



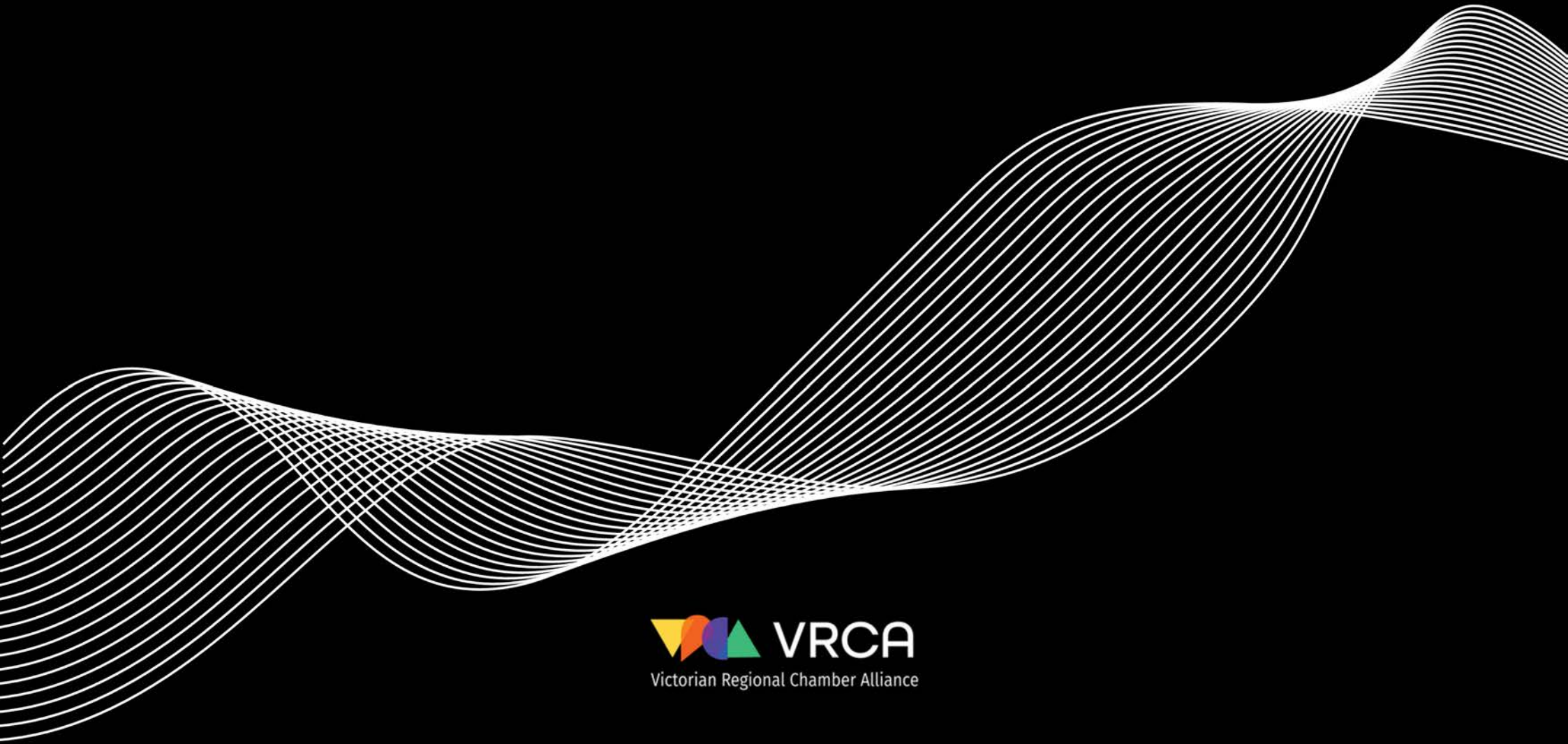
VRCA

Victorian Regional Chamber Alliance



**BUSINESS HEALTH SURVEY
REPORT**

**MAY
2026**



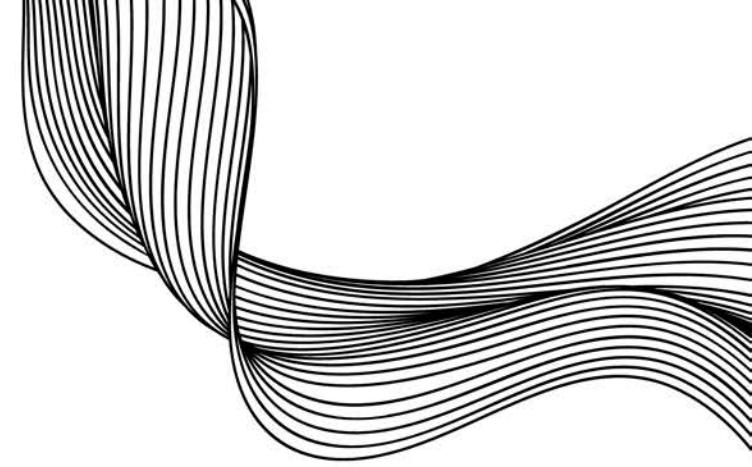
VRCA

Victorian Regional Chamber Alliance



VRCA

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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 second in the series, following the release of the inaugural report in September 2025.



The 2026 VRCA Business Health Survey paints a very clear picture.

Regional Victorian businesses are not in a “soft patch”. Many operators are now in survival mode. Our concerns are not just cost pressures, it is that businesses are working harder than ever while increasingly questioning whether the effort is sustainable.

Regional businesses have never fully recovered from the post-COVID economic environment, worsened by geopolitical crises, increasing regulatory and tax burdens, and prolonged cost-of-living pressures, tightening consumer spend.

Nearly 25% of businesses surveyed said they may not survive beyond 12 months in the current environment. This is extraordinary, considering almost half of those surveyed have operated for more than 10 years, many are long-standing family businesses, and these are established regional employers, not speculative startups.

Regional and rural Victoria are now facing an erosion of regional economic resilience, which stands to be compounded by the loss of generational businesses. The data shows that businesses are not failing because of poor management or weak demand alone. They are being squeezed systemically; regional businesses are being crushed by cumulative cost pressure rather than one single issue.

From all angles, pressure is mounting on the businesses of regional Victoria. Consumers have pulled back and regional businesses are carrying the impact. The housing crisis is no longer just a social issue. It is now a direct threat to regional economic productivity. Government policy is adding complexity faster than businesses can absorb it. Regional businesses feel increasingly overregulated, overtaxed, and that metro-centric policymaking ignores regional realities. Many businesses are still trading, still employing people and still investing in their communities, but they are doing so under enormous pressure. Rising operating costs, weak consumer spending, housing shortages and increasing compliance demands are combining to create a perfect storm for regional business.

This report should concern every level of government. These are not isolated complaints from struggling operators. This is a broad cross-section of established regional businesses saying the current operating environment is becoming unsustainable.

The message from regional Victoria is clear. Small businesses do not want subsidies or slogans. They want practical reforms that reduce cost pressure, improve confidence and allow them to focus on running and growing their businesses again. Our businesses are not entitled, they are exhausted.

Business groups and chambers of commerce from across the state are supporting businesses and people for whom this data plays out in reality. This affects thousands of businesses and families across the regions, and the devastating flow-on effects this has on our communities and economies will continue to be felt for years to come.

We encourage Government on all levels to talk with your local chamber or business group. They have on-the-ground examples and evidence of what is happening. They also have place-based solutions to these issues and extensive networks to effectively enact change.

Of course, this environment is posing a serious risk to the viability of Chambers of Commerce. In order for them not to have to reduce their services, they need Government recognition and support for the important work they do.

The Victorian Regional Chamber Alliance

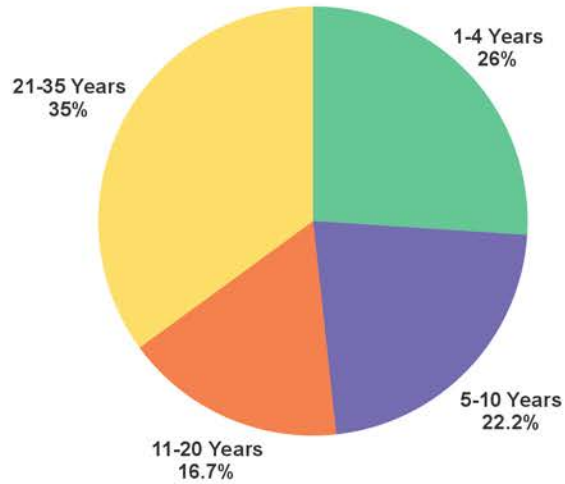
www.regionalchambervic.org.au

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

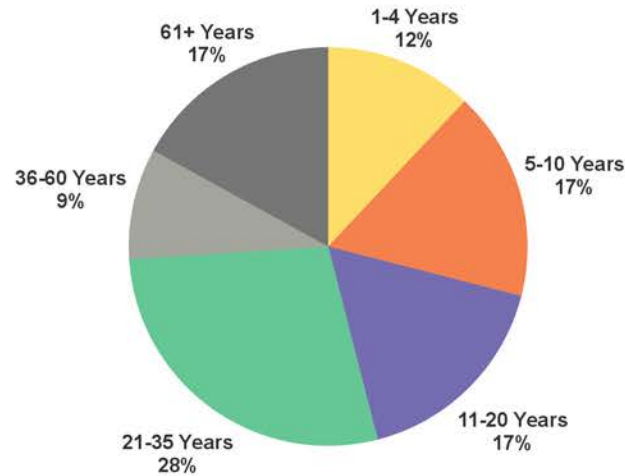


Respondent Demographics

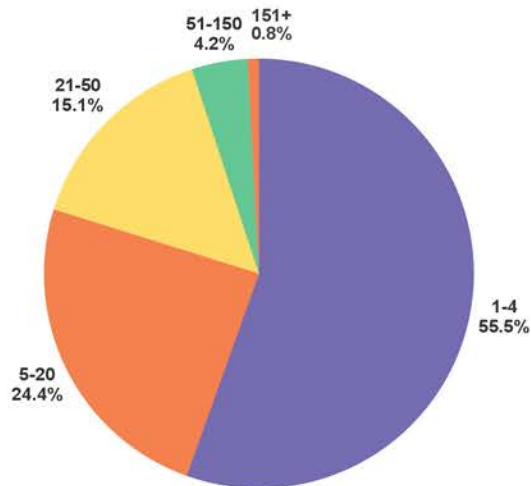
Years Under Current Owner



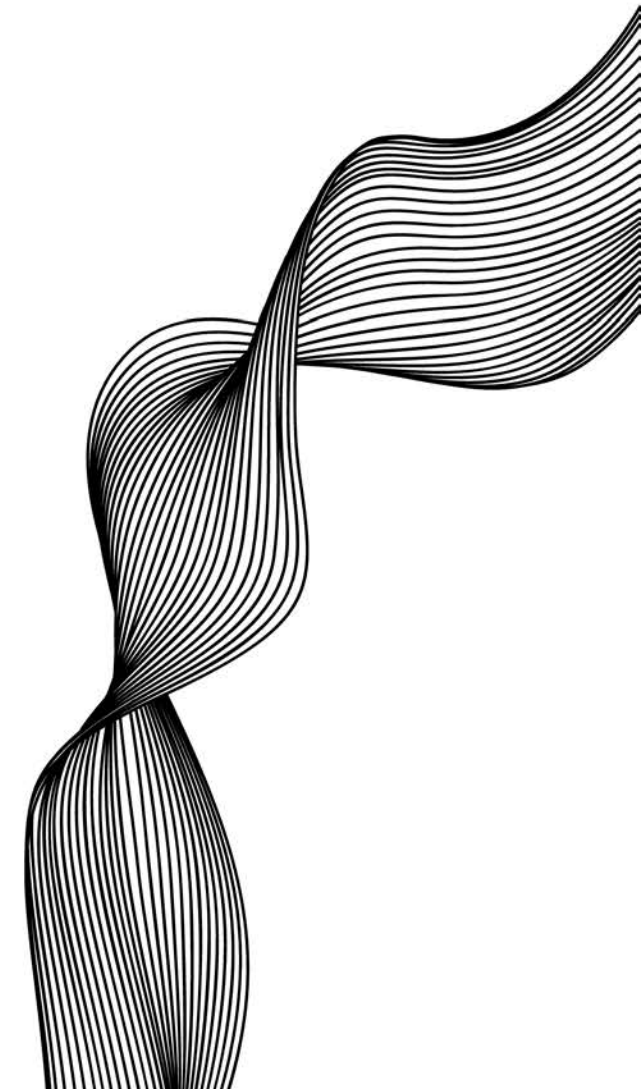
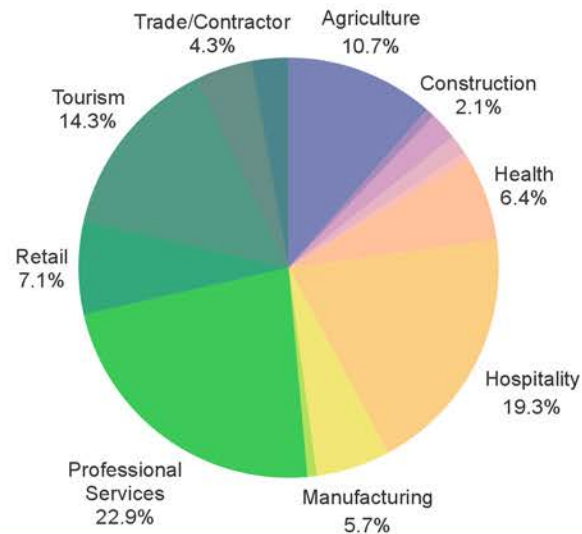
Total Years Operation (all owners)



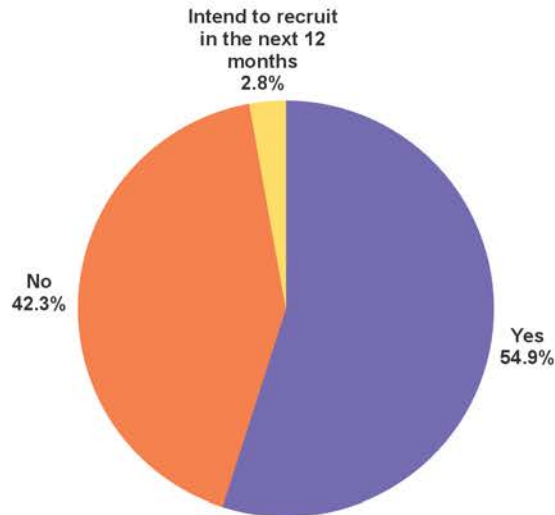
Employees (FTE)



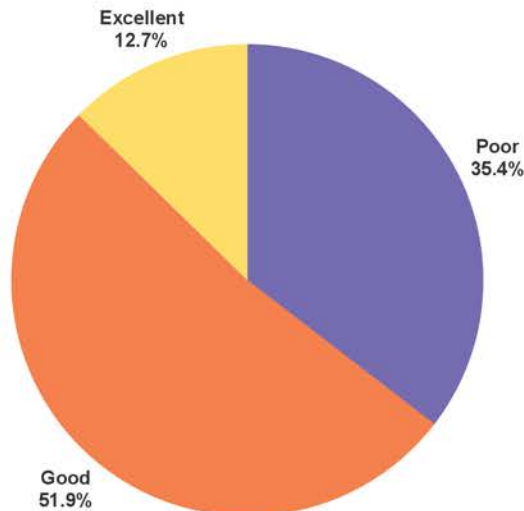
Sector/ Industry



Staff Recruited in Last 12 Months



Suitability of Staff



Barriers to Recruitment & Retainment

"Staff not being able to access sufficient childcare."

"Staff across retail/hospitality/tourism are leaving in droves to work as carers at the NDIS."

"Lack of staff accommodation & distance to bigger towns."

"Finding quality candidates was not an issue, finding them somewhere to live was the hard part."

"Not enough qualified people in the area to cover staff. We often have to settle for less qualified persons and train them up only to have them leave the area for the city."

"Hospitality in a tourism town does not offer permanent tenure nor security."

"Never stay long enough to get fully trained up. It's a big investment I've put years into adult apprenticeships heartbreaking when they leave within a month of qualifying. Hard to keep investing!"

"Rising costs of running a business are making it harder to pay staff salaries and as result, it seems as though I am running a business just to pay other people to work. I am working harder than ever to stay afloat and earning."

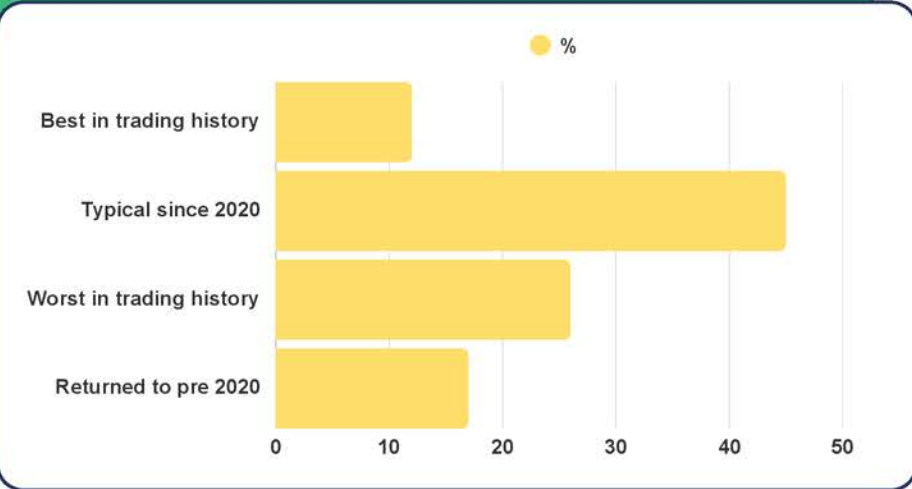
"Very hard to attract chefs. Most applicants require visas and the current minimum salary threshold of over \$70k p.a. is higher than the award for qualified chefs."

"1-3 good applications per advertised position, 7-30 fake applications just ticking boxes for Centrelink."

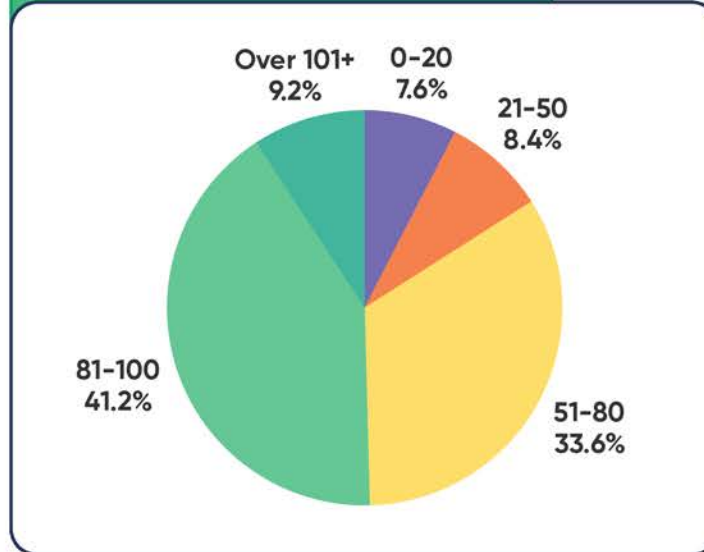
"Not a lot of qualified people available in our area. Petrol prices stopping good candidates applying as have to travel."



Performance of Last Six Months, Compared to Typical Trading



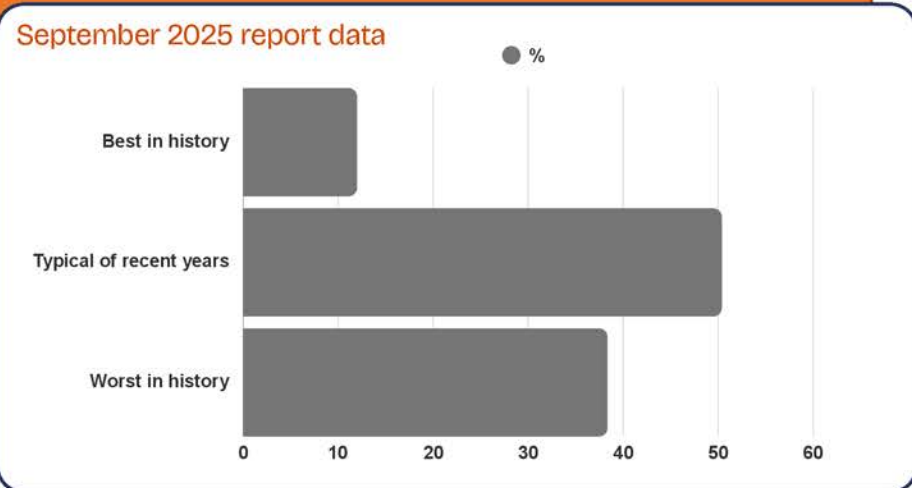
Proportion of Typical Sales Currently



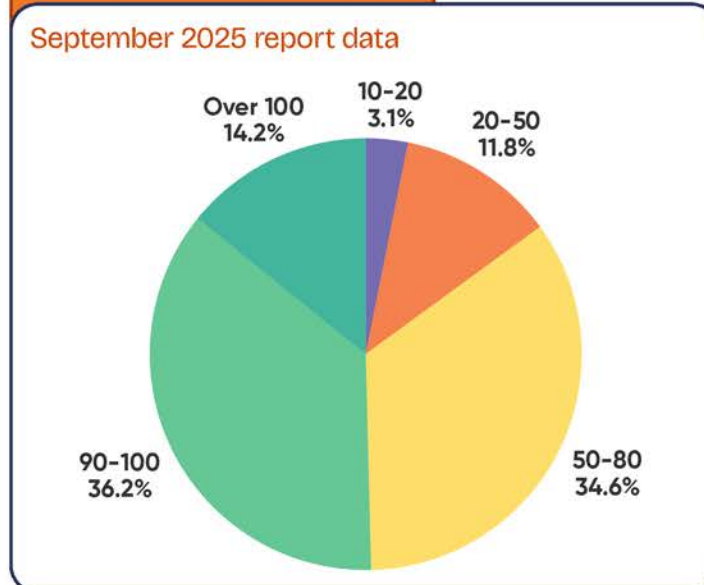
Regional businesses say trading conditions are among worst since 2020.

The survey shows a large proportion of businesses reporting the last six months as either: "Worst in trading history", or only "Typical since 2020" rather than a true recovery.

Performance of Last Six Months, Compared to Typical Trading



Proportion of Typical Sales

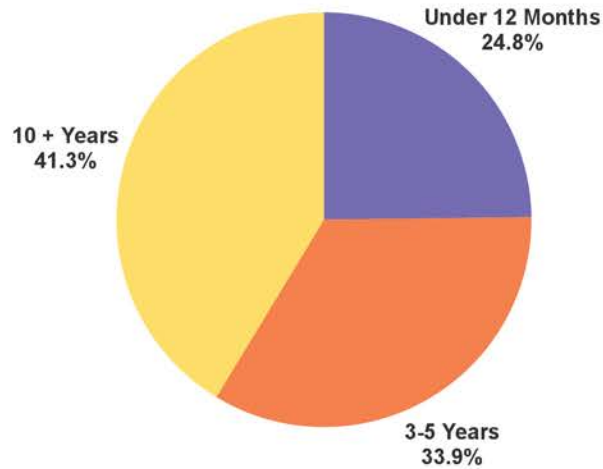


Regional businesses have never fully recovered from the post-COVID economic environment.

"Small business owners working harder than ever just to stand still"

"I am working harder than ever to stay afloat and earning."

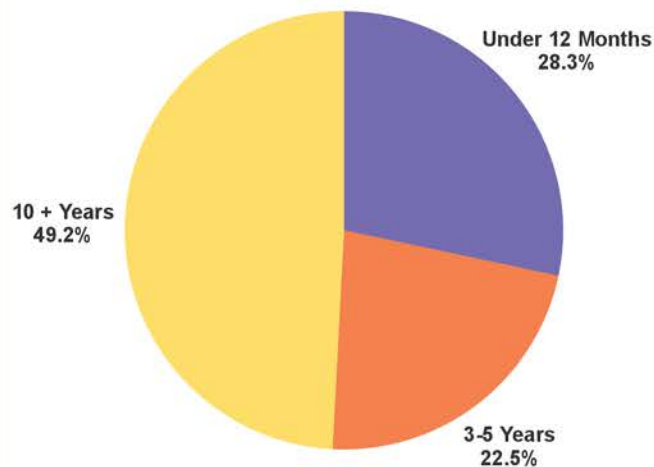
Longevity of Business, in current environment



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

Longevity of Business

September 2025 report data



Recent ATO Interactions & Tax Pressures

"Due to no cash flow, I have had to put a payment plan in place which is met each time. I am now being told by the ATO I cannot put any payment plans in place moving forward. I have no option but to use payment plans as there is just no cash flow to be able to pay quarterly BAS and PAYG / personal tax. We are trying to do the right thing but struggling to get any support or compassionate grounds for small business."

"I dread the 'unknown caller' and feel enormous pressure and anxiety without a clear path, options or solutions."

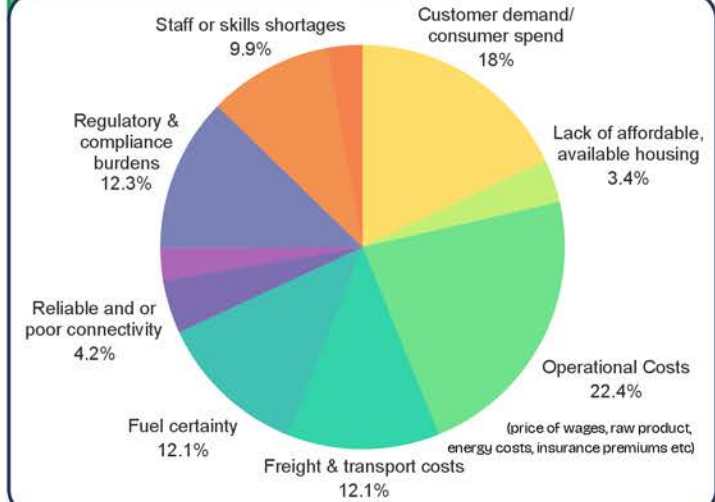
"As a broker, I provide finance and lending support to business owners. Many small business owners rely on rolling payment plans to pay their BAS and Income Tax. These payment plans are viewed very poorly by lenders. Even though the payment plans are entirely legal and offered by the ATO, they become a significant hindrance when business owners try to access finance through banks or lenders. Most banks and lenders won't finance tax obligations, making it difficult to remove those payments plans from the cashflow cycle."

"ATO and government policy during and post covid has put huge tax pressure on business. Selling private investment property to help address this means simply paying more tax via Capital Gains. Incredibly hostile time to be a business owner. Ridiculous increase to superannuation and payment rules makes things even worse and must be having an effect on overall inflation by effectively raising labour costs. Then this inflation causes more business difficulty."

"The change in super payments, rather than each quarter, it's each pay. This is an extra step and time I have to find."

"They have reduced diesel fuel rebate form 52 cents to 20 cents. This came in when they halved the fuel excise tax. The media did not report this."

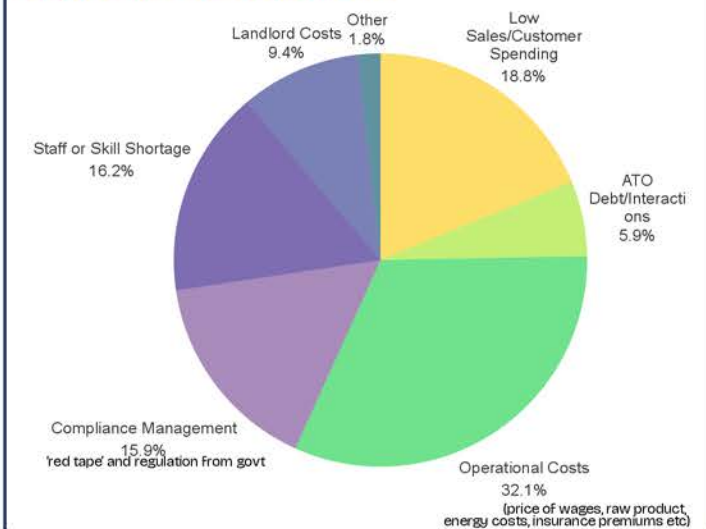
Main Business Challenges



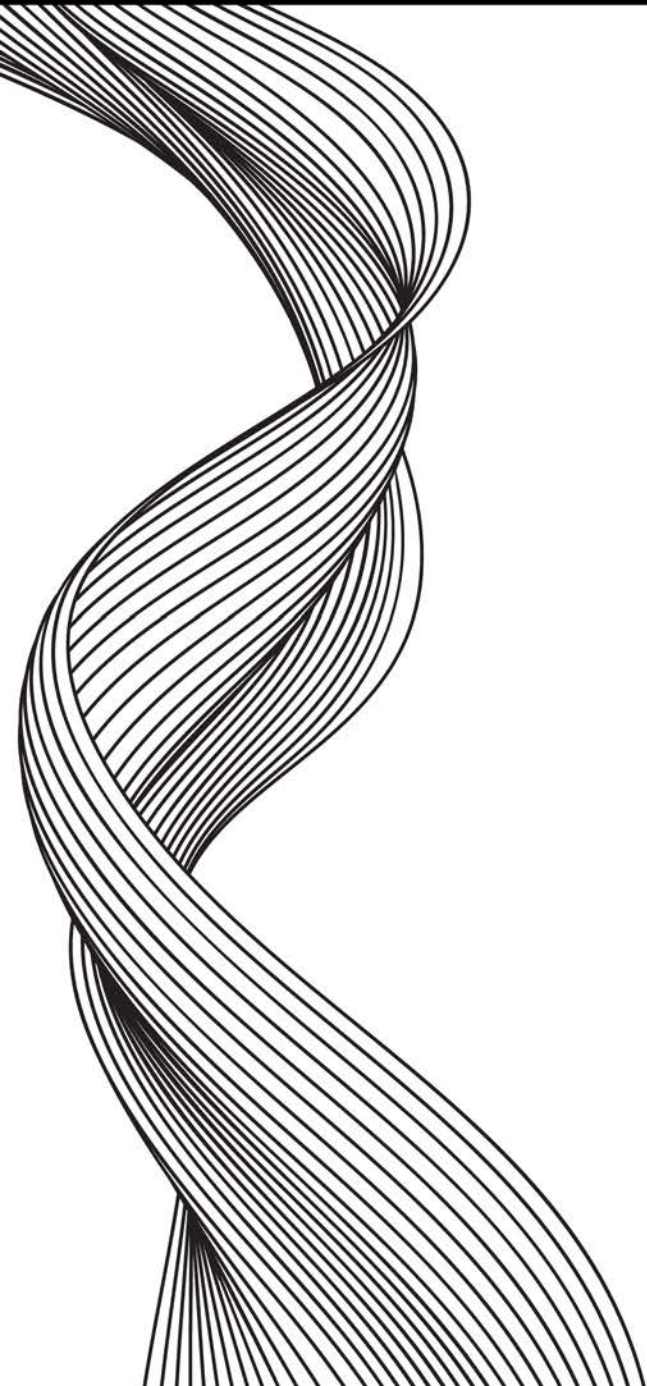
94% of respondents said that they believed these challenges are mirrored across their sector, equal to that stated in September 2025

Main Business Challenges

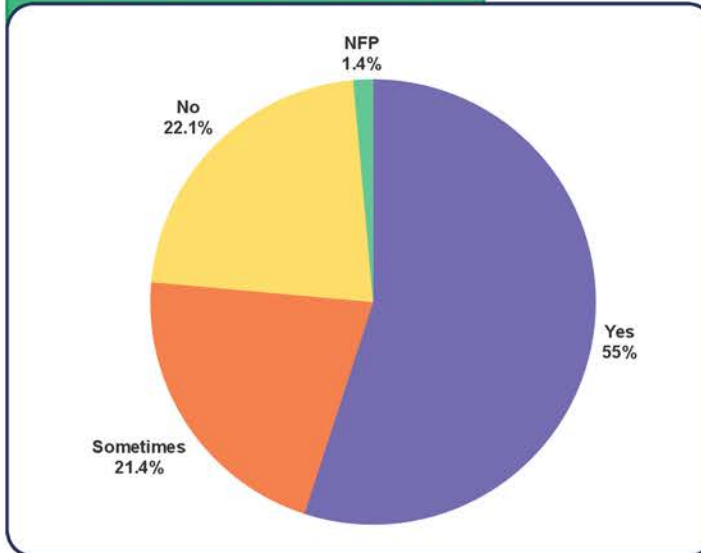
September 2025 report data



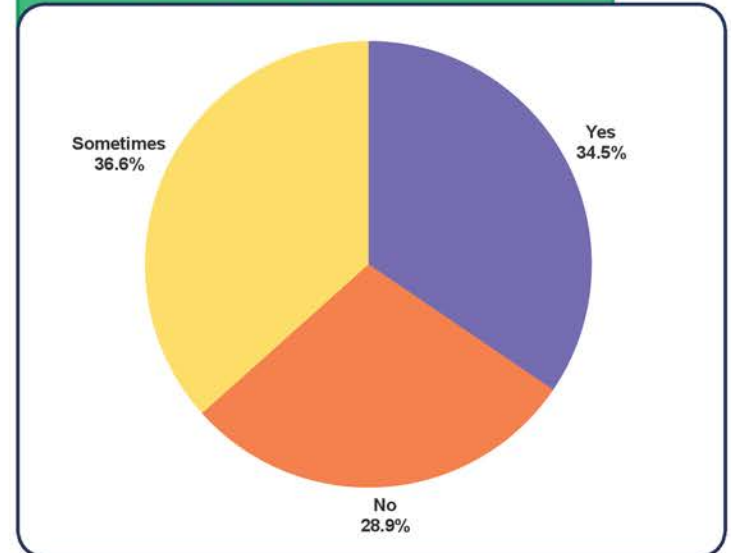
Owner-Operator Circumstances



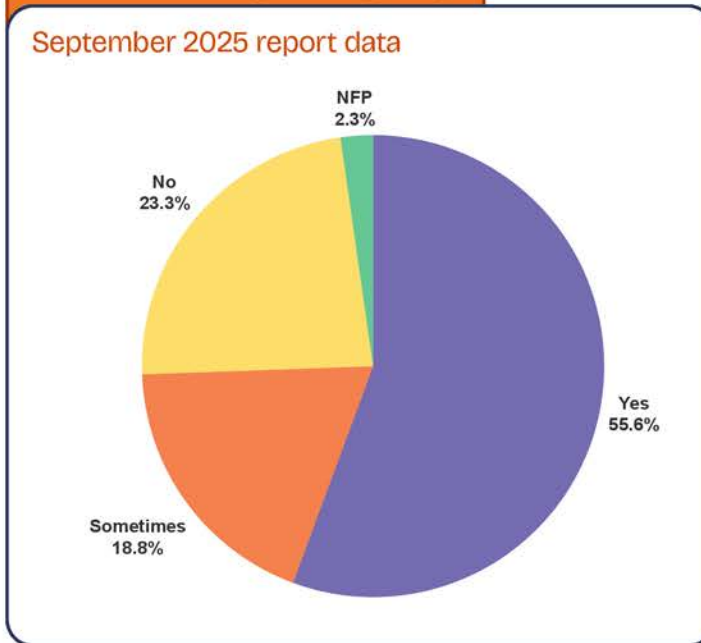
Business Drawing a Living Wage



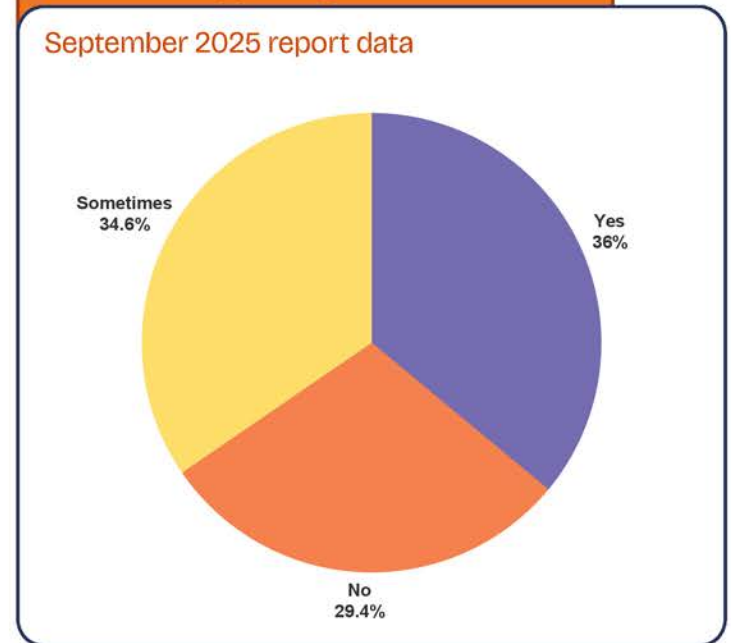
Business Supporting Work Life Balance



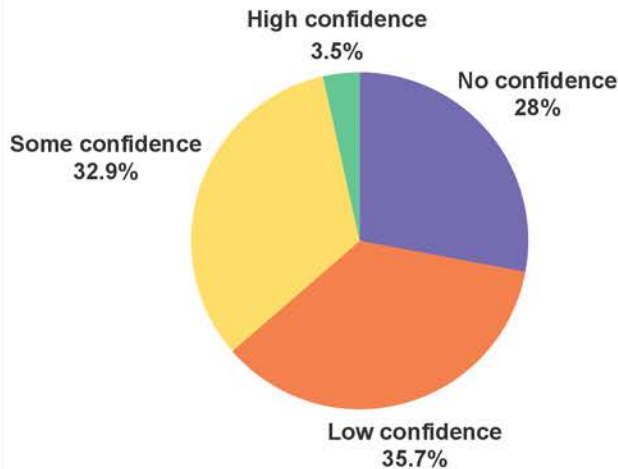
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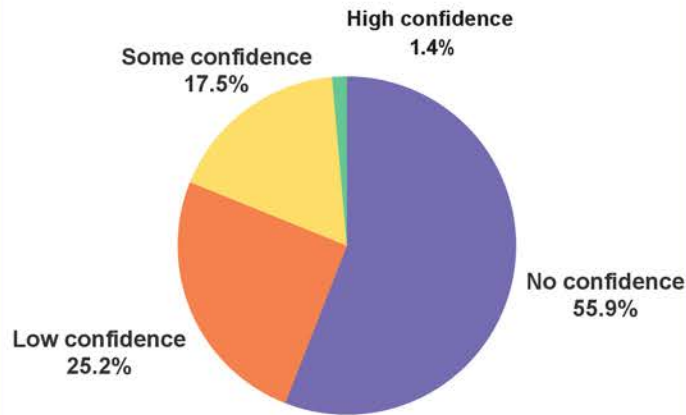
Business Supporting Work Life Balance



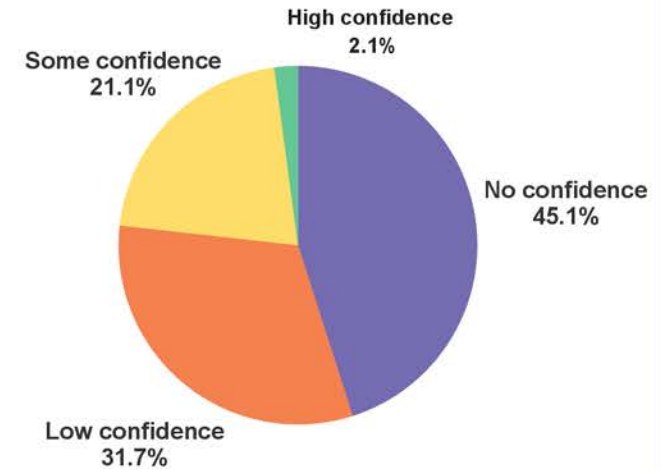
Local



State



Federal



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

"Proactive governance centered on genuine economic development through reducing unnecessary red tape, actively promoting the region, and driving increased investment into existing regional industries and resources."

"Better infrastructure for regional areas to thrive and attract better skilled labour."

"They need support with reduced operating costs. There is an ongoing conversation around productivity and investment into small businesses, but small business owners are being crippled through rising costs and cost of living."

"Funding for regions the same as the city for government services e.g. Health and Allied Health Care."

"City-based decision makers need to understand that regional, rural and remote businesses are three separate and distinct categories with different needs, circumstances and challenges."

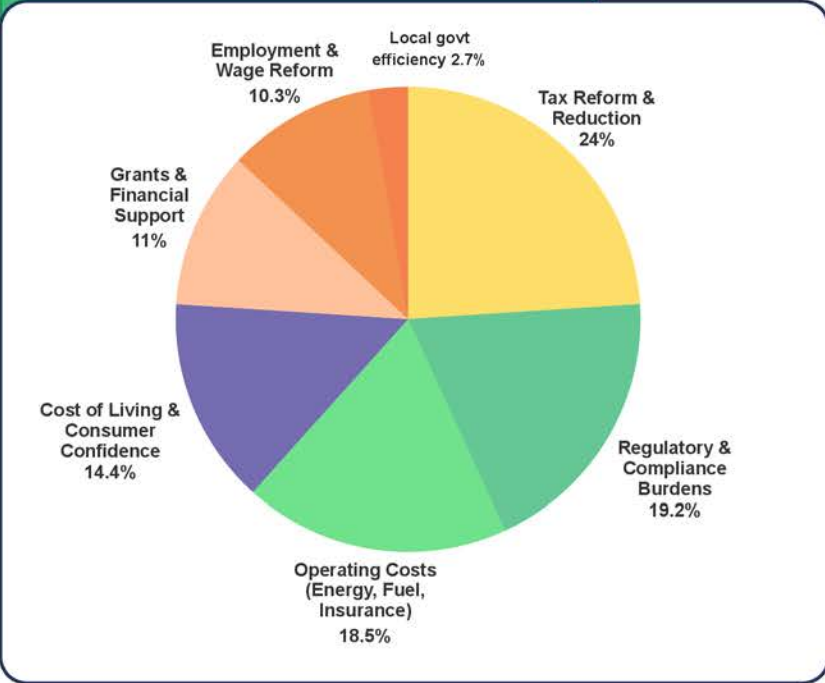
"More affordable housing, less red tape to build new homes. More grants to help businesses grow."

"Victorian regional and rural businesses need the conditions to grow with confidence, not just keep absorbing more cost and complexity."

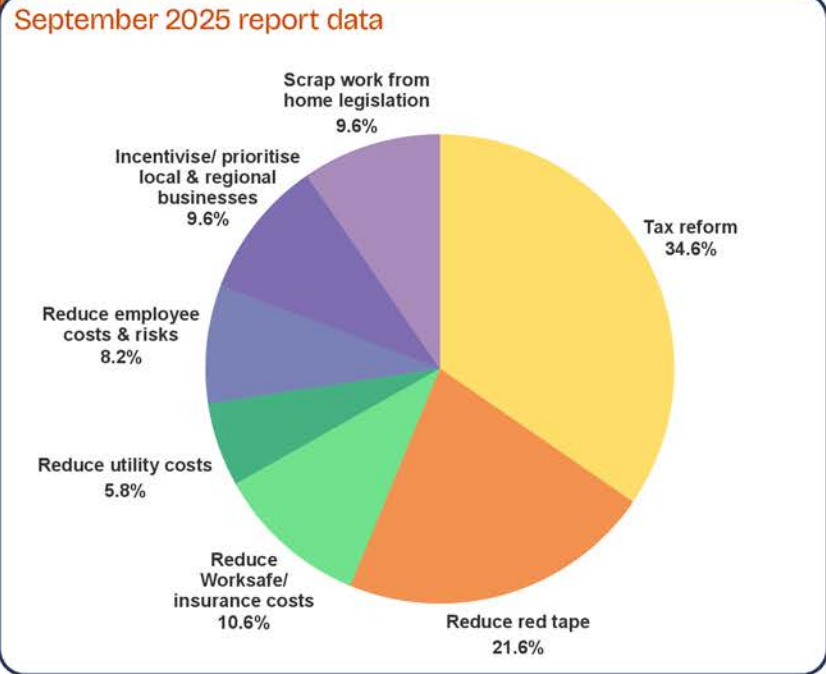
"We need honest and transparent information in real time, that will help us plan better in the turbulent times ahead."

"Offer incentives for businesses to purchase their premises to revitalise towns - nothing worse than dusty, empty shops!"

If Government Could Change One Thing to Make Business Easier It Would Be



If Government Could Change One Thing to Make Business Easier It Would Be



Comments included repeated mention of:

Tax Reform & Reduction: Calls for comprehensive tax reform, including reduced corporate tax, payroll tax removal, land tax relief, stamp duty reform, and GST reduction due to the cumulative burden affecting regional operations.

Regulatory & Compliance Burdens: Excessive red tape and compliance requirements overwhelm businesses, particularly in building approvals, planning permits, and licensing, adding costs without clear benefits.

Operating Costs: Rising operational costs, including high energy prices, fuel cost uncertainties, and increasing insurance premiums, are squeezing profit margins for small regional businesses.

Cost of Living: Businesses recognise the link between cost of living pressures on consumers and reduced discretionary spending affecting their trade. Housing affordability, interest rates, and general economic uncertainty are impacting.

2025 comments included repeated mention of:

Tax reform: Liquor tax, ESVF Levy, land tax, fuel excise, payroll tax, BAS payments. Reduce interest rates to lower cost of living.

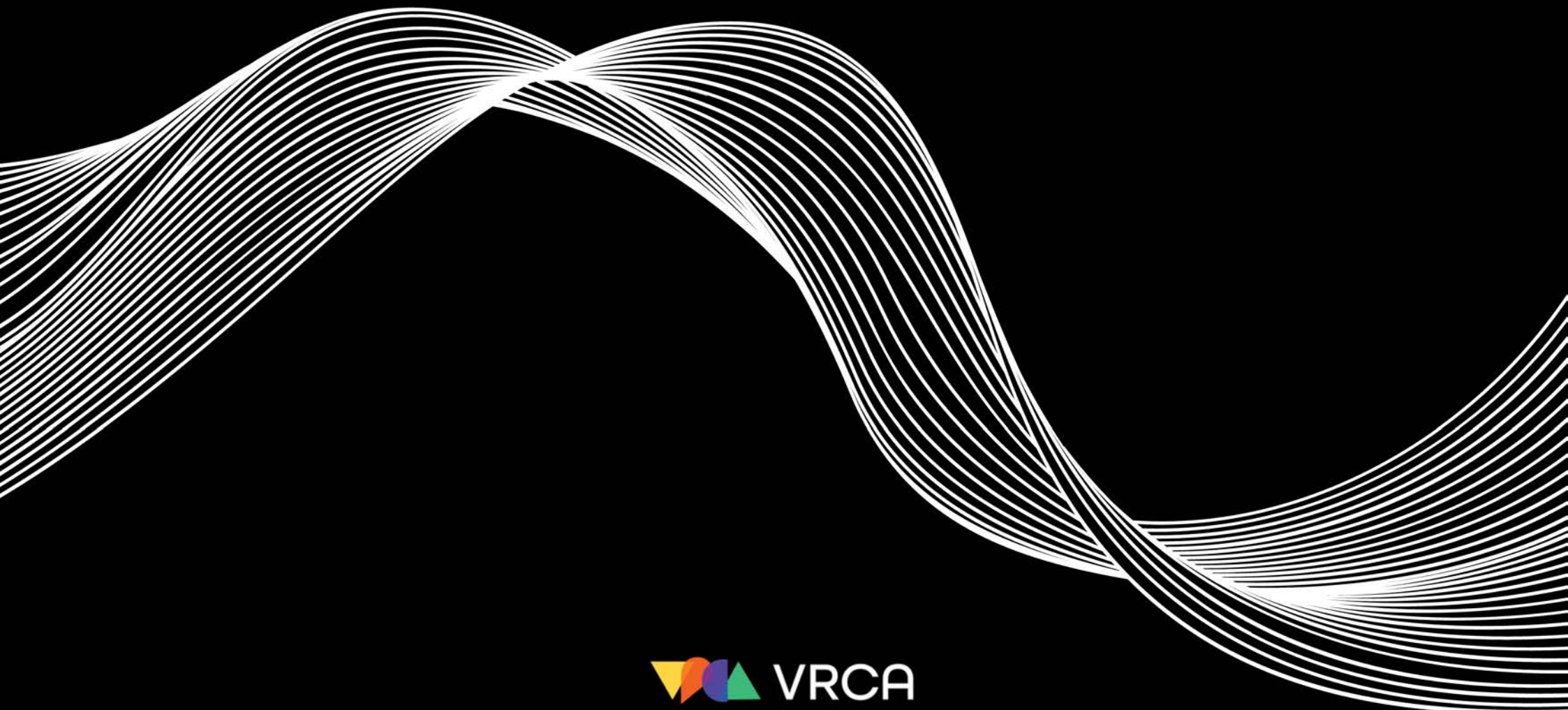
Red tape: Compliance is overwhelming, especially for small businesses; permits and licensing wait time is too long.

Insurance and WorkCover: Premiums are going up fast, without any claims being made.

Reduce utility costs: Power, fuel and gas prices have doubled in the last 3 years. Rent increased due to land tax.

Reduce employee costs & risks: Too risky and expensive to employ, reduce payroll tax for small businesses.

Incentivise/prioritise local & regional businesses: Crippling competition from large corporation and international companies. Government is Melbourne-centric and does not consider the regions when legislating.



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