



Small Business Insights Quarterly

June Quarter 2025



Small
Business
Commissioner

By the numbers



101

engagement sessions
with industry, local
government, State and
Federal Government
departments and agencies



2,588

individual small
businesses
received direct
support



25

news articles
to keep small
businesses informed



85%

of customer calls
answered within
60 seconds



508

mediation
applications
managed






95

mediations
conducted

Top industries reached

1		Construction
2		Retail trade
3		Accommodation and food services
4		Rental hiring and real estate
5		Professional, scientific and technical services

Top reasons for customer calls

1		Business to business
2		Retail Leases Act
3		Commercial leases
4		General business enquiry
5		Business to customer

The NSW Small Business Commission (the Commission) works to support a fair and thriving business environment by helping small businesses resolve disputes and navigate common challenges. Each quarter, the Commission produces this report to highlight key developments, share insights and provide an overview of its activities.

The second quarter of 2025 brought continued uncertainty for many small businesses. Along the NSW east coast, severe weather in May caused widespread damage and disruption to businesses and trade, adding further stress to small business communities. The Commission updated guidance and developed targeted resources to help affected businesses. The Commission also worked with the NSW Reconstruction Authority, the Department of Primary Industries and Regional Development, and Service NSW to establish a survey to better understand the immediate impacts on businesses.

Demand for the Commission's services remained broadly stable between Q1 and Q2 2025, with the total number of enquiries decreasing by 5 per cent. Business-to-business and leasing enquiries continued to make up the majority of all enquiries.

This report also summarises key insights, trends and data from our business liaison program, surveys, business support and mediation functions. Business confidence declined over Q2 2025, reaching a record low of 20 per cent, lower than the confidence levels reported during the COVID-19 pandemic. Business costs, weak household demand, compliance burdens, climate and weather-related impacts and an uncertain economic outlook continue to weigh heavily on sentiment. Concerns about input costs remained the top issue for small businesses, reaching a record high in Q2 2025.

More insights and business conditions data can be found in the [Commission's Momentum Survey](#), released monthly and available on the Commission's website.

Top 5 movements: Q2 2025 compared to Q1 2025



Business confidence declines, hits record low

Business confidence declined for the second consecutive quarter, with confidence levels falling, coinciding with severe weather events in NSW and uncertainty in the global economy.



Concerns about business costs, red tape and customer demand on the rise

Concerns about business costs, red tape and customer demand increased in Q2 2025, with all three reaching record highs. Small businesses continue to report challenges including rising input costs, burdensome compliance requirements and uneven customer demand.



Staffing decisions and online business expansion on the rise

Among businesses with expansion plans, the proportion intending to hire additional staff or establish or expand their online presence increased significantly, by 8 and 11 percentage points, respectively.



Business performance indicators improve

Business performance indicators increased between Q1 and Q2 2025, albeit from a low base. Despite this improvement, small businesses continue to report challenges such as rising input costs and uneven customer demand.



Momentum accelerated

The Momentum Index*, a composite measure of underlying business trends, accelerated in the second quarter of 2025.

*See the back page for more information on the Momentum Index.

Small business environment

Interest rates fall below 4 per cent

The Reserve Bank of Australia (RBA) lowered the cash rate by 25 basis points in May to 3.85 per cent, marking the first time in two years the cash rate has been below 4 per cent. The RBA indicated risks to inflation have become more balanced but remains cautious about the outlook for domestic economic activity and uncertainty in the global economy.

Monetary policy decisions impact on confidence appears to have been muted, coinciding with severe weather events. The Commission's Momentum Survey recorded a one percentage point increase in confidence levels in the week following the May rate cut, compared to the previous week. By contrast, confidence levels rose by seven percentage points following the February interest rate cut, prior to the severe weather events in March and May.

NSW economic growth gradually returning to normal

The 2025-26 State Budget provided updated economic forecasts, with growth expected to remain subdued in the near term before accelerating and returning to more typical rates later in the forecast period. The NSW economy is forecast to grow by 1¼ per cent in 2025-26, 2¼ per cent in 2026-27, and 2 per cent in 2027-28.

Notwithstanding the risks posed by global uncertainty, official forecasts indicate the NSW economy is well positioned for a lift in economic growth. Cost-of-living pressures are likely to ease as the RBA continues to lower interest rates, real wages rise and labour market conditions remain solid.

Compliance costs and regulatory burden

Participants in our business liaison program, the Business Insights Initiative (BII), continue to express concerns about their compliance obligations, highlighting dissatisfaction with the current regulatory environment. They describe it as overly and unnecessarily complex, inconsistently or unfairly applied, resource-draining and one-size-fits-all, capturing businesses that should fall outside its scope.

BII participants report these costs and burdens are becoming increasingly challenging, with growing amounts of 'red tape' and little support to navigate them.

Challenging trading conditions

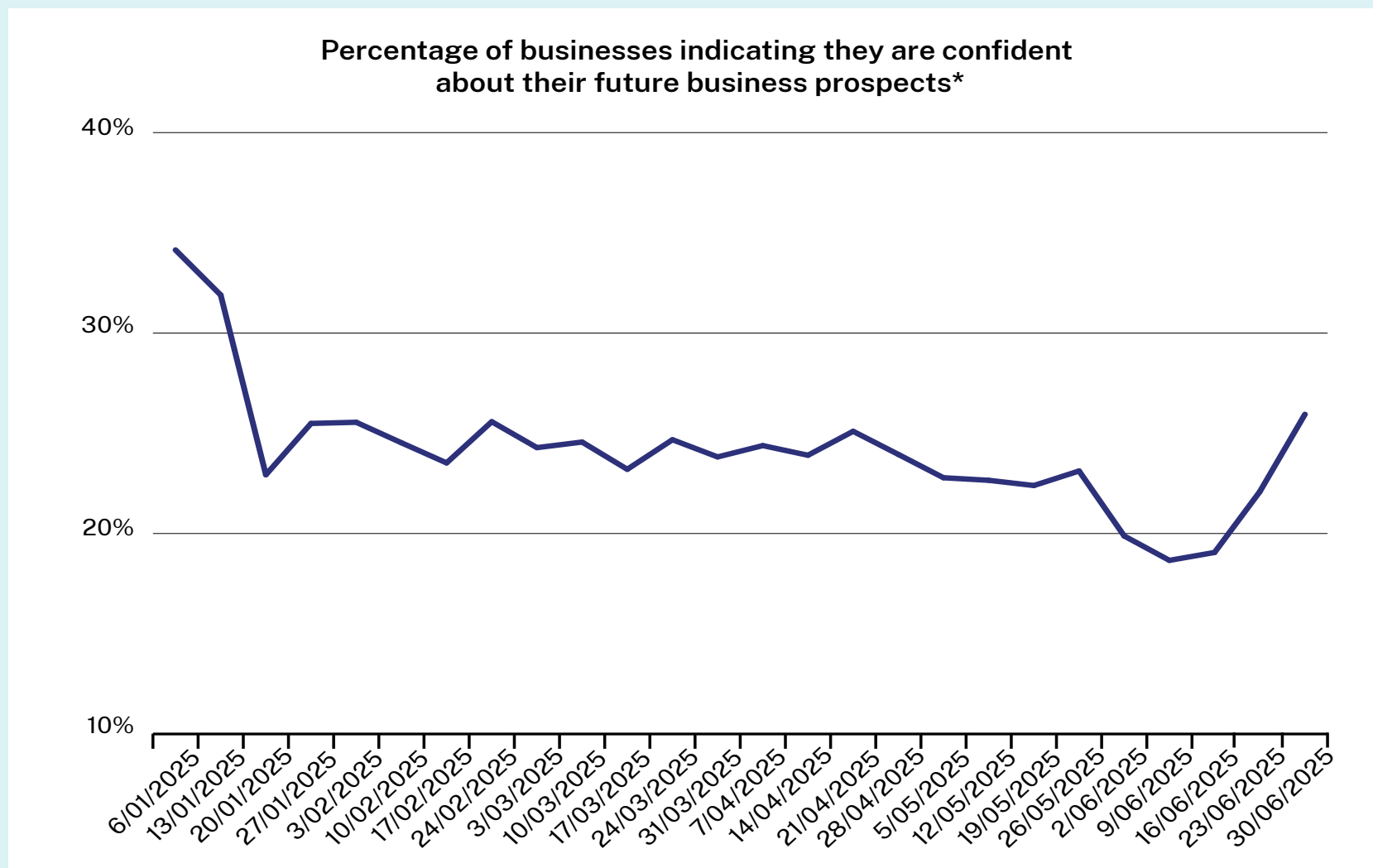
BII participants also report challenging trading conditions, citing rising input costs, weak consumer demand, an inability to pass on further cost increases, increasing insolvencies and closures and difficulties accessing finance.

Participants report running a business has never been more challenging, with input costs, such as rent, insurance, utilities and wages, continuing to rise, while cost-of-living pressures dampen consumer demand. Some business operators indicate they are forgoing their own wages just to stay afloat.



"I am concerned about the increasing costs of wages, electricity, gas and food. In addition to rising business expenses, individuals are also worse off financially, which means they frequent our business less often. Our turnover has been significantly lower over the past 12 months and I feel it will continue to decline."

Business confidence



*Weekly data; smoothed using moving averages taken over three-week periods.

Quarterly activity and achievements



Highlights

- Met with small business owners, local chambers, industry associations and council representatives across Tweed Heads, Lismore, Ballina, Byron Bay and Murwillumbah to understand the impacts of ex-Tropical Cyclone Alfred on the small business community.
- [Published information](#) on understanding 'no release' clauses in retail lease assignment deeds
- Opened applications for Collaboration Partnerships in preparation for the 2025 Small Business Month in October

“The person I spoke to was quick to understand my issue, went to the trouble to enquire further and follow up a few days later to check if my problem was solved. The service I received was much appreciated and very impressive.

- Joy Antzoulatos, Landlord



Small business advocacy

- Published Information/news/guidance articles to support small businesses:
 - » [Small businesses urged to conduct checks before signing contracts](#)
 - » [ANZAC Day and Easter weekend trading rules](#)
 - » [Tougher penalties for illicit tobacco](#)
 - » [Navigating rising costs and tariffs: strategies for small business resilience](#)
 - » [Why registering your business name isn't enough to protect your brand](#)
 - » [New laws for selling tobacco in NSW](#)
- » [Portable long service leave scheme launches for NSW community services sector](#)
- » [Information for businesses impacted by May flooding: Support and guidance to help with recovery](#)
- » [Prepare for 30 June 2025: Tax and other changes you should know about](#)
- » [Fair Work Commission pay increase – minimum wage and gender equality](#)



Mediation

- 87 per cent of applicants engaging with Mediation Services report positive satisfaction
- 32 per cent of matters filed are for claims in the range of \$2,000 to \$20,000, and 15 per cent are between \$20,000 and \$100,000



Reports and publications

- [Submission to the NSW Office of Local Government](#) - Evaluating Unattended Property Laws Submission
- [Submission to the Productivity Commission](#) - National Competition Policy Analysis 2025
- [Submission to Productivity Commission](#) - Pillar 1: Creating a more dynamic and resilient economy
- [Submission to Department of Industry, Science and Resources](#) - Country of labelling for seafood in hospitality Information standard and explanatory statement
- [Submission to the NSW Environment Protection Authority](#) - Feedback on Sustainable Construction Protection of the Environment Policy
- [Submission to NSW Fair Trading](#) - Motor Dealers and Repairers Regulation 2025

About the Commission



Small
Business
Commissioner

Our purpose

The NSW Small Business Commissioner is an independent statutory appointment that operates under the Small Business Commissioner Act 2013.

The Commissioner:

- **Is independent**
- **Is a source of information and guidance for NSW small businesses**
- **Advocates to reduce administrative burden for small businesses**
- **Facilitates and encourages the fair treatment of small businesses**
- **Promotes greater partnership between government and small business**
- **Conducts mediation to resolve disputes.**

What we do

We help resolve issues affecting small businesses across the State and influence changes in Government policies.



We ensure that small business needs are front of mind in NSW Government decision-making.



We advocate for small businesses, providing information resources, strategic advice and practical guidance to tens of thousands of businesses each year.



We provide a cost-effective dispute resolution service to help keep leasing disputes and other small business disagreements out of court.

Contact us



Call us

1300 795 534



Get more information

www.smallbusiness.nsw.gov.au



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Methodology

About the Momentum Index

The Momentum Index (the Index) is forward-looking and combines a variety of indicators to provide a better overall measure of small business conditions in NSW.

The Index is comprised of three core indicators, including business decisions to hire staff or purchase capital equipment, their recent performance and expectations of their near-term performance.

Momentum Survey

Fieldwork conducted between 1 April 2025 to 30 June 2025 with more than 2,000 respondents across three surveys. The surveys are conducted through an online survey platform.

Selected businesses are invited to participate, with the sample randomly drawn. Where indicated, figures are weighted according to each industry's share of the small business population. Full survey results can be found on our website at: <https://www.smallbusiness.nsw.gov.au/about-nsw-small-businesses/small-business-survey>

Business Insights Initiative

The Commission has regular one-on-one discussions with small businesses, industry representatives and subject matter experts as part of the Business Insights Initiative.

Stakeholder interviews in Q2 were conducted between 1 April 2025 to 25 June 2025.

The issues and views raised by participants do not represent the Commission's own views.

Please contact the Commission for more information about survey and stakeholder interview methodology.