VRCA

Victorian Regional Chamber Alliance

BUSINESS HEALTH SURVEY REPORT

OCT 2026

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Victorian Regional Chamber Alliance

WHO WE ARE

Business associations and chambers of commerce from across regional and rural Victoria have come together to establish the Victorian Regional Chamber Alliance - the voice for business across the state.

BUSINESS HEALTH SURVEY

The VRCA Business Health Survey gathers insights from businesses located throughout rural and regional Victoria. Responses have been collected from a diverse range of businesses spanning all sectors. This report marks the third in the series, following the release of the inaugural report in September 2025 and the May 2026 report.

From the Alliance

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Businesses are staying open but thier owners are paying the price.
The October 2026 Victorian Regional Chamber Alliance Business Health Survey reveals a deeply concerning trend across rural and regional Victoria. Businesses are continuing to trade, employ and contribute to their communities, but the personal and financial sustainability of their owners is deteriorating.

The most alarming finding is that only 39.5% of respondents are consistently drawing a living wage from their business, a significant decline from 55% in May 2026. More than 60% are now either unable to draw a living wage or can do so only sometimes. Furthermore, 37.3% report that their business does not support a healthy work-life balance, up from 28.9% just five months earlier. These figures reveal a business community where working harder is increasingly failing to translate into financial security or personal wellbeing.

There are some encouraging signs. The proportion of businesses concerned they may not survive beyond 12 months has decreased from 24.8% in May to 20.7% in October. However, longer-term confidence continues to weaken. Only 34.5% now believe their business can remain viable for more than ten years, compared with 41.3% in May and 49.2% in September 2025.

Businesses may be becoming better at surviving the immediate challenges, but they are becoming less confident in their long-term future.

Trading conditions remain uneven. Some 56.4% of respondents are operating at 80% or less of their typical sales levels, up from 49.6% in May. Conversely, the proportion exceeding typical sales has increased from 9.2% to 14.5%. This suggests an increasingly uneven business environment, with some businesses finding opportunities while many others continue to struggle.

Operating costs remain the single largest identified challenge at 22.8%, followed by subdued consumer spending at 16.6%, regulatory and compliance burdens at 14.5%, freight and transport costs at 12.6%, and workforce shortages at 12%. Access to affordable housing, childcare and appropriately skilled workers continues to constrain recruitment and business development across regional communities.

The combined impact of these pressures is particularly concerning given that almost two-thirds of respondents represent businesses that have operated for more than a decade. These are established employers, family enterprises and businesses deeply embedded in the social and economic fabric of their communities.

Confidence in government remains exceptionally low, this should serve as a clear message to all levels of government. Regional businesses are seeking practical, measurable reforms that reduce the cost and complexity of operating, encourage investment, address workforce constraints and restore confidence in the future.

The Victorian Regional Chamber Alliance calls for genuine engagement with regional chambers and business associations to develop place-based solutions. This must include reducing unnecessary regulatory burdens, addressing rising operating and employment costs, improving regional infrastructure, and supporting access to housing and workforce development. Regional businesses remain resilient, but resilience must not be mistaken for unlimited capacity to absorb further financial and administrative pressure.

The real risk is no longer simply that businesses will close tomorrow. It is that the people who own and operate them are steadily losing the financial incentive, confidence and personal capacity to continue.
Protecting the future of regional Victoria requires protecting the viability of the businesses that sustain its communities.

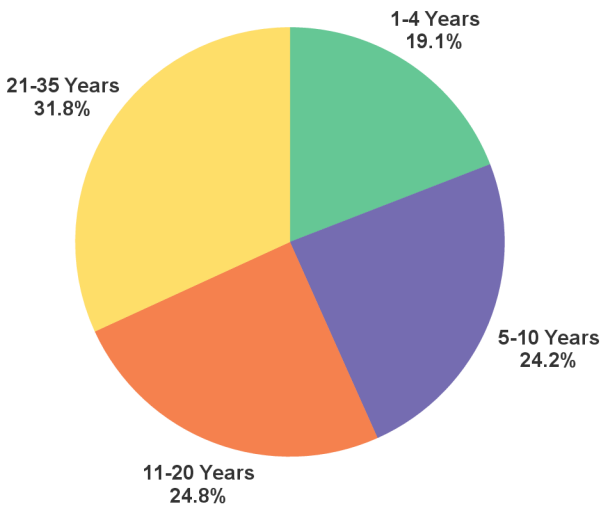
The Victorian Regional Chamber Alliance
www.regionalchambervic.org.au

For any enquiries, please get in touch with your local chamber/ business group.

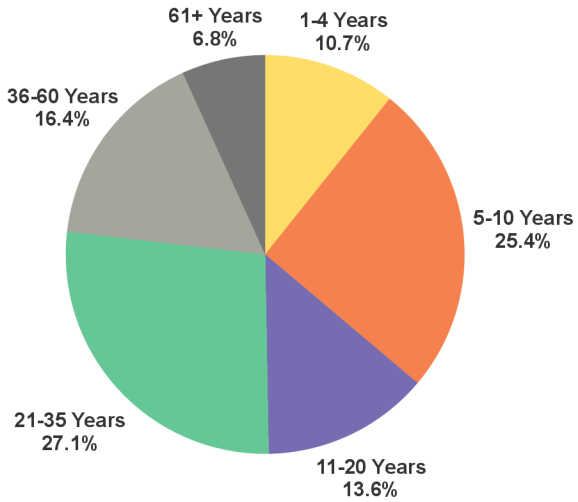
Respondent Demographics

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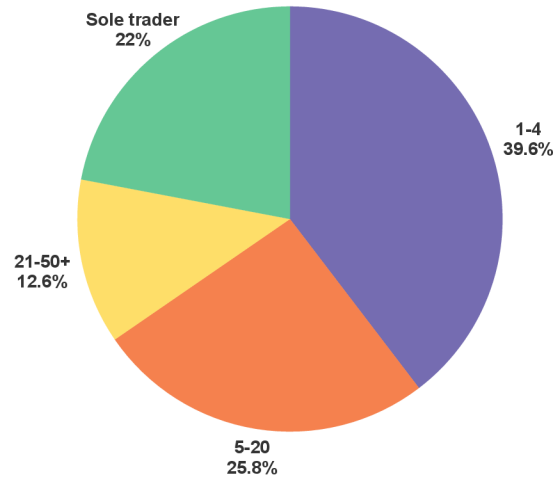
Years Under Current Owner



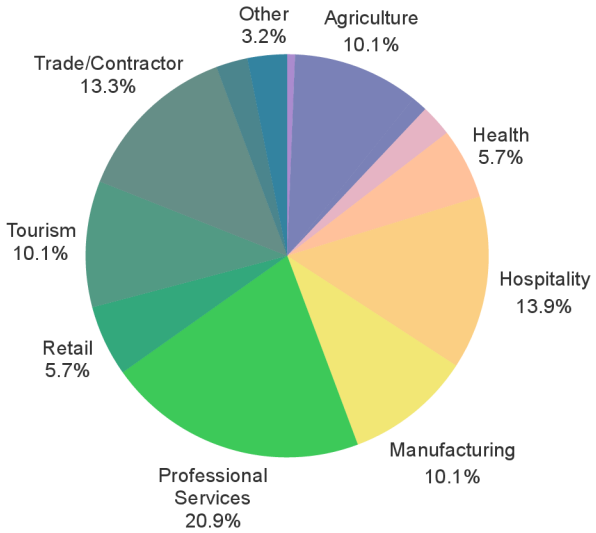
Total Years Operation (all owners)



Employees (FTE)



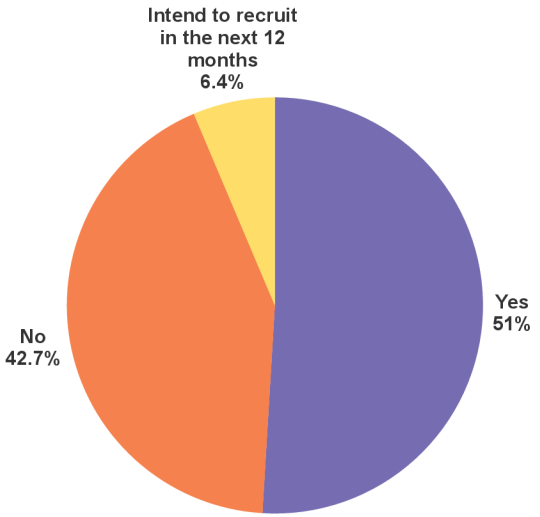
Sector/ Industry



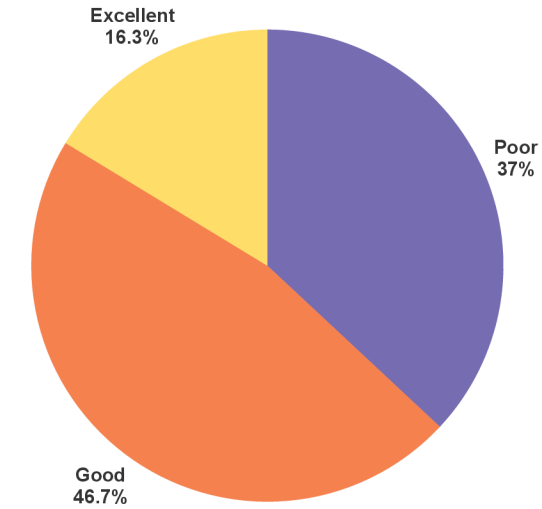
Staffing & Recruitment

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Staff Recruited in Last 12 Months



Suitabilty of Staff



Barriers to Recruitment & Retainment

"Poor access to accomodation in our area, and when they can find it, it's expensive."

"There are limited housing opportunities to enable a highly experienced person to move to a regional setting."

"As a trade business the main issue we have is finding suitably qualified technicians. As we could not recruit qualified technicians we commenced a program of employing apprentices but the incentives for employers employing apprentices are so poor the cost of employing apprentices makes it a difficult decision."

"Availability of childcare is a big issue in attracting staff to our town. We have 'lost' some candidates for this reason alone."

"The pause on Working Holiday visa for some countries is affecting new applicants."

"Cost of recruitment in dollars and time. Retention is difficult when we have to compete with high government wages."

"Experienced technical staff are disappearing from our industry."

"One of the biggest challenges facing rural hospitality is not necessarily finding people who are willing to work. We can find good people with the right attitude and character. The difficulty is finding, training and retaining people with the level of skill required to operate in what has become an increasingly complex and highly regulated industry."

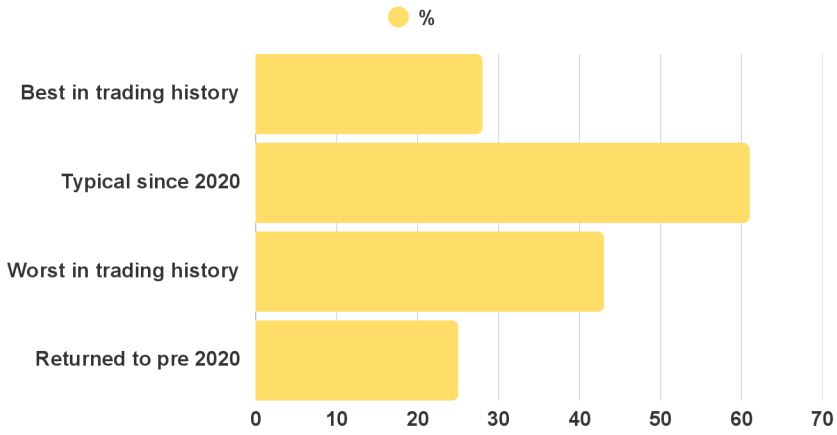
"Wages keep increasing, expectations of staff are high, accreditation and compliance time and costs keep increasing"

"While there are many applicants, the quality of applications is quite poor and generally lacking experience. While we are always more than happy to teach and train people in house or provide external training routes, the time and cost associated is a massive factor.

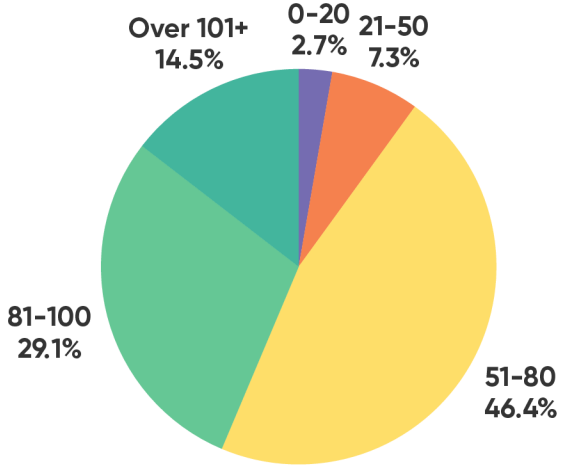
Business Environment

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Performance of Last Six Months, Compared to Typical Trading



Proportion of Typical Sales Currently



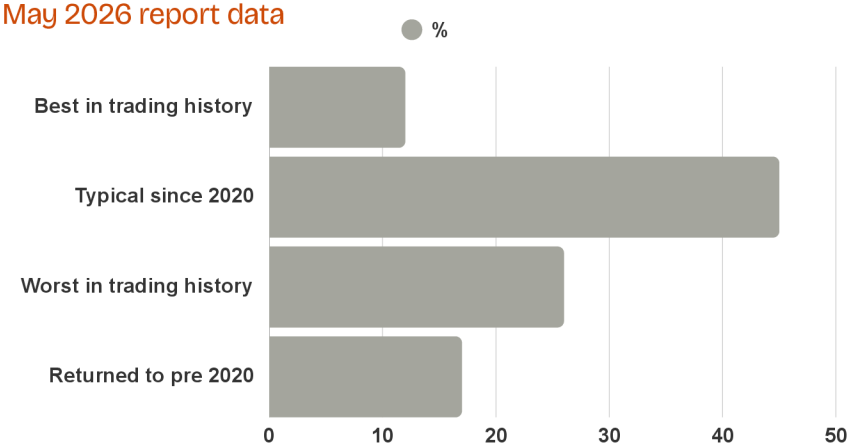
"The cost of running a business is the problem, sales are relatively the same"

"Profitability is impossible despite sales growth."

"Best year in trading history, but living expenses are so astronomical and tax is a killer that it feels like more stress and no extra reward."

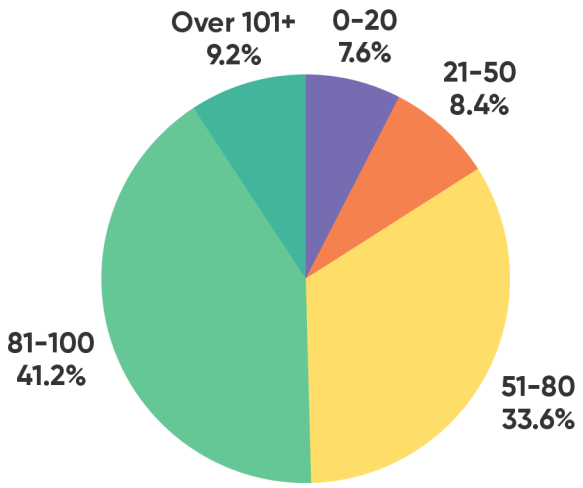
Performance of Last Six Months, Compared to Typical Trading

May 2026 report data



Proportion of Typical Sales

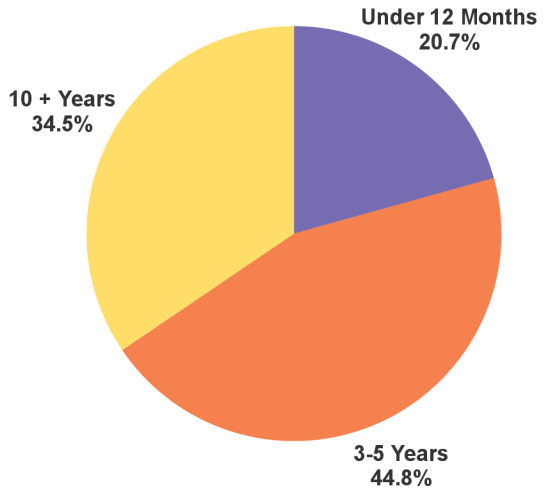
May 2026 report data



Business Environment

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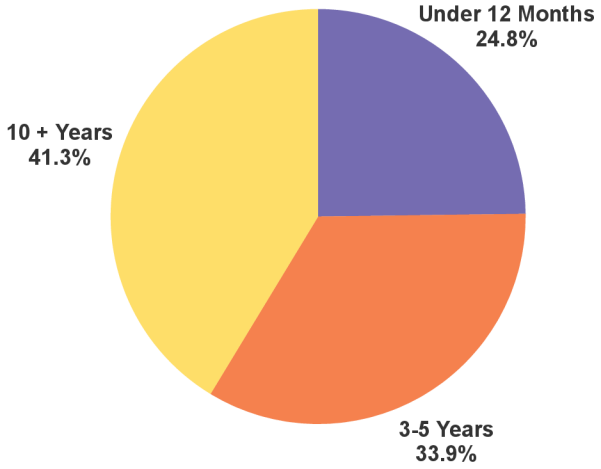
Longevity of Business, in current environment



"If the current trading climate continues, we are not sustainable & will have to close down after 20 years."

Longevity of Business

May 2026 report data



Recent ATO Interactions & Tax Pressures

ATO have imposed 'Single Touch Payroll' and 'Payday Super'. These changes have added to our workload, and required us to add software solutions and the net result is greater cost for small business. Single Touch Payroll obviously saves the ATO work but they have simply loaded their work on to business."

"ATO compliance is extremely difficult, we have had immense difficulty keeping up with BAS and SGC and they have been ruthless to deal with."

"I am an ATO BAS Agent, acting with ATO on behalf of clients. I'm finding general trend of ATO support to be decreasing in flexibility and willingness to understand nuances of each business challenge and support win/win outcomes."

"More and more taxes. Small business gets punished for having a go. Take a risk, risk pays off, state government says I want some of that."

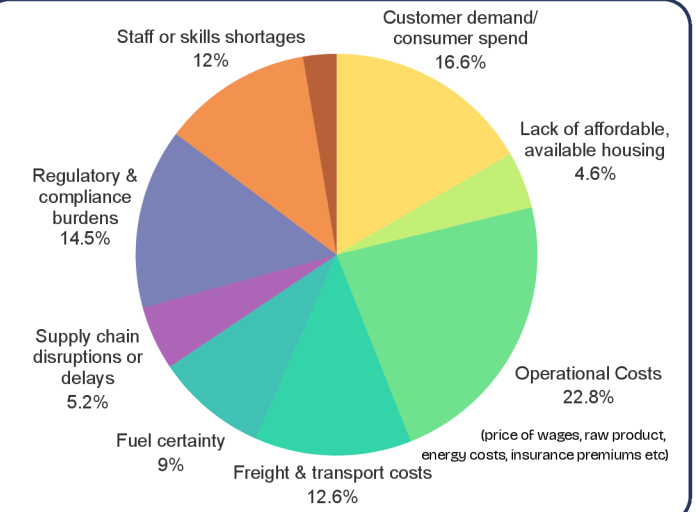
"Slowing of payments as money has dried up has affected cashflow. This results in difficultly paying tax commitments on time. In addition the moving forward of super payments has added to cashflow slowing."

"Tax burden is crippling and payment plans are anti-small business. Staff are public servants and have no idea of the impact on small businesses in regional towns of over the top compliance."

"We've had payment plans default, and are struggling to keep up. We've recently brought on a long term credit card to pay it off. Every time we put aside money to pay the tax debt something always comes up (insurance, bills, equipment breakdown, a quiet week)"

"Tax burden is crippling and payment plans are anti-small business."

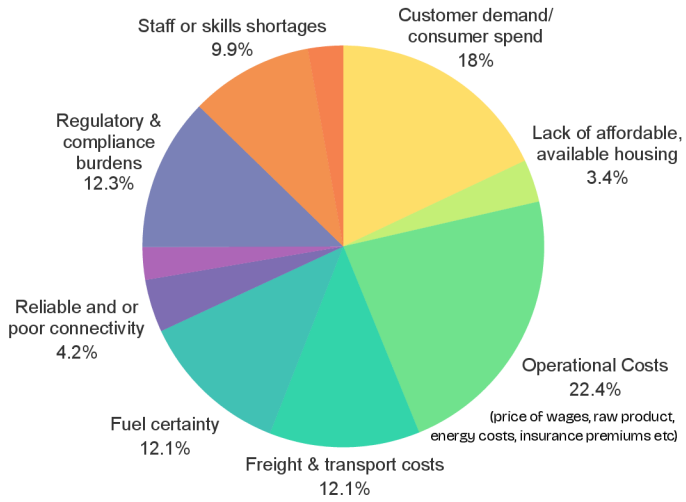
Main Business Challanges



94% of respondents said that they believed these challenges are mirrored across their sector, equal to that stated in September 2025

Main Business Challanges

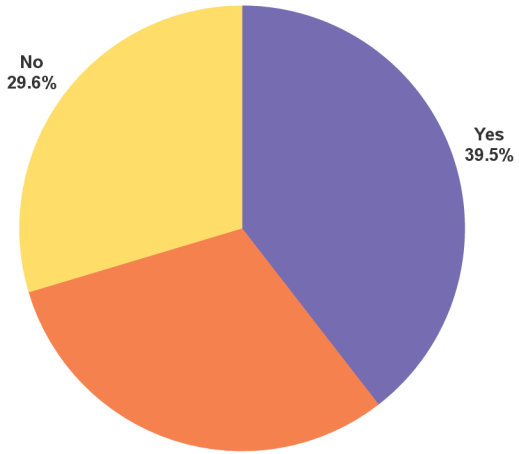
May 2026 report data



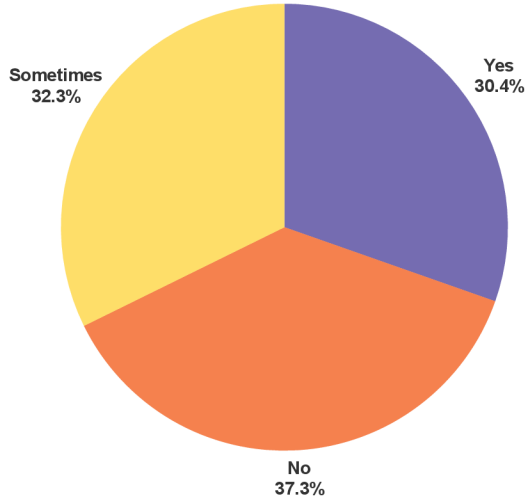
Owner-Operator Circumstances

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Business Drawing a Living Wage

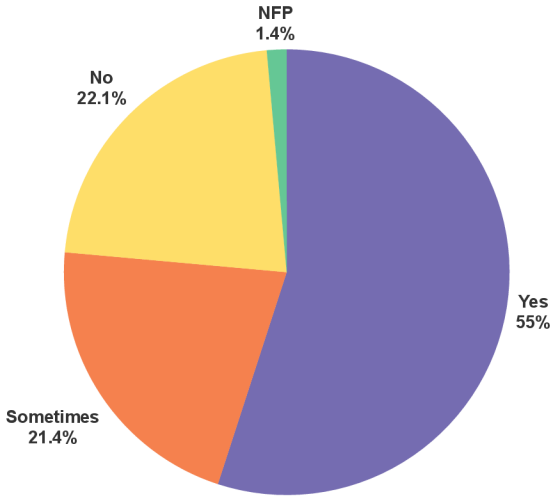


Business Supporting Work Life Balance



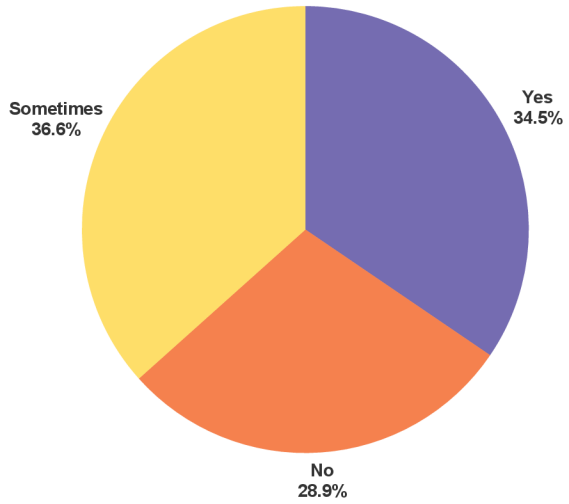
Business Drawing a Living Wage

May 2026 report data



Business Supporting Work Life Balance

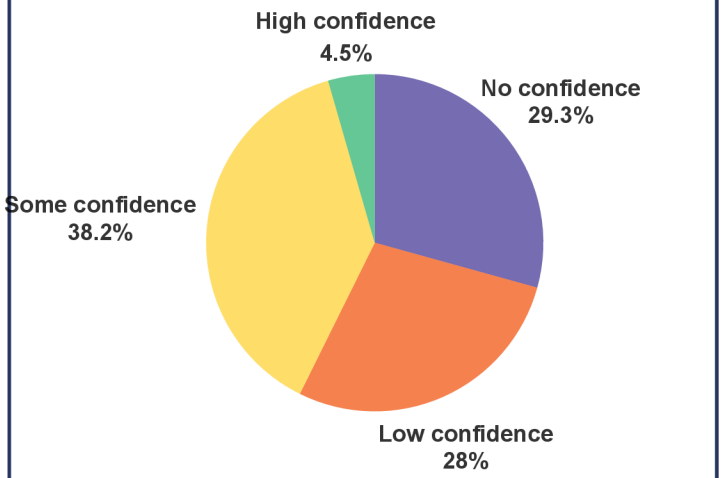
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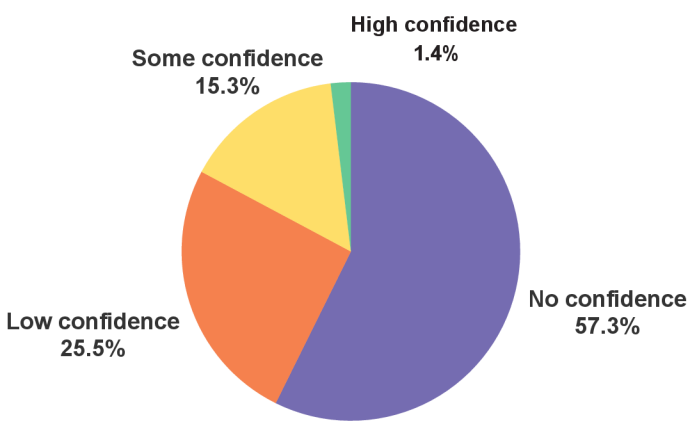
Confidence in Government

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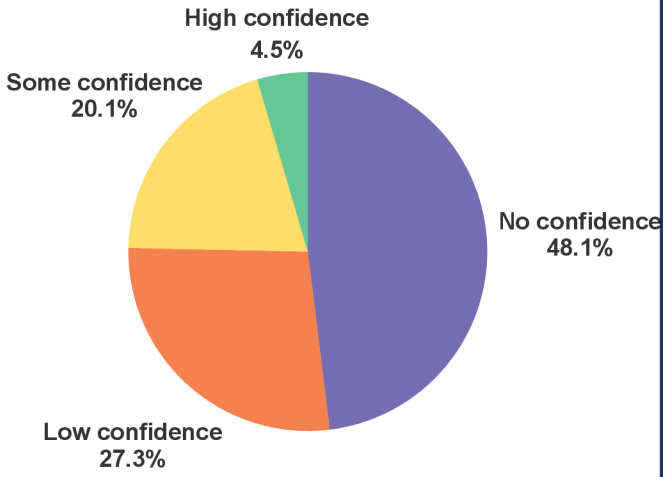
Local



State



Federal



What support do regional and rural Victorian businesses need to achieve their goals?

"Stop treating businesses as the Government's ATM. Freeze and reduce the EPA waste levy, cut payroll tax and other state taxes, and remove unnecessary compliance and permit costs. Businesses create jobs, invest in communities and drive the economy — they need lower costs, not more taxes and red tape."

"We're in the transport industry and there is direct correlation between the repairs we are having to do on wheels, tires, cracks in undercarriages of vehicles to the level we've never had to deal with due to potholes. It's an immediate financial burden and long term due to the unnecessary wear and tear on a vehicle jeopardising their length of life."

"Red tape and compliance is enormous. Statutory bodies are punishing and are actively "out to get" businesses. Start supporting businesses; actively encourage and appreciate businesses and business owners, stop demonising companies and success."

"We need less regulatory compliance with the state and federal authorities which results in extensive labour time and extra costs (both in time and in disbursements) which need to be passed onto consumers or clients. Reduce the cost of doing business in this state, and the costs of stamp duty, land taxes etc imposed on the purchase and sale of property in this state."

"Reduce payroll tax and employment costs for small businesses, provide greater incentives or concessions for small businesses that employ and train local staff. The cost of wages, superannuation, WorkCover and other employment-related expenses continues to make taking on additional staff increasingly difficult. Reduce red tape and simplify compliance, the permits, licences, reporting and compliance requirements across local and state government. Small business owners spend a significant amount of time navigating regulations that could be simplified or consolidated. Provide meaningful relief from rising operating costs, targeted support for small businesses facing increasing electricity, gas, insurance and other essential operating costs. These increases are difficult to absorb without either reducing margins, increasing prices for customers, or cutting investment and employment."

"Simplify the process for tenders in all areas for projects and contracts under $10M, local procurement should have a greater weighting to ensure taxpayer money supports our own economies."



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