned is your business about rising inflation over the next 12 months?



Which areas of your business are most likely to be impacted by inflation into the future?



Comments regarding 'Other Overhead Expenses'

Insurance, bank charges, electricity and phone/internet costs seem to be rising far in advance of official inflation rates.

» **Manufacturing, 1-4 employees**

Power prices are a huge cost to our business.

» **Retail Trade, 5-9 employees**

International freight, which may make exporting non-viable.

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

Outgoings, utilities, work cover, & payroll tax [are most likely to increase].

» **Manufacturing, 20-49 employees**

Insurance is a large factor and also rent and electricity inputs.

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

Power, waste management and any supplies that require deliveries.

» **Professional, Scientific and Technical Services, 50-199 employees**

Basically everything is going up.

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

Cash Flow

According to the survey results, over 75.0% of businesses monitor their cash flow position at least weekly. Another 19.2% review cash flow monthly, while only a small minority do so quarterly or not at all.

Accounting or business software is by far the most common tool used to track cash flow, cited by 76.6% of respondents. Other common tracking methods include bank statements or online banking tools (36.0%), cash flow forecasts or budgets (34.3%), spreadsheets (33.5%) and accountant or bookkeeper reports (32.6%). Fewer businesses rely on informal tracking such as checking their bank balance (16.7%). Overall, the results suggest most businesses are actively monitoring cash flow and are generally using formal tools or structured processes to do so.

Cash flow management strategies are centred on cost control, with 76.2% of businesses citing tight control over expenses as their main strategy. More than half also report their strategy is to maintain a cash reserve and closely monitoring overdue payments, while around half are delaying non-essential spending or prioritising fast invoicing and payment collection.

Currently I will need to personally fund some of the payments to our lecturers by the end of this term, as there will not be any money to cover this.

» **Education and Training, Sole Trader**

[Managing cash flow is] hard as most of our customers pay us in 90 days.

» **Agricultural, Forestry and Fishing, 1-4 employees**

Cost cutting, redundancies, closing branches, moving ops offshore to India.

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

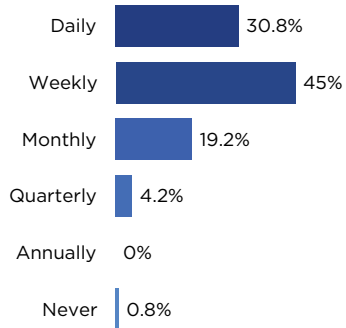
Refinancing to reduce recurring amounts payable each month which means we will be paying off debt over a longer period at a higher cost.

» **Manufacturing, 20-49 employees**

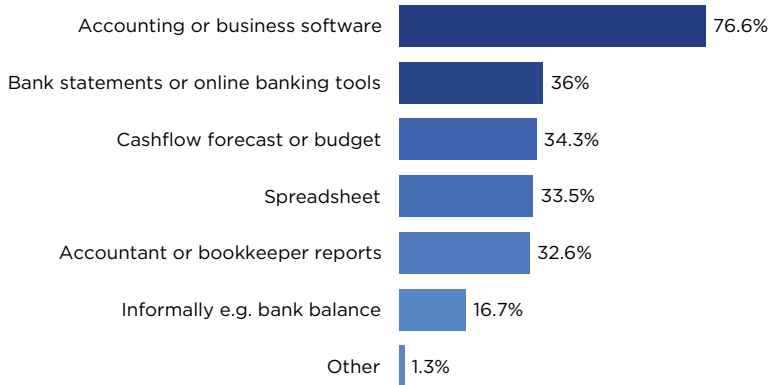
Margin squeeze compounded with cashflow pressure and about to be further hit with pay day super.

» **Manufacturing, 20-49 employees**

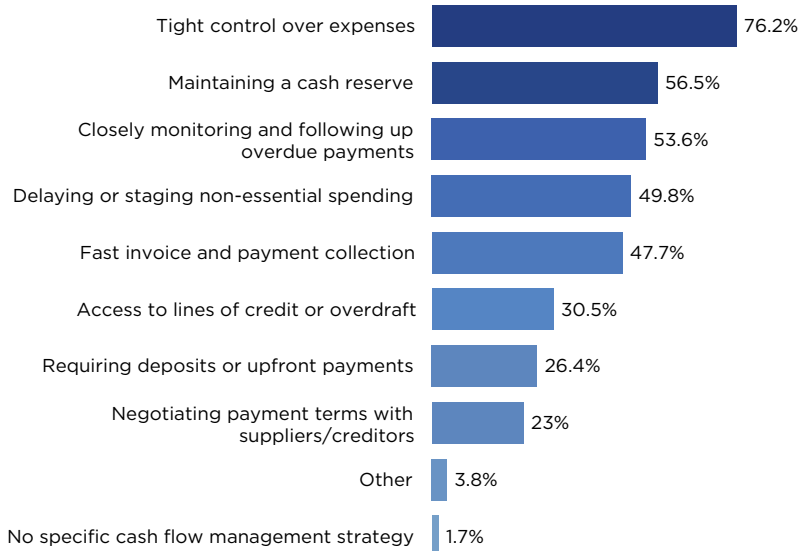
How often do you review your cash flow position?



How do you currently track your cash flow?



What is your strategy for managing cash flow?



Case Study

Rivergum backs medium-density housing and innovation as pressure builds across construction

Rivergum has spent more than 32 years in South Australia's building industry and is now Adelaide's largest medium density builder. Founder and Managing Director, Mr Victor Said explains the business today is more focused than ever.

After beginning in transportable buildings, granny flats and coastal homes, Rivergum has narrowed its focus to medium-density townhouse and terrace developments across metropolitan Adelaide.

"Today we're a multifaceted, innovative builder and developer," Victor notes. "We partner with private developers, listed companies and the government to deliver projects at scale."

Rivergum sees that focus as a practical response to South Australia's housing challenge, with opportunities in greenfield "super lots" and urban infill sites that can deliver more homes close to existing services.

"The affordability side is probably the most challenging part of it all," Victor acknowledges. "We need to build more homes," he says, "but the high cost of land, large deposits and volatile interest rates are still making it very difficult for people to get into the market."

This is reflected in the March 2026 quarter survey results, with business confidence falling sharply, conditions weakening and cost of doing business still the leading issue.

In construction, Victor notes those pressures are flowing through in several ways. Skilled trades remain difficult to secure, with residential builders competing against major infrastructure, defence and health projects for labour, steel, concrete and other critical inputs.

"You've got defence and infrastructure projects taking up a lot of supply, and they're also taking plumbers, electricians and other trades out of the residential market," he says.

Fuel and freight disruption has added another layer. Victor notes that some major manufacturers have imposed sizeable price increases at short notice, with anything affected by transport or logistics becoming more expensive.

"That's sometimes hard as a builder because in many cases fixed-price contracts for our clients," he says. "We can't simply impose those extra costs."



Rivergum is also seeing the impact of infrastructure bottlenecks, particularly around utilities with connection delays for some completed homes. Red tape is mostly manageable, but inconsistent council interpretations and repeated requests for information can slow planning approvals.

The business has responded by sharpening its model, using concentrated medium-density sites to improve supervision, coordination, quality and safety, supported by a full-time safety officer and more site-based construction management.

Productivity is another major focus, with Rivergum using off-site manufacturing, standardised componentry, pre-made steel frames, robotics and design innovation to help the industry build faster without compromising quality or safety.

“We’ve been an innovator in housing since inception,” Victor says. “Off-site componentry and manufacturing are just one of the bigger opportunities.”

That innovation mindset extends to Rivergum’s Plan Lab™, where clients can walk through a home at one-to-one scale before it is built, and to new work in land lease housing, relocatable homes and urban infill products.

Despite the difficult operating environment, Victor remains confident and excited about Rivergum’s future and South Australia’s broader housing sector.

“It’s not easy out there. You have to remain confident, review your strategies and seek advice,” he says. “South Australia is a great place to do business. People support each other here, government is supportive, and there are a lot of opportunities if we keep working together.”



Victor Said
Founder & Managing Director, Rivergum

A Word from William Buck

by Adrian Chugg, Managing Partner, William Buck SA

Uncertainty and margin pressure destroys business confidence

The March 2026 quarter Survey of Business Expectations shows how quickly conditions have tightened for South Australian businesses. Confidence has nosedived, general business conditions and sales are weaker, and profitability is under real pressure.

That lines up with conversations we are having with clients. Businesses are not dealing with one cost increase; they are facing another wave of inflation and uncertainty after several tough years.

The recent turmoil in the Middle East is in some ways the straw that broke the camel's back for many businesses struggling with margin pressure and an uncertain business environment. The first hit came through supply issues, surcharges and freight costs. The second wave is harder to measure: what higher fuel and fertiliser costs mean for manufacturing inputs, distribution and the broader cost of goods over time. Once costs rise, they rarely reduce to their original levels.

That is why margin pressure is such a big story this quarter. Many businesses have absorbed higher costs for as long as they can, but as they close out this financial year and plan for the next, pricing conversations are becoming unavoidable. The hardest part is working out whether customers will accept further price rise, delay spending or look elsewhere.

The recent Federal Budget also matters and has quickly become the main topic of conversation where 99% of discussions now focus on it, making fuel concerns old news. Business owners are looking at government spending, increasingly complicated tax settings and new compliance obligations and asking a fair question: who ultimately pays? Too often, the answer is business, through higher costs, more administration and less time spent actually running and building the business.

Confidence is not only about today's trading conditions. It is also about whether owners believe the rules are stable enough to invest, employ and take risks. Confidence was already fragile with businesses navigating the fuel shock and inflation concerns. At the time of this survey, there was also a great deal of uncertainty in relation to what the upcoming federal budget contained, and this absolutely added to the negative outlook.

That kind of uncertainty damages decision-making. When a business is considering capital expenditure, hiring, automation, product development or entering a new market, uncertainty gives them a reason to pause. Once something is paused, it does not always restart quickly, and that delay flows through to others.

Cash flow is already front of mind. The survey showed most businesses are reviewing it at least weekly, with many checking it daily. That level of focus is alarming, reflecting the pressure many are feeling.

We are not yet seeing broad-based staff cuts, which is important. Many businesses are still trying to hold on to capability, even as employment expectations weaken. Resilience is being tested, and in a tight labour market, once good people are lost, they are not easy to replace.

This is where strategy and planning matter. In this uncertain environment, strength will come from businesses with a clear strategic plan, understanding where margin is being lost, protecting cash flow and making deliberate decisions before pressure turns into crisis.

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