

Small Business Engagement Report

September 2024 - May 2025



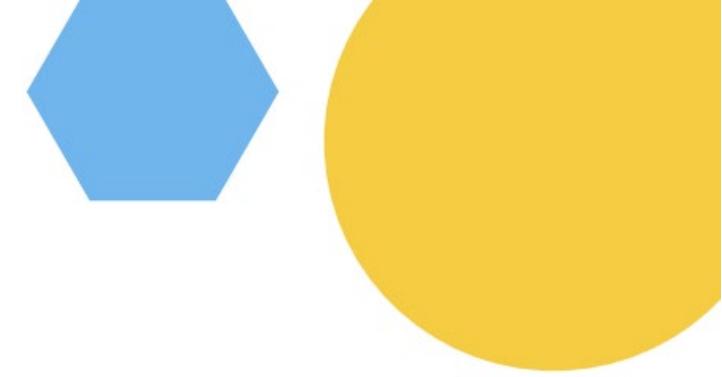
Acknowledgement of Country

The Department of State Development acknowledges and respects Aboriginal people as the state's first people and nations, and recognises Aboriginal people as traditional owners and occupants of South Australian land and waters



Government
of South Australia

Department of
State Development



Background

In 2024-2025, the Office for Small and Family Business (OSFB) undertook extensive Statewide engagement to continue to better understand and support the needs of small and family businesses across South Australia.

As part of the engagement and research, OSFB sought feedback from key stakeholders, subject matter experts and business owners, resulting in qualitative data collected from 8 roundtable discussions, 12 in-depth interviews, and feedback from 300 respondents via a quantitative survey.

The findings presented within this summary report are from the qualitative research, substantiated by data from the survey.

Findings in this report have been compared to the Small Business Engagement in 2022.

Who was engaged?

Qualitative Insights

From September 2024 to May 2025, 12 in-depth interviews were conducted with key stakeholders and 8 roundtable conversations were held across South Australia's regions and with key sector groups.

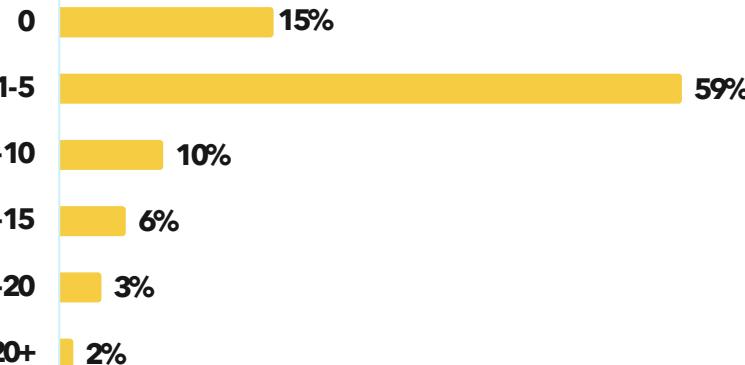
The table highlights the regions, industries and organisations that were involved in the interviews and locations and sectorial focus of round table discussions.

12 In-depth Interviews	8 Roundtables
South Australian Wine Industry Association (SAWIA)	Berri
Australian Hotels Association (AHA)	Kapunda
Family Business Association	Mount Gambier
Regional Development Australia (RDA) Adelaide Metro	Mallala
Tourism Industry Council South Australia (TiCSA)	Victor Harbor
Australian Industry Group (AI Group)	Tourism Industry
South Australian Business Chamber	Wine Industry
Behind Closed Doors	Hospitality Industry
Social Traders	
Australian Centre for Business Growth (ACBG)	
Master Builders Association of South Australia (MBASA)	
Defence Teaming Centre (DTC)	

Who was engaged?

- Base **n = 300** (with variance per question based on previous answers)
- Data has been weighted to be aligned with ABS 2021 figures for the metropolitan/regional split
 - Weighted: **66% / 34%** Metropolitan / Regional
 - Unweighted: 73% / 27%

FTE Employees currently employed

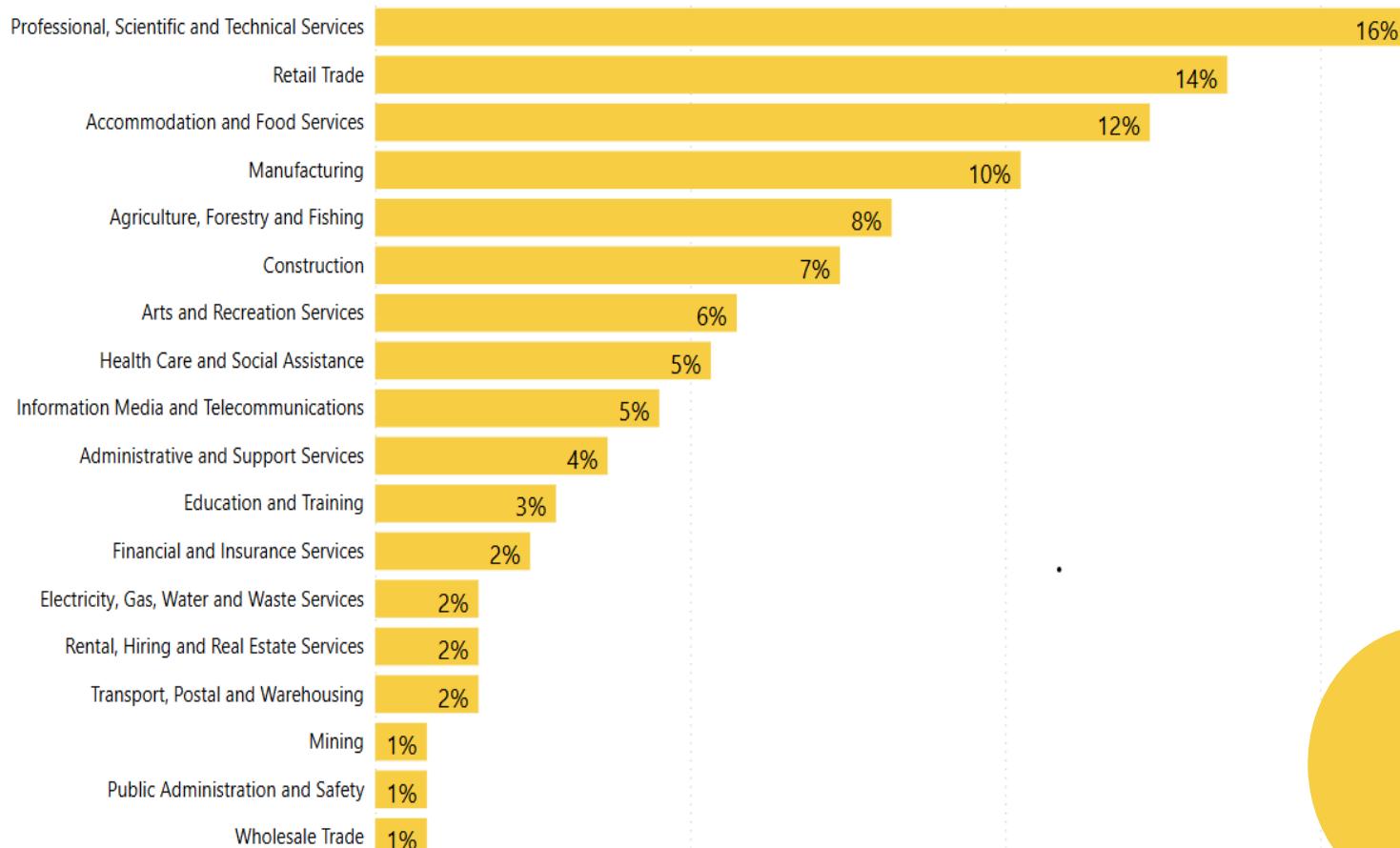


5% No response or invalid data

Survey Profile

300 SA Small Businesses completed an online survey
- providing quantitative and qualitative feedback.

Industry Sector

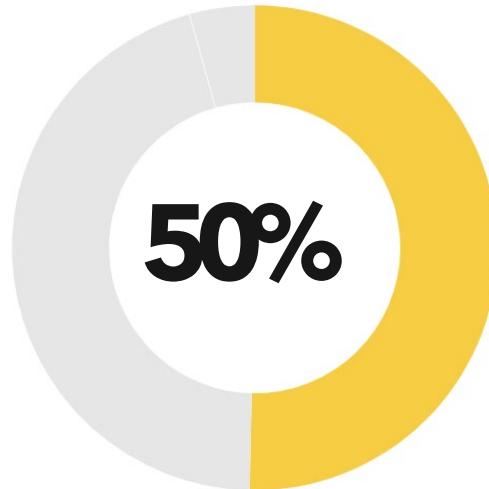


figures are rounded for clarity; totals may not sum to exactly 100%

Survey profile

Family Businesses

(i.e. actively owned, operated and managed by 2+ members of a single family.)



11% of businesses currently export goods/services.

53% of respondents identify as a woman in business.

42% indicated there were barriers they faced specifically as a female business owner.

1.3% of respondents identified as Aboriginal or Torres Strait Islander.

17% of business owners surveyed were not born in Australia.

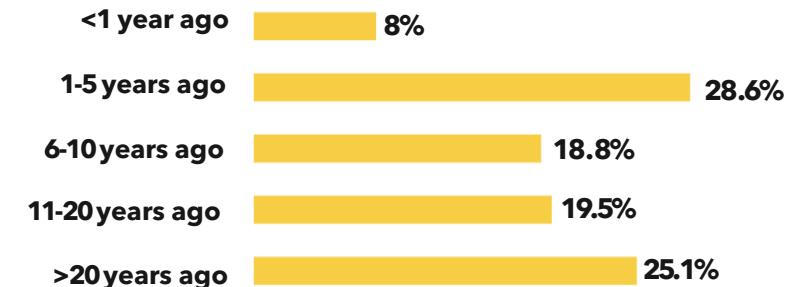
75% of businesses surveyed were started by the survey respondent (or their business partner)

15% purchased the business

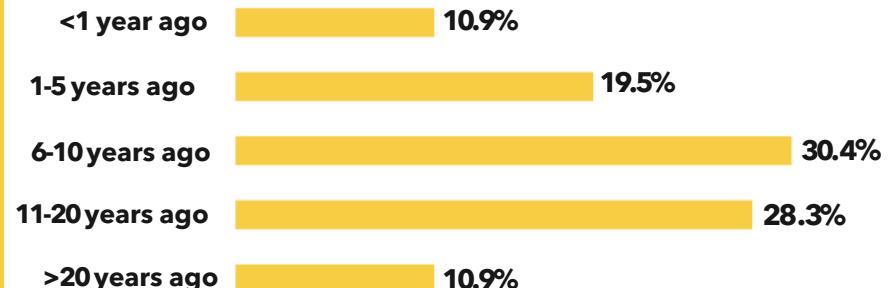
6% indicated 'other' (e.g. inheriting the business, respondents manage the business, franchisees)

4% no response

Business started...



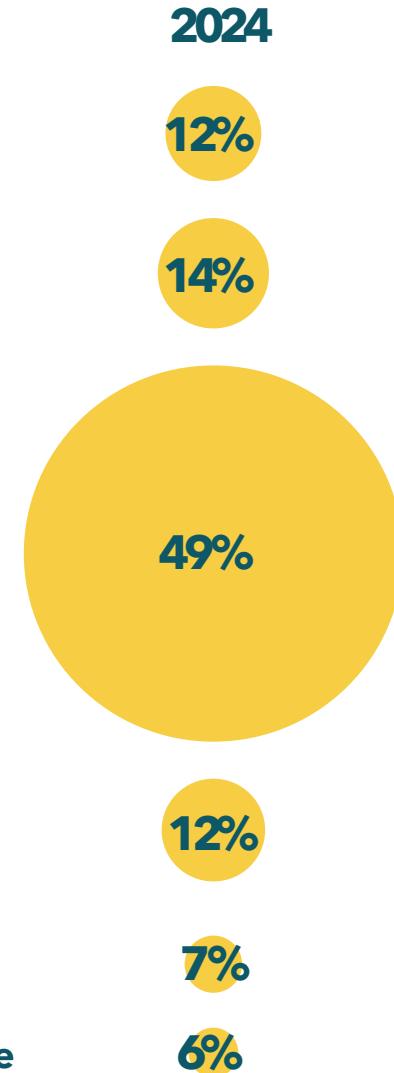
Business was taken over...



Survey profile

What phase is your business in?

Survey participants self selected a category that they believed described the phase their business was in.



Half of small businesses identified they were in a 'Survival' phase.

Definitions

Startup

You are focused on obtaining customers and figuring out a business model that allows for sustainable cash flow. You have few business processes in place.

Growth

You are focused on growth and how to finance this while remaining profitable, alongside hiring staff to facilitate growth. You may have strategic and operational planning systems in place. Decision-making is increasingly delegated to managers.

Survival

You have an established customer base and are focused on generating enough cash flow to stay in business. You may have been in this phase for some time, and have some simple business processes in place. The owner is the major decision maker.

Success

You are able to return an average or above-average profit and are considering whether to keep the business stable and profitable, or whether to expand. You may have basic financial, marketing and production systems in place, and have functional managers that undertake some decision-making for the owner.

Maturity

You are focused on consolidating and controlling the financial gains from your business' growth phase. Revenue is steady, secure and predictable. You have well established and detailed operational and strategic planning processes, with professional managers running the day-to-day business.

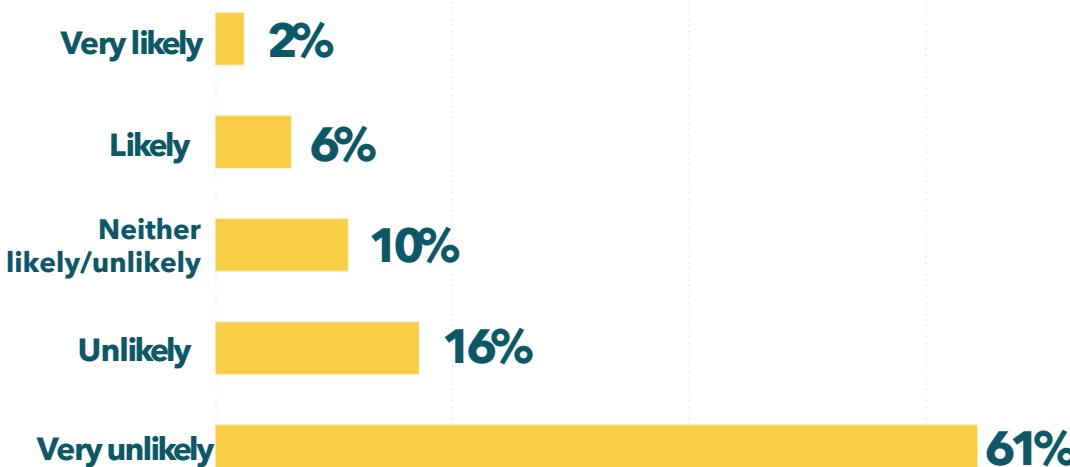
Contracting/Decline

Your revenues are steadily declining, and you may be experiencing increased risk avoidance and less innovative decision making. You are considering whether to cash out of the business, or re-invest to meet changes in the market.

Survey profile - Export Capability

11% of businesses currently export goods/services (down 3% from 2022 survey)

Future prospects of exporting are very unlikely (see below)[#]



5% No response

The industries most likely (likely + very likely) to export:

1. Manufacturing
2. Professional, Scientific, and Technical Services
3. Agriculture, Forestry, and Fishing

Challenges/Opportunities

- **Cost** was the most raised challenge, with specific mention of Travel, Transport, Shipping, Freight, Business Development, Banking, and Event attendance Costs.

Other Challenges Raised:

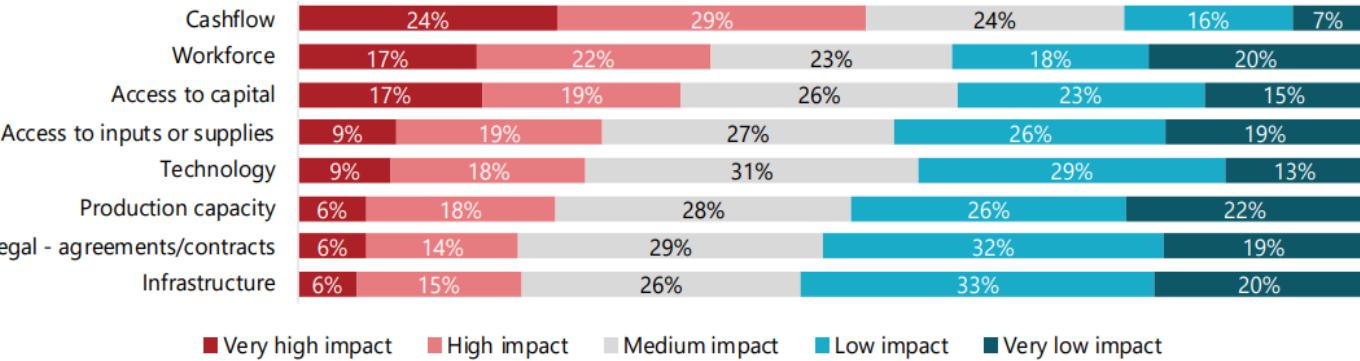
- Exchange Rates
- Geo-political uncertainty
- Marketing and Word of Mouth
- Time zones
- Tariffs
- Lack of introductions, bad timing
- Language barrier
- Overseas laws
- Ethical concerns surrounding AI
- Market conditions

Insights - Constraints

Cashflow, regulatory changes, and workforce were identified as the strongest constraining factors in business operations and have been identified as the main barriers to business growth.

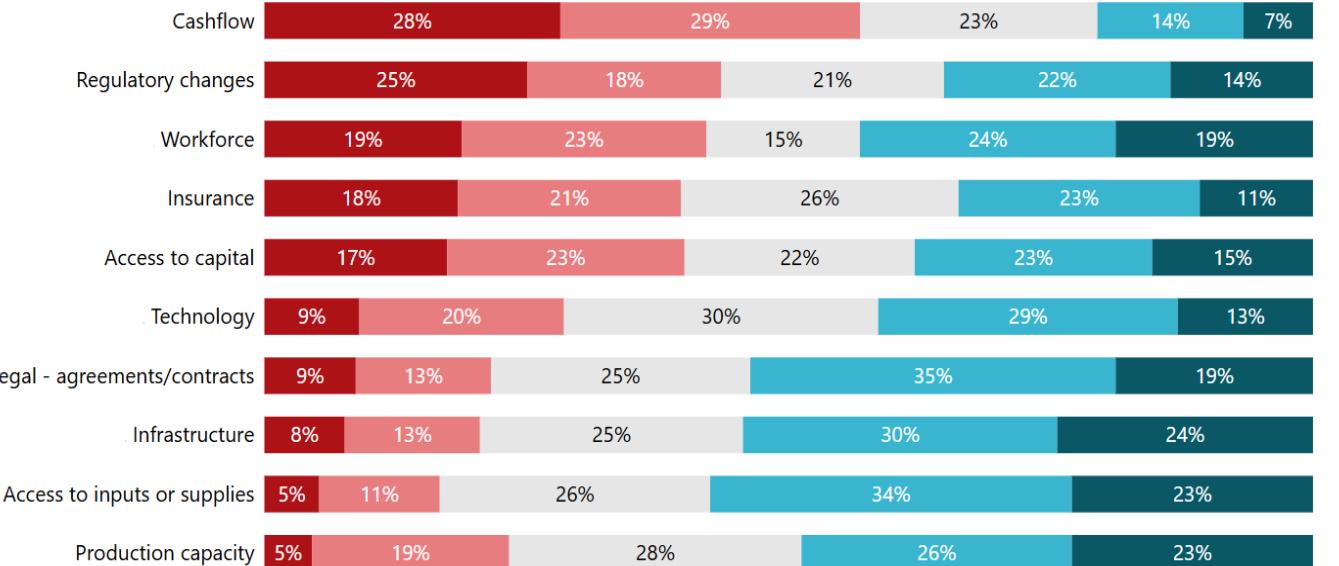
A key point raised in roundtables was that the **cost of power and energy** is a major constraint, which impacts businesses' ability to spend money on equipment that would help reduce that energy cost.

2022



Extra constraint options were added to the 2024 survey

2024



Insights - Workforce and Skills

Small businesses across South Australia and nationally are grappling with a persistent lack of skilled and qualified workers.

This is especially acute in sectors like construction, defence, health, education, and food and wine and hospitality and tourism.

Small businesses shared concerns about willingness of their workforce and that some lack initiative and commonsense and the desire to be employed.

Small businesses struggle to compete with larger employers on wages and conditions, making it harder to attract and retain talent. This is particularly problematic in high-demand sectors and remote areas.

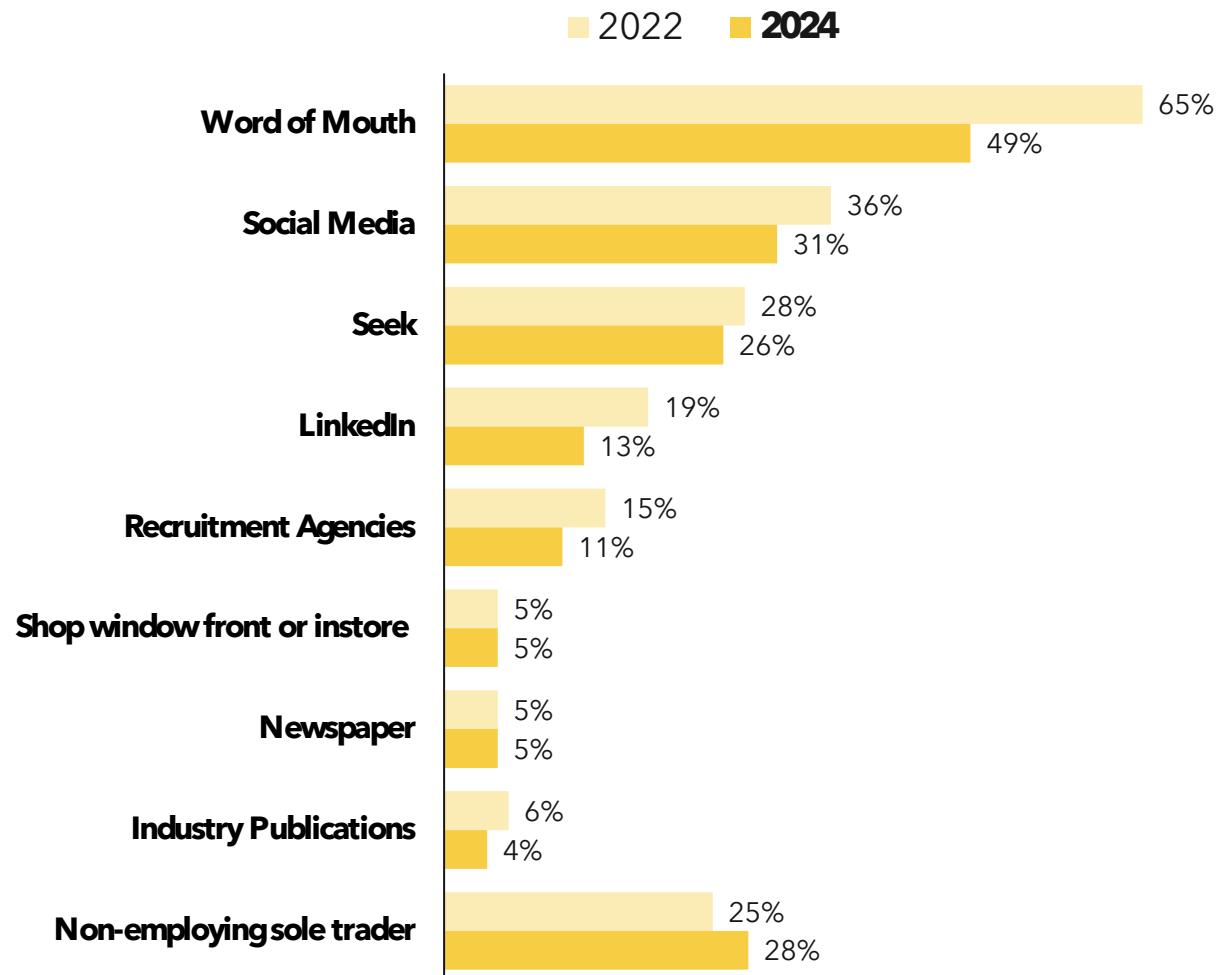
Training and Capability Gaps

- Low engagement with training programs due to time and cost constraints.
- There is a desire for tailored mentoring over generic training for business owners.
- Digital and financial skills are acknowledged as lacking.

More sector-specific Insights

- Wine industry: seasonal recruitment, multidisciplinary staff needs, and post-COVID flexibility.
- Tourism and hospitality: attrition, casualisation, and mental health pressures.
- Manufacturing and defence: pipeline of STEM talent is weak; apprenticeships have low completion rates.

Insights - Workforce



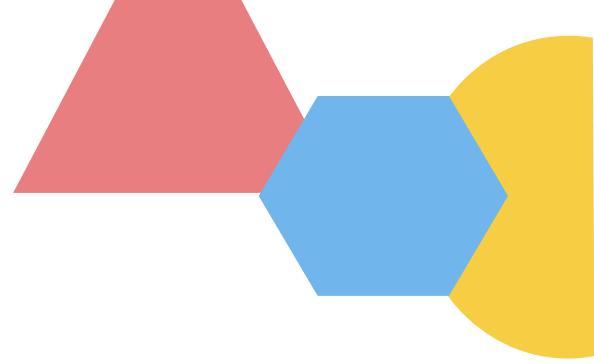
*Respondents could pick as many recruitment methods as applied to their business.

Attraction and Retention Challenges - Employee Value Proposition

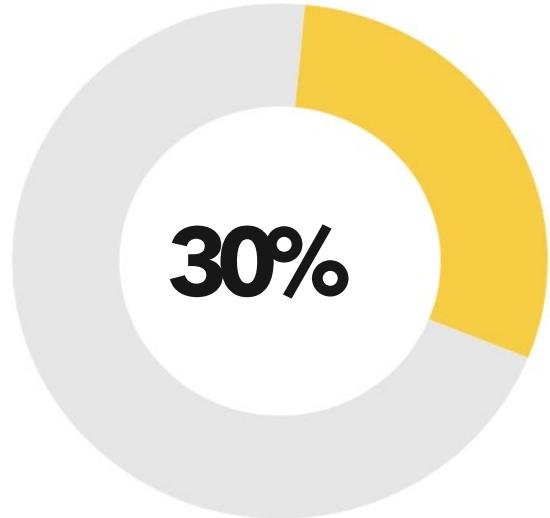
- Poaching by larger firms and government is a recurring issue for small business owners.
- Salaries, employment conditions being the main reasons for attrition.
- High recruitment costs (e.g., \$5,000 for screening/shortlisting) deter small businesses from using agencies.

Changing employee expectations:

- Flexibility, purpose, and training opportunities are now essential to attract and retain staff.



Insights - Mental Health and Wellbeing

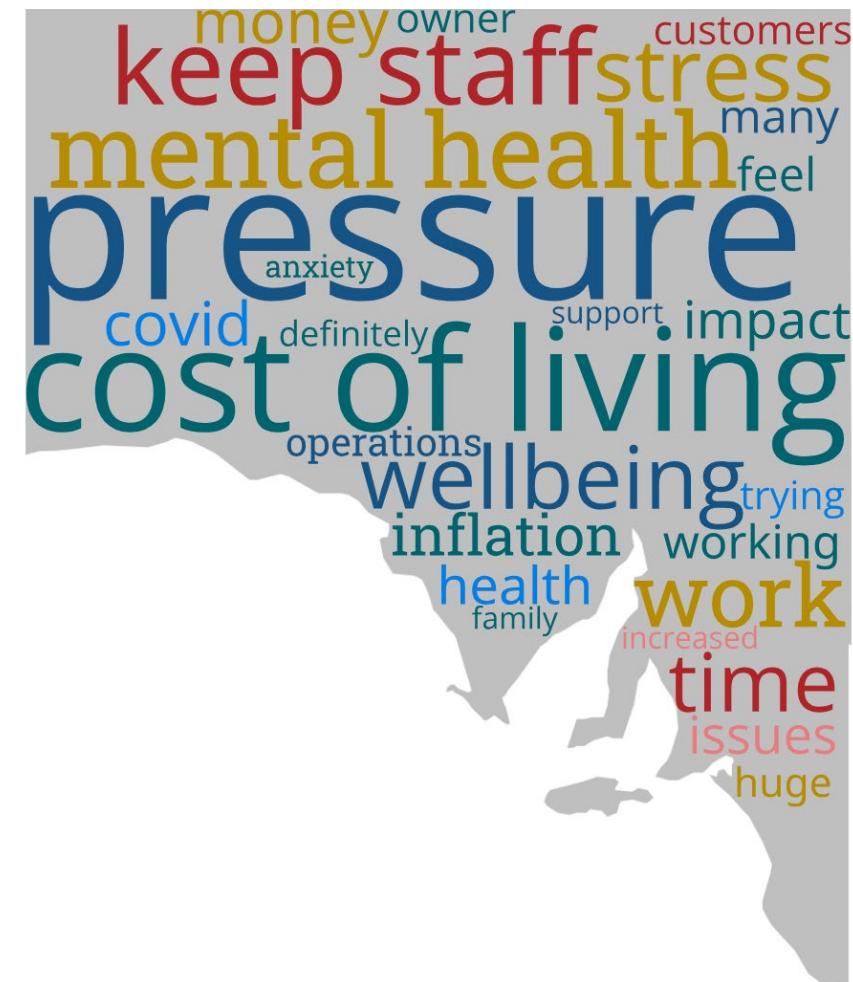


30%

Of business owners are experiencing workforce wellbeing challenges. That's a **5% decrease from 2022**

83% of business owners feel their mental health and wellbeing has been impacted from circumstances out of their control (e.g. cost of living, inflation, workforce constraints, natural disasters)

Common themes raised when small business owners were asked about mental health and wellbeing:



Insights – Mental Health and Wellbeing

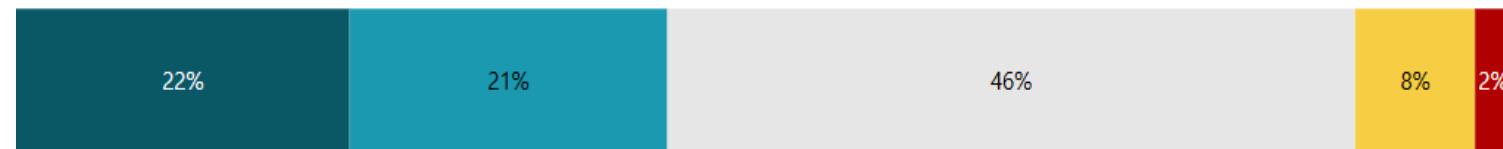
Overwork and Isolation: Many owners stated that they had difficulty switching off, especially when working from home or running solo operations.

Financial Pressure: Uncertainty around income, cash flow, and future work is a major source of anxiety for many small business owners.

Responsibility Overload: Many suggested that they often feel they must “do it all,” leading to burnout and emotional fatigue.

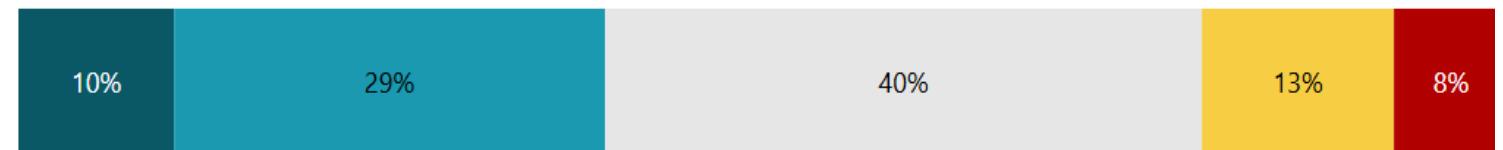
Stigma and Silence: Despite a growing awareness, stigma around mental illness remains a barrier to seeking help.

Business owners **feel more confident than not confident** in being able to support their staff if they experience mental health or wellbeing challenges. There is a **10% increase** in businesses that are **Extremely confident** compared to **2022**



● 1 Extremely confident ● 2 Very confident ● 3 Somewhat confident ● 4 Not so confident ● 5 Not at all confident

Business owners **are more familiar than not familiar** around obligations to staff relating to mental health and wellbeing (e.g. leave allowance/ReturntoWorkSA), however there has been a **5% decrease** in respondents who are Extremely/Very familiar compared to the 2022 survey



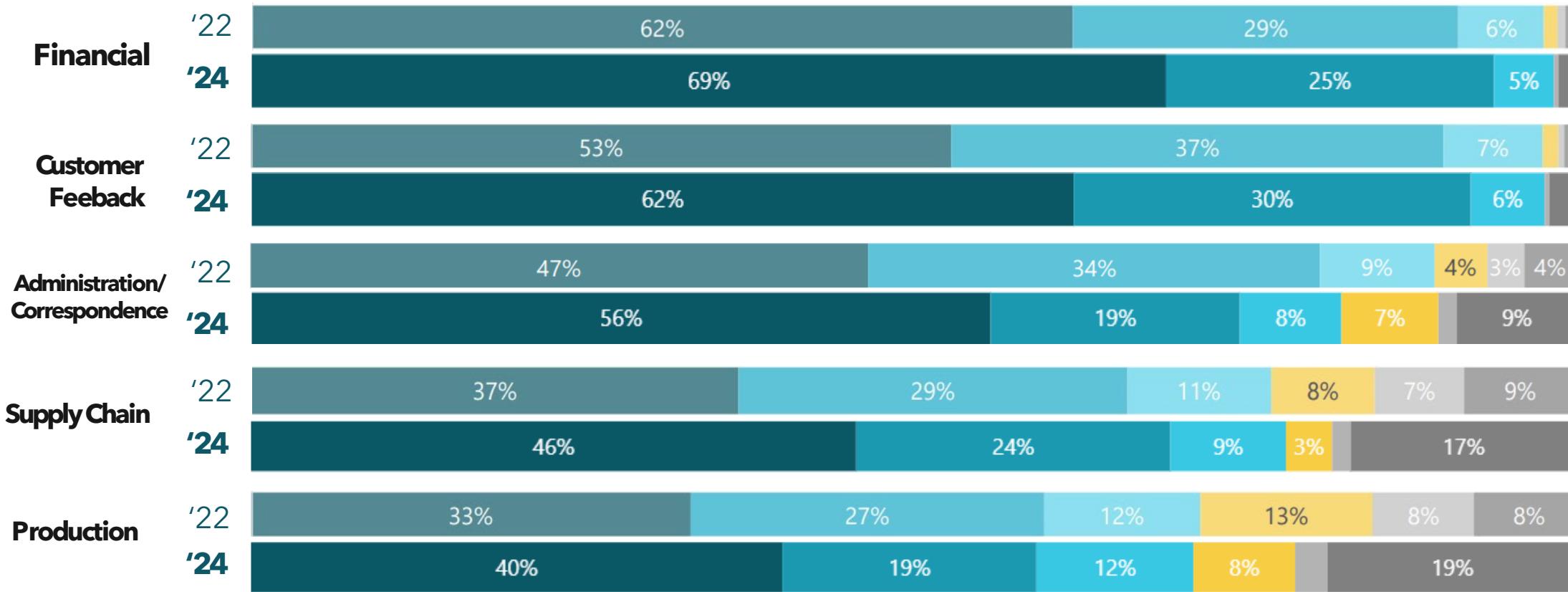
● 1 Extremely familiar ● 2 Very familiar ● 3 Somewhat familiar ● 4 Not so familiar ● 5 Not at all familiar

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Insights - Digital

There has been a significant increase in adoption of digital data storage since 2022

Question: How much of your business' data is stored digitally in the following areas?



■ All ■ More than 50% ■ Up to 50% ■ None ■ Don't know / not sure ■ Info not collected

Insights - Digital

While the survey may indicate rapid digital adoption, the roundtables and interviews indicated widespread concern about low to medium digital literacy, especially in regional and smaller businesses.

Digital Literacy and Technology Adoption

- AI, ecommerce, and automation is growing in some sectors but uneven across industries.
- Barriers include cost, lack of training, and uncertainty about benefits.

Digital Marketing

- Businesses are using social media, online advertising, and data-driven marketing to reach customers.
- Workshops and training (e.g. Social Media workshops) are helping build skills.
- Some businesses are outsourcing social media to manage time and expertise constraints.

Insights - Digital

Digital Transformation

- Small business owners are increasingly recognising the value of digital technology for improving efficiency, customer engagement, and competitiveness. However, adoption remains uneven across sectors and regions, with significant barriers still in place.
- Digital tools – such as cloud-based systems, online payroll, ecommerce platforms, and AI are being used to streamline operations and reduce costs. Programs like the Manufacturing Technology Adoption Program and Small Business Profitability and Growth Program have supported thousands of South Australian businesses in adopting transformative technologies.

Barriers to Adoption

- Despite the momentum, many small businesses face challenges:
 - Cost: Digital tools are often seen as too expensive.
 - Complexity: Setup and integration can be confusing and time-consuming.
 - Low Confidence: Rapid tech changes and fear of obsolescence hinder investment.
 - Digital Literacy: Especially in regional areas, many owners lack the skills to fully leverage digital platforms.

Cybersecurity Risks

With digital adoption comes increased exposure to cyber threats. When asked in the roundtables, very few businesses knew how they would handle a cyber incident in their business and had taken limited action to protect themselves and their data.

Insights - AI

There has been a shift in the use of AI since the consultation in 2022

Awareness and Training Gaps

- While the level of understanding about AI has increased, overall maturity and utilisation is low.
- Many small businesses express low understanding of AI's capabilities, favouring language-based AI over other potential uses like automation and robotics.
- Small business owners raised concerns including cybersecurity risks, data privacy, and lack of training.
- There are some small businesses exposing their data by entering business data into publicly available AI Chatbots such as ChatGPT.
- Some business owners are openly unsure about when to transition from manual tools (like spreadsheets) to AI-powered platforms.
- Several interviews mention AI as part of broader digital transformation efforts, though adoption varies widely.

The **rate of adoption** of AI and Machine Learning processes in businesses is rising at a rapid pace.

9.3%
in 2022

24.3%
in 2024

Strategic and Operational Integration

- AI is being used to streamline processes, reduce junior hiring, and support decision-making.
- Businesses are exploring tools like ChatGPT, CoPilot and machine learning for content creation, customer service, and analytics.
- Some regional businesses see AI as a tool for overcoming staffing and digital literacy challenges.
- In the wine industry, AI is used to understand consumer behaviour and personalise marketing.
- AI was described by some as a lever for productivity, innovation, and profit growth to be able to compete more effectively by enhancing agility and responsiveness to market trends.



Insights - Environmental Sustainability

Sustainability Awareness and Action

- Businesses are increasingly aware of sustainability, especially in sectors like tourism, wine, and hospitality.
- Small businesses often struggle with implementing action due to limited resources, time, or understanding.

Carbon and Energy Efficiency

- Decarbonisation is often viewed as abstract or low-priority.
- Energy efficiency measures (e.g. solar panels, reduced packaging, water reuse) are being adopted where feasible. The driver being high energy costs.
- There's a growing interest in measuring and reporting carbon footprints across sectors that don't have direct drivers of being in supply chain and reporting obligations.

Greenwashing and Consumer Expectations

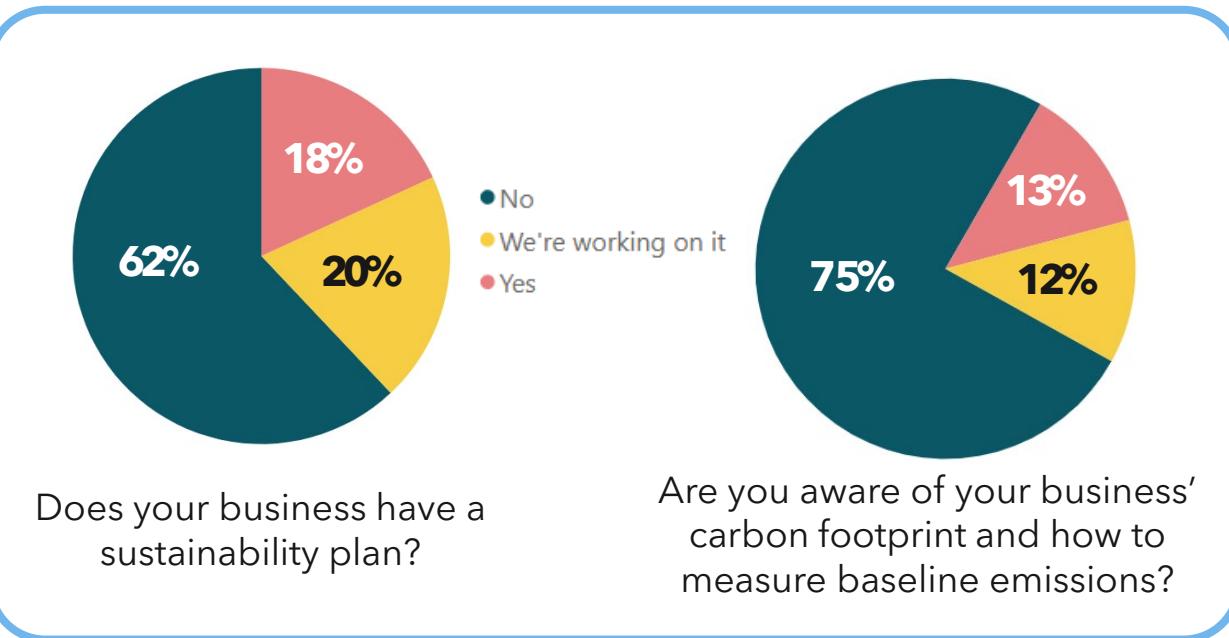
- Scepticism continues to exist around "greenwashing," especially among small businesses.
- Consumer demand for sustainable products and ethical supply chains is rising.

Barriers to Adoption

- Common barriers include cost of power and energy impacting ability to spend, lack of landlord cooperation (for rented premises), and regulatory complexity.
- Training and ESG programs often have low participation unless tied to clear business benefits.

Support and Incentives

- There's a strong call for more practical, accessible support (e.g. green bins, simplified compliance).
- Businesses want clearer guidance and incentives to adopt sustainable practices.



Insights - Succession Planning

Strategic Planning Deficiencies

- Strategic planning is consistently rated as low or underdeveloped, especially among small businesses.
- Many businesses lack formal business plans, continuity plans, or risk management strategies.
- Founders often focus on day-to-day operations, leaving little time for long-term planning.

Succession Planning Gaps

- Succession planning is rarely undertaken, particularly in family-owned or small businesses.
- There's concern about the number of businesses that may close due to lack of succession.
- The construction industry in particular was noted for needing more succession planning workshops.

Business are thinking more about when disaster hits:

Does your business have a continuity plan in the event of a natural or man-made disaster?

● Yes ● We're working on it ● No

2022



2024



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Insights - Leadership and Support

Leadership Capacity and Governance

- Many business owners lack formal leadership training, especially in governance (e.g. chairing meetings, drafting agendas).
- Legal and contract management is often informal or neglected – some rely on handshake deals.
- There's a need for better understanding of corporate governance and legal frameworks.

Mentorship and Tailored Support

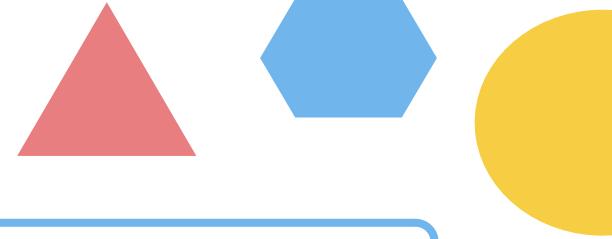
- One-on-one mentoring is seen as more effective than generic training.
- Tailored advice is crucial for time-poor business owners to implement leadership and planning strategies.

What resources do you think would be most valuable for your business?

Resource	2022	2024
Mentoring	33%	45.3%
Industry-Specific Content	27.9%	45.0%
Networking Opportunities	28.3%	41.3%
Checklists	22.7%	35.7%
Toolkits	20.8%	35.0%
One-on-one Case Management	21.3%	27.7%
Videos	17.2%	26.3%
Webinars	17.4%	26.0%
Case Studies	10.4%	14.7%
Podcasts	8.9%	14.3%
Self-help Chatbots	3.9%	4.0%

*Respondents could pick as many options as applied to their situation.

Insights - Role of Government



Small businesses across South Australia have expressed a clear and consistent vision for how government can better support their growth, resilience, and long-term sustainability. Their expectations of government are the following:

Effective Advocacy and Policy Reform

Small businesses want a voice in government decision-making. Many feel there is currently no consistent mechanism across government to represent their interests in policy development. Businesses value the opportunity to be engaged in co-designed policies that are practical, relevant, and responsive to real-world challenges.

Simplified and Streamlined Government Services

Regulatory complexity and red tape are major frustrations. Businesses report that navigating compliance across local, state, and federal levels is time-consuming and costly. There is strong support for a Government Portal, which would centralise licensing, reporting, and permit applications into a single digital platform.

Incentives and Targeted Support

While views on traditional grants are mixed, there is strong interest in more flexible and impactful support mechanisms – such as R&D tax incentives, apprenticeship subsidies, and venture capital access. Programs like the Business Growth Fund and the Research and Innovation Fund are seen as valuable models for helping businesses scale and innovate.

Collaboration and Engagement

Small businesses want more proactive and personalised engagement from government. This includes regular roundtables, workshops, and in-person support through initiatives like the Small Business Fundamentals Program.

There is also a desire for government to promote and celebrate small business success stories to build community pride and visibility.

Alignment with Business Needs

Businesses are asking for better alignment between government programs and the realities of running a small enterprise. This includes tailoring support for underrepresented groups (e.g. women, social enterprises), improving digital capability, and ensuring that government procurement and ESG policies are accessible to small operators.

Insights - Role of Government *continued*

Tendering

- Only **19% of survey respondents had tendered for SA Government work.**
- The main barriers cited were the time and complexity to prepare the tender, or lack of knowledge on preparing a tender. There was also a limited awareness of tendering opportunities.
- Respondents stated that the following aspects may make tendering easier or encourage businesses to tender for projects.
 - A simplified process
 - Access to better resources
 - Improved guidance
 - Improved communications to increase awareness of tenders
 - Greater transparency in the tendering process
 - Smaller projects
- **26% of participants didn't see tendering for government projects as relevant, or something they were interested in.** This was highest for:
 - Retail Trade
 - Accommodation and food services
 - Arts and Recreation services

Insights - Role of Government continued

OSFB Delivery partners and small businesses across South Australia expressed overwhelming satisfaction with the programs and services provided through the OSFB and SA Government. Participants highlighted that the learnings gained have been highly valuable, practical and easy to implement, enabling immediate positive impact on their operations. There was a strong consensus that these offerings from government represent a critical and worthwhile investment in the business community, with widespread support for their continuation into the future.

South Australia's Small Business Strategy 2023 - 2030 has been providing the state's small businesses with programs and resources to help them start, run, and grow their businesses. To date, more than **10,000 participants** have engaged with the programs on offer including:

- Small Business Fundamentals
- Women in Business Foundations
- Women in Business Advisory
- Connecting Women in Business
- Sustainability Support Program
- Mental Health and Wellbeing

Small Business Fundamentals Program

"My experience with the program has been great because we had people, advisers, mentors, other participants in the program really **challenging us and pushing us to dream bigger.**"

Matt Bowie, Co-founder and Chief Operating Officer, Reusably

Small Business Sustainability Support

"Our experience in the program was really positive, we have gained lots of insights and new information... **Tailored advice** allows us to implement things straight away"

Tegan and Braydn Fisher, Owners, Fisher Kitchens

Small Business Fundamentals Program

"I'd highly recommend the program, you're **never too old to learn** and you gain a lot of information that you can carry out throughout the whole business."

Tom Whittenbury, General Manager and Company Director, Grundy's Shoes

Women in Business Advisory

"It was a fantastic opportunity to try out for mentorship in some areas, which I really needed some guidance for improving my business... It helped me with my marketing and advertising significantly for my event and business. They helped me increase my online presence, from **600 followers to 6000 followers** on Instagram, and redesign my brand"

Holly Stratton, Founder and Director, A Taste of the Hills Festival

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